May 15, 2014

Consolidated Financial Results for Fiscal 2013 (Year Ended March 31, 2014) <under IFRS>

Listed company name: Daiichi Sankyo Company, Limited
Listed exchange: First Section of the Tokyo Stock Exchange
Stock code number: 4568
URL: http://www.daiichisankyo.com
Representative: Mr. Joji Nakayama, President & CEO
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Scheduled date of Ordinary General Meeting of Shareholders: June 23, 2014
Scheduled date of dividend payments: From June 24, 2014
Scheduled date of Annual Securities Report filing: June 23, 2014
Preparing supplementary material (Reference Data) on financial results: Yes
Holding information meeting: Yes (for institutional investors, analysts and the press)

(All amounts have been rounded down to the nearest million yen.)

1. Consolidated Financial Results for Fiscal 2013 (from April 1, 2013 to March 31, 2014)

(1) Consolidated Financial Results

(Percentages indicate changes from the previous fiscal year.)

	Revenue		Operating profit		Profit before tax		Profit for the year	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2013	1,118,241	12.4	111,552	13.0	99,775	4.1	53,357	−19.0
Fiscal 2012	994,659	–	98,743	–	95,861	–	65,906	–

	Profit attributable to owners of the Company		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
Fiscal 2013	60,943	−4.8	110,632	−13.8	86.57	86.41
Fiscal 2012	64,027	–	128,395	–	90.96	90.81

	Return on equity attributable to owners of the Company	Ratio of profit before tax to total assets	Ratio of operating profit to revenue
	%	%	%
Fiscal 2013	6.5	5.6	10.0
Fiscal 2012	7.4	5.9	9.9

Reference: Share of profit or loss of investments accounted for using the equity method:

Fiscal 2013: −1,426 million yen
Fiscal 2012: −387 million yen

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the Company	Ratio of equity attributable to owners of the Company to total assets	Equity per share attributable to owners of the Company
	Millions of yen	Millions of yen	Millions of yen	%	Yen
As of March 31, 2014	1,854,037	1,007,527	979,933	52.9	1,392.03
As of March 31, 2013	1,684,949	938,480	906,645	53.8	1,287.94

(3) Consolidated Cash Flows

	Net cash flows from operating activities	Net cash flows from investing activities	Net cash flows from financing activities	Cash and cash equivalents at the end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal 2013	37,304	−161,368	100,322	183,070
Fiscal 2012	129,284	−108,837	−58,227	191,145

2. Dividends

	Annual dividends per share					Total dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to equity attributable to owners of the Company (Consolidated)
	First quarter	Second quarter	Third quarter	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal 2012	–	30.00	–	30.00	60.00	42,236	66.0	4.9
Fiscal 2013	–	30.00	–	30.00	60.00	42,237	69.3	4.5
Fiscal 2014 (Forecast)	–	30.00	–	30.00	60.00		54.2	

3. Forecasts of Consolidated Financial Results for Fiscal 2014

(from April 1, 2014 to March 31, 2015)

(Percentages indicate changes from the same period in the previous fiscal year.)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of the Company		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	920,000	−17.7	120,000	7.6	120,000	20.3	78,000	28.0	110.80

Note: It is assumed that the operating results of the Ranbaxy Group will be categorized as a discontinued operation upon the closing of the merger of Ranbaxy by Sun Pharma, scheduled at the end of December 2014. Accordingly, fiscal 2014 forecasts are stated only for the Daiichi Sankyo Group segment, which is the continuing operation. Please see *7) Forecasts of Consolidated Financial Results for Fiscal 2014, (1) Analysis of Results of Operations, 1. Analysis of Results of Operations and Financial Position* on page 13 for further details.

***Notes**

(1) Significant changes in subsidiaries during the period (changes in specified subsidiaries resulting in a change in scope of consolidation): No

Newly included: None Excluded: None

(2) Changes in accounting policies and changes in accounting estimates

1) Changes in accounting policies required by IFRS: No
2) Changes in accounting policies due to other reasons: No
3) Changes in accounting estimates: No

(3) Number of ordinary shares issued

1) Number of shares issued at the end of the period (including treasury share)

As of March 31, 2014	709,011,343 shares
As of March 31, 2013	709,011,343 shares

2) Number of shares of treasury shares at the end of the period

As of March 31, 2014	5,051,576 shares
As of March 31, 2013	5,063,530 shares

3) Average number of shares during the period

Fiscal year ended March 31, 2014	703,957,681 shares
Fiscal year ended March 31, 2013	703,929,544 shares

(Reference)

Non-Consolidated Financial Results

Non-Consolidated Financial Results for Fiscal 2013 (from April 1, 2013 to March 31, 2014)

(1) Non-Consolidated Financial Results

(Percentages indicate changes from the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2013	618,179	12.4	65,528	78.3	99,554	61.2	64,452	15.4
Fiscal 2012	549,934	6.5	36,750	24.8	61,748	−6.5	55,841	22.5

	Basic net income per share	Diluted net income per share
	Yen	Yen
Fiscal 2013	91.56	91.38
Fiscal 2012	79.33	79.20

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2014	1,296,974	823,864	63.4	1,167.94
As of March 31, 2013	1,174,292	803,574	68.3	1,139.39

Reference: Equity:

As of March 31, 2014: 822,183 million yen
As of March 31, 2013: 802,069 million yen

*Indication regarding execution of audit procedures

This financial results report is exempt from the audit procedures in accordance with the Financial Instruments and Exchange Act. At the time of disclosure of this financial results report, the audit procedures for financial statements are in progress.

*Disclaimer regarding forward-looking information including appropriate use of forecasted financial results

The Group has adopted International Financial Reporting Standards (IFRSs) starting in the fiscal year ended March 31, 2014.

Please see "*(5) Notes to consolidated financial statements (First-time adoption), 4. Consolidated financial statements"* on page 46 for the difference between the financial figures under IFRS and Japanese GAAP.

The forecasted statements shown in these materials are based on information currently available and certain assumptions that the Company regards as reasonable. Actual performance and other results may differ from these forecasted figures due to various factors.

Please see *"7) Forecasts of Consolidated Financial Results for Fiscal 2014, (1) Analysis of Results of Operations, 1. Analysis of Results of Operations and Financial Position"* on page 13 for assumption that the above forecasts were based on and matters to be noted regarding the use of forward-looking information.

Attached Material

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1. Analysis of Results of Operations and Financial Position

Adoption of International Financial Reporting Standards (IFRS)

Daiichi Sankyo and its consolidated subsidiaries ("the Group") have adopted IFRS starting in the fiscal year ended March 31, 2014. Having considered what accounting and financial reporting standards would be best to contribute to growth in corporate value through a concerted global business development program, Daiichi Sankyo has made this move (1) to improve the international comparability of the Group's financial statements with global capital markets, (2) to unify the accounting treatment applied across the Group, and (3) to help diversify the Group's methods of fund procurement in global markets.

Main differences between Japanese GAAP and IFRS (presentation of accounts)

- "Revenue" under IFRS corresponds to "net sales" under Japanese GAAP.
- Profits generated in relation to operating activities are presented as "operating profit". The composition of this item under IFRS differs from "operating income" under Japanese GAAP. Under IFRS, operating profit includes non-financial items that would be presented under Japanese GAAP as "non-operating income," "non-operating expenses," "extraordinary income," or "extraordinary losses."
- IFRS does not apply the concept of "ordinary income."
- "Profit attributable to owners of the Company" under IFRS corresponds to "net income" under Japanese GAAP.

Main differences between Japanese GAAP and IFRS (detailed standards)

- Under Japanese GAAP, goodwill is amortized equally over the estimated effective period. Under IFRS, goodwill is not amortized. Instead, the value of goodwill is tested for impairment annually, and any reduction in goodwill is booked as an impairment loss.
- Under Japanese GAAP, gains or losses from the sale or write-down of marketable securities or other investments in financial instruments are recognized in profit or loss. Under IFRS, any change in the fair value of such financial instruments is recognized in "other comprehensive income" rather than in profit or loss.
- A one-off payment related to license agreements, etc. are expensed as incurred under Japanese GAAP but accounted for as intangible assets under IFRS.

Differences between the treatment under Japanese GAAP and IFRS for the previous fiscal year are detailed on page 46 under "*(5) Notes to the Consolidated Financial Statements (First-time adoption), 4. Consolidated Financial Statements (IFRS)* ."

(1) Analysis of Results of Operations

1) Overview

[Consolidated Financial Results]

IFRS basis

(Millions of yen; all amounts have been rounded down to the nearest million yen.)

	Fiscal 2012	Fiscal 2013	YoY change
Revenue	994,659	1,118,241	123,582 12.4%
Operating profit	98,743	111,552	12,809 13.0%
Profit before tax	95,861	99,775	3,913 4.1%
Profit attributable to owners of the Company	64,027	60,943	−3,084 −4.8%

Following a change of fiscal year-end, the accounting period for fiscal 2013 of Ranbaxy Laboratories Ltd. and its subsidiaries and associates (”the Ranbaxy Group”) is the 15-month period from January 1, 2013 to March 31, 2014.

(Reference) J-GAAP basis

(Millions of yen; all amounts have been rounded down to the nearest million yen.)

	Fiscal 2012	Fiscal 2013	YoY change
Net sales	997,852	1,118,764	120,912 12.1%
Operating income	100,516	115,904	15,388 15.3%
Ordinary income	99,147	105,016	5,868 5.9%
Net income	66,621	65,650	−970 −1.5%

<Revenue of global mainstay products>

(Millions of yen; all amounts have been rounded down to the nearest million yen.)

Item name	Fiscal 2012	Fiscal 2013	YoY change
Olmesartan Antihypertensive agent	258,842	300,173	41,331 16.0%
Prasugrel Antiplatelet agent	16,235	22,267	6,032 37.2%

<Research and development expenses>

(Millions of yen; all amounts have been rounded down to the nearest million yen.)

	Fiscal 2012	Fiscal 2013
Research and development expenses	184,393	191,212
Ratio of research and development expenses to revenue	18.5%	17.1%

< Yen exchange rates for major currencies (average rate for year)>

(Yen)

	Fiscal 2012	Fiscal 2013
Yen/USD	83.11	100.24
Yen/EUR	107.15	134.38
Yen/INR	1.50	1.68

a. Revenue

Group revenue in the fiscal year ended March 31, 2014 increased by ¥123.6 billion, or 12.4% year on year, to ¥1,118.2 billion.

At the Daiichi Sankyo Group, major products generating growth in revenue in the year under review included the antihypertensive agent olmesartan, the antiplatelet agent prasugrel, the ulcer treatment *NEXIUM*®, and the Alzheimer's disease treatment *Memary*®. Depreciation of the yen against the U.S. dollar and the euro also made a positive contribution to higher consolidated revenue (of approximately ¥53.7 billion) at the Group as a whole.

b. Operating Profit

Operating profit increased by ¥12.8 billion, or 13.0% year on year, to ¥111.6 billion. Operating profit at the Daiichi Sankyo Group increased, although operating profit at the Ranbaxy Group decreased, resulting in an increase for the Group as a whole.

c. Profit before Tax

Profit before tax increased by ¥3.9 billion, or 4.1% year on year, to ¥99.8 billion. Higher profits by the Daiichi Sankyo Group more than offset a decline in profits by the Ranbaxy Group associated with the depreciation of the Indian rupee against the US dollar, which led to higher financing expenses.

d. Profit Attributable to Owners of the Company

Profit attributable to owners of the Company declined by ¥3.1 billion, or 4.8% year on year, to ¥60.9 billion. Higher income taxes partly reflected a reversal of deferred tax assets related to a change in the tax rate following the expiration of the special corporation tax for reconstruction.

Note: It is assumed that the operating results of the Ranbaxy Group will be categorized as a discontinued operation upon the closing of the merger of Ranbaxy Laboratories Ltd. with Sun Pharmaceutical Industries Ltd. scheduled at the end of December 2014. Accordingly, forecasts for fiscal 2014 are provided on page 13 for the Daiichi Sankyo Group, which comprises those parts of the Group's operations that will continue after the merger.

[Reports by Segment]

a. Daiichi Sankyo Group

The Daiichi Sankyo Group reported revenue of ¥897.7 billion, a year-on-year increase of 10.7%.

Operating profit increased by 38.0% year on year to ¥112.9 billion (prior to consolidated adjustments).

i. Japan

Revenue in Japan increased 4.9% year on year to ¥554.5 billion.

Revenue in Japan from prescription drugs increased 4.7% year on year to ¥481.4 billion. This reflected a solid sales performance by *Olmetec*® as well as substantial growth in sales of *NEXIUM*® and *Memary*®. Additional contributions came from *RANMARK*®, a treatment for bone complications stemming from multiple myeloma or bone metastases from solid tumors launched in April 2012, and from *PRALIA*®, a treatment for osteoporosis launched in June 2013.

Revenue from royalty and exports increased 17.4% year on year to ¥21.8 billion.

Growth in sales of the analgesic antipyretic *Loxonin S*® helped boost revenue from healthcare (OTC) products by 1.5% year on year to ¥48.1 billion. Group subsidiary Daiichi Sankyo Healthcare Co., Ltd. manages this business. In December 2013, the company discontinued sales of the skincare series Derma Energy, a dedicated mail-order product, as it was confirmed that some customers had been experiencing skin trouble.

<Revenue composition in Japan>

(Billions of yen; all amounts have been rounded off to the nearest single decimal place.)

	Fiscal 2012	Fiscal 2013	YoY change
Prescription drugs	459.9	481.4	21.5 4.7%
Royalty and exports	18.6	21.8	3.2 17.4%
Healthcare (OTC) products	47.4	48.1	0.7 1.5%

<Revenue of Japan company mainstay pharmaceuticals>

(Billions of yen; all amounts have been rounded off to the nearest single decimal place.)

Product name	Fiscal 2012	Fiscal 2013	YoY change
Olmetec® Antihypertensive agent	78.3	79.1	0.8 1.0%
Loxonin® Anti-inflammatory analgesic (of which *Loxonin*® Tape)	59.6 (33.5)	59.3 (35.2)	−0.3 −0.6%
NEXIUM® Ulcer treatment	21.6	54.2	32.7 151.5%
Cravit® Synthetic antibacterial agent	35.9	33.5	−2.4 −6.7%
Memary® Alzheimer's disease treatment	23.8	33.3	9.5 40.0%
Artist® Treatment for hypertension, angina pectoris and chronic heart failure	22.4	22.4	0.0 0.0%
Mevalotin® Antihyperlipidemic agent	25.8	21.5	−4.3 −16.8%

Note: Table lists only products with annual revenue of at least ¥20.0 billion.

ii. North America

Revenue in North America increased 15.9% year on year to ¥211.3 billion. Revenue in local currency terms fell 3.9% to approximately US$2,100 million.

At Daiichi Sankyo, Inc. in the United States, although sales of TRIBENZOR®, Welchol®, Effient® and others increased, sales of other products including Benicar®/Benicar HCT® and AZOR® declined. Consequently, this company's revenue was roughly level with the same period of the previous fiscal year at US$1,700 million.

With regard to Luitpold Pharmaceuticals Inc., decrease of sales of Venofer®, despite the sales contribution of Injectafer®, a novel treatment for iron deficiency anemia launched in August 2013, resulted in revenue of US$400 million, a decline of 14.9% year on year.

<Revenue of Daiichi Sankyo, Inc. mainstay products>

(Millions of US$; all amounts have been rounded off to the nearest million US$.)

Product name	Fiscal 2012	Fiscal 2013	YoY change
Benicar®/*Benicar HCT*® Antihypertensive agent	881	857	−25 −2.8%
AZOR® Antihypertensive agent	179	174	−5 −2.7%
TRIBENZOR® Antihypertensive agent	82	90	8 9.7%
Welchol® Hypercholesterolemia treatment/ type 2 diabetes mellitus inhibitor	399	422	23 5.8%
Effient® Antiplatelet agent (co-promotion revenue)	127	154	27 21.6%

<Revenue of Luitpold Pharmaceuticals, Inc. mainstay products>

(Millions of US$; all amounts have been rounded off to the nearest million US$.)

Product name	Fiscal 2012	Fiscal 2013	YoY change
Venofer® Anemia treatment	284	248	−36 −12.6%

iii. Europe

Revenue in Europe increased by 30.4% year on year to ¥79.0 billion. Revenue in local currency terms increased 4.0% to approximately EUR590 million. *Olmetec*® / *Olmetec Plus*® and *Sevikar HCT*® contributed to the revenue growth.

<Revenue of Daiichi Sankyo Europe GmbH mainstay products>

(Millions of euro; all amounts have been rounded off to the nearest million euro.)

Product name	Fiscal 2012	Fiscal 2013	YoY change
Olmetec®/*Olmetec Plus*® Antihypertensive agent	304	331	27 9.0%
Sevikar® Antihypertensive agent	100	100	−0 −0.1%
Sevikar HCT® Antihypertensive agent	44	57	13 29.9%

iv. Other regions

In other regions, revenue rose 33.8% year on year to ¥52.9 billion.

The Group generated higher sales in countries including China, South Korea, and Brazil.

In China, key products contributing to sales growth included *Olmetec*®, *Mevalotin*®, and *Asmeton*®, a cough suppressant and expectorant. In April 2013, the Group also launched *Urief*®, a treatment for dysuria.

Sales of Olmesartan and other mainstay products showed growth in South Korea and Brazil.

b. Ranbaxy Group segment (15-month period from January 1, 2013 to March 31, 2014)

The accounting period was the 15-month period from January 1, 2013 to March 31, 2014 as the Ranbaxy Group changed its accounting period as the period from April 1 to March 31 of the following year.

Segment revenue was ¥220.6 billion (an increase of ¥37.1 billion from the previous fiscal period). The Ranbaxy Group recorded an operating loss of ¥1.0 billion for fiscal 2013 (a decrease of ¥20.9 billion compared with the previous fiscal period before consolidated adjustments).

Revenue in North America declined substantially because the previous fiscal year had included a sales contribution from the introduction of generic atorvastatin in the United States. Ranbaxy Group revenue increased year on year because of the offsetting effects of the 15-month accounting period together with higher sales in emerging markets.

<Revenue of Ranbaxy Group by major country and region>

(Millions of Indian rupee)

	Fiscal 2012 (12 months)	Fiscal 2013 (15 months)	YoY change
North America	53,336	42,003	−11,333
India	21,346	27,930	6,584
Eastern Europe and CIS	13,160	19,980	6,820
Western Europe	9,720	10,798	1,078
Africa and Middle East	10,188	12,966	2,778

2) Merger of Ranbaxy with Sun Pharmaceutical Industries

Having considered options for guiding its consolidated subsidiary Ranbaxy onto a trajectory of recovery, Daiichi Sankyo has concluded that Ranbaxy's merger with Sun Pharmaceutical Industries Ltd. ("Sun Pharma") via a share swap in which the Group retains an equity stake in the expanded Sun Pharma offers the best option for enhancing corporate value. The three companies concluded the necessary agreements on April 6, 2014.

The merger is scheduled for completion by the end of December 2014, subject to the approval of Ranbaxy and Sun Pharma shareholders and of the regulatory authorities, as well as the completion of other requisite procedures.

Following this merger, Sun Pharma will become a leading global generics company and India's largest pharmaceutical manufacturer. Upon completion of the merger Daiichi Sankyo will obtain an equity stake of approximately 9% in the merged entity and acquire the right for one seat on Sun Pharma's Board of Directors. For Daiichi Sankyo, the merger represents an opportunity to pursue the development of its hybrid business model based on a new partnership with larger and stronger Indian pharmaceutical company.

3) R&D Activities

Daiichi Sankyo's R&D program aims to develop a competitive drug pipeline through accelerated and sustained generation of innovative medicines. The Group has designated the fields of cardiovascular-metabolic, oncology and frontier medicine as priority areas for drug development. Efforts continue to develop the R&D pipeline in these areas by creating drugs with the potential to become best-in-class or first-in-class therapies.

In April 2013, Daiichi Sankyo established Venture Science Laboratories (VSL) as part of ongoing efforts to cultivate an entrepreneurial biotech culture within the Group. VSL's activities will complement the R&D being undertaken by the Group subsidiaries Asubio Pharma Co., Ltd., U3 Pharma GmbH, and Plexxikon Inc.

In addition, Daiichi Sankyo is continuing to develop R&D alliances with other companies and pursue an open innovation approach, while reinforcing R&D activities in preparation for full-scale entry into the biopharmaceutical sector.

[Daiichi Sankyo Priority Development Projects]

a. Prasugrel

In March 2014, Daiichi Sankyo received manufacturing and marketing approval in Japan for prasugrel for the indication of ischemic heart disease in patients undergoing percutaneous coronary intervention (PCI). A Phase III clinical trial is also currently proceeding in Japan to evaluate the efficacy of prasugrel

in patients with ischemic stroke.

b. Edoxaban

The Group announced the results of the Hokusai-VTE clinical study for the treatment and inhibition of recurrence of venous thromboembolism (VTE) in patients who have had deep vein thrombosis (DVT) or pulmonary embolism (PE) at the European Society of Cardiology in September 2013. Following this, in November 2013, the Group announced the results of the ENGAGE AF-TIMI 48 study for the prevention of stroke and systemic embolism in non-valvular atrial fibrillation (AF) at the annual American Heart Association (AHA) Scientific Sessions. Both trials reached their primary endpoint, while demonstrating equivalence for efficacy and a superior safety profile for edoxaban relative to the comparator drug warfarin.

Based on these results, the Group filed applications for approval for indications of VTE and AF in Japan in December 2013 and in the United States and Europe in January 2014.

c. Denosumab

Denosumab is an antibody drug related to bone metabolism. The Company has obtained the rights to develop and market this product in Japan from Amgen Inc. of the US. In April 2012, the drug was launched under the brand name *RANMARK*® for indication for bone complications stemming from multiple myeloma or bone metastases from solid tumors. In June 2013, it was also launched under the brand name *PRALIA*® as a treatment for osteoporosis.

In August 2013, an application for additional indications for giant cell bone tumors was submitted.

Denosumab is also currently undergoing global phase III clinical studies for postoperative adjuvant breast cancer therapy and phase III clinical studies in Japan for rheumatoid arthritis.

[Major R&D Alliances]

a. Collaboration with Other Companies

(1) Partnership for research in drug target discovery

Daiichi Sankyo entered into a research partnership in November 2013 with U.S.-based ventures Virtici, LLC and Celdara Medical, LLC to investigate novel targets for drugs. Three companies will jointly perform discovery researches on novel first-in-class research seeds identified through the close links established by Virtici and Celdara Medical with academia in the United States.

(2) Collaborative research agreement for norovirus vaccine

In February 2014, Daiichi Sankyo signed a collaborative research agreement on a norovirus vaccine with UMN Pharma Inc. Under this agreement, UMN Pharma will supply Daiichi Sankyo with the recombinant norovirus Virus-Like Particle (VLP) antigen produced by a unique cell-culture manufacturing platform and Daiichi Sankyo will conduct feasibility research on development of a norovirus vaccine using a novel inoculation device.

(3) Compound library sharing partnership

In March 2014, Daiichi Sankyo entered an agreement with Astellas Pharma Inc. that enables the companies to share compound libraries containing approximately 400,000 selected compounds. Through this partnership, both companies will gain mutual access to a qualitatively different compound library that has been created based on the specific disease-targeting strategies of the other partner. This will support both companies in their efforts to develop innovative medicines.

b. Open Innovation Approach

(1) Collaborative drug discovery research and grant program (TaNeDS)

Since fiscal 2011, pursuing an open innovation approach, Daiichi Sankyo has conducted the TaNeDS (Take a New challenge for Drug diScovery) collaborative research program for researches in academia in Japan and is now carrying out the collaborative researches with elected academic institutions. In July 2013, Daiichi Sankyo initiated the TaNeDS Global Program to expand this drug discovery initiative to include researchers working in universities or other research institutions in Germany, Switzerland and Austria.

(2) Investment fund-driven open innovation approach

Daiichi Sankyo has agreed with Mitsubishi UFJ Capital Co., Ltd. to develop an open innovation business through the OiDE Fund Investment Limited Partnership, which was established by Mitsubishi UFJ Capital in September 2013. Under this agreement, both partners will work together to identify promising research originating from Japanese academic institutions with the potential for development into innovative drug discovery platform technologies. The fund will establish fully-financed ventures to develop these "seeds," providing comprehensive support for related business development.

(3) Collaborative neurodegenerative drug discovery research with UCSF

In March 2014, Daiichi Sankyo concluded a joint research agreement with the Institute for Neurodegenerative Diseases (IND) at the University of California, San Francisco (UCSF). The collaboration will focus on the development of novel therapeutics and diagnostics for multiple neurodegenerative diseases. A research team from Venture Science Laboratories established in Daiichi Sankyo in April 2013 will be assigned to perform the drug discovery programs, exploring new therapeutics and diagnostics targeting neurodegenerative disorders such as Alzheimer's diseases.

4) Production and Logistics

With the aim of constructing a competitive production system, the Group has adopted a policy of reorganizing its three domestic supply chain subsidiaries (Daiichi Sankyo Propharma Co., Ltd., Daiichi Sankyo Chemical Pharma Co., Ltd. and Daiichi Sankyo Logistics Co., Ltd.) into two companies by April 2015. One of these companies will supply drug precursors and active ingredients, and the other will provide drug formulation, packaging and related logistics functions. As part of this reorganization, the Odawara plants of Daiichi Sankyo Propharma and Daiichi Sankyo Chemical Pharma were integrated into a single facility in April 2013.

In April 2014, in a step toward optimizing the Group's domestic logistics organization, the distribution center operations of Daiichi Sankyo Logistics were outsourced to Yasuda Warehouse Co., Ltd.

For overseas, the Group's production facilities continued preparing for the launch of edoxaban in Western markets. The Group also focused on upgrading the production capacity and capabilities of Daiichi Sankyo's local manufacturing subsidiary in China. Meanwhile, the Group sought to optimize its global supply chain while working to reduce production and distribution costs.

5) Corporate Governance

a. Management Structure

In addition to creating a management structure that can respond quickly and flexibly to changes in the business environment, the Daiichi Sankyo Group seeks to ensure full legal and regulatory compliance and management transparency while functionally upgrading its oversight of management and conduct of operations. The Group places great importance on ensuring that its corporate governance structures earn the enduring trust of shareholders and other stakeholders.

Specifically, the terms of office of all directors are set at one year as a means of clarifying the management responsibilities of the Directors and functionally strengthening the oversight of

management and conduct of operations. The 10-member Board of Directors also includes four Outside Directors.

Daiichi Sankyo has voluntarily established the Nomination Committee and the Compensation Committee to ensure that the appointment and remuneration of Directors and Corporate Officers is deliberated and conducted in a transparent manner. Both committees comprise three or more Directors, with Outside Directors constituting a majority and chairing all meetings.

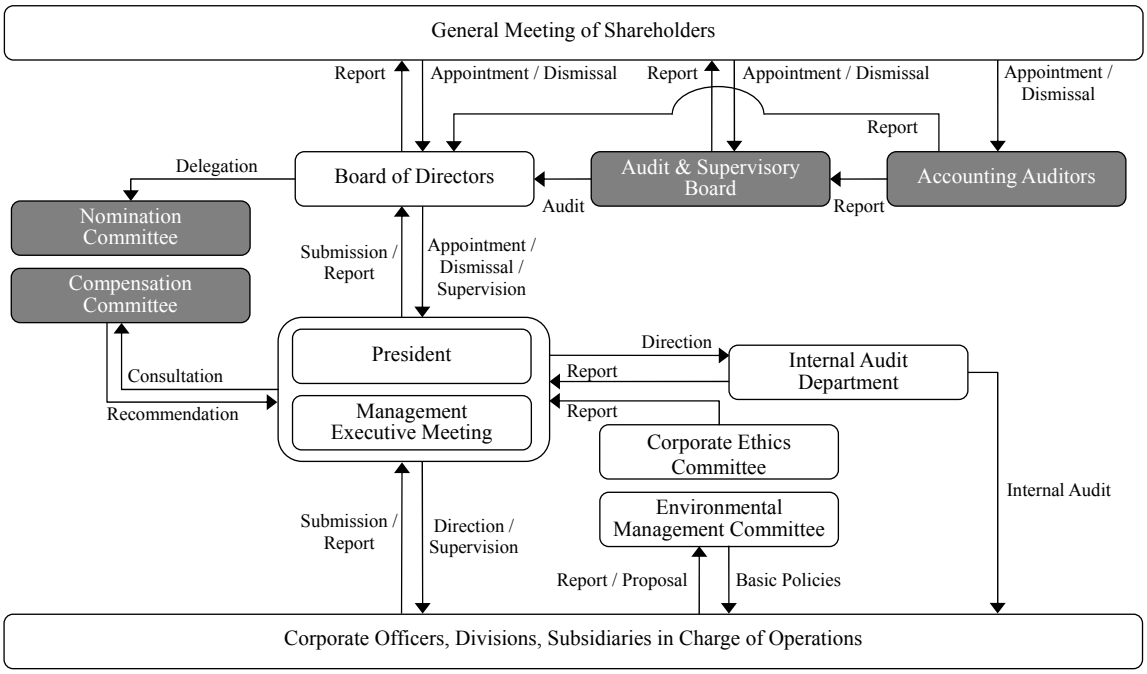
Furthermore, for supervision of legal compliance and sound management, the Company has adopted a Kansayaku (Statutory Auditor) System and established a Board of Statutory Auditors comprising four Statutory Auditors, including two Outside Statutory Auditors.

To further clarify the Group's corporate governance measures, the Board of Directors and the Board of Statutory Auditors approved the adoption of specific standards related to the independence of Outside Directors, along with a set of basic standards governing the executive duties of Directors, at their respective meetings held on March 31, 2014. These measures are expected to reinforce the Group's corporate governance going forward.

The Company also employs a Corporate Officer System under the supervision of the Board of Directors for swift and appropriate management decision-making and conduct of operations.

b. Compensation of Directors

Remuneration to Directors is designed to provide compensation that contributes to maximizing shareholder value. Specifically, in addition to basic monthly fixed remuneration, profit-sharing bonuses serving as short-term incentives and share remuneration-type stock options serving as long-term incentives are adopted. To ensure adequate oversight of management, no short-term or long-term incentives have been established for Outside Directors or Statutory Auditors, who receive only fixed remuneration.



6) Corporate Social Responsibility (CSR) Activities

Under the Daiichi Sankyo Group Corporate Conduct Charter, Daiichi Sankyo aims to conduct all the Group's business operations with integrity to fulfill its corporate social responsibility (CSR) by providing safe and reliable medicines and related services that are of significant value to society.

Daiichi Sankyo has defined its six core CSR domains as Compliance, Human Rights and Labor Practices, Communication, Environmental Management, Social Contribution, and Healthcare Access. The Group aims to enhance its activities in each of these domains on an ongoing basis.

As part of its commitment to integrity, Daiichi Sankyo also seeks to upgrade its stakeholder communications by improving disclosure of information related to environmental, social and governance (ESG) issues.

7) Forecasts of Consolidated Financial Results for Fiscal 2014 (April 1, 2014 to March 31, 2015)

Daiichi Sankyo Group

(Millions of yen; all amounts have been rounded down to the nearest million yen)

	Fiscal 2013	Fiscal 2014	Amount change	Percentage change
Revenue	899,126	920,000	20,873	2.3
Operating profit	112,885	120,000	7,114	6.3
Profit before tax	112,914	120,000	7,085	6.3
Profit attributable to owners of the Company	68,832	78,000	9,167	13.3

It is assumed that the operating results of the Ranbaxy Group will be categorized as a discontinued business upon the closing of the merger of Ranbaxy by Sun Pharma scheduled at the end of December 2014. Accordingly, fiscal 2013 results and fiscal 2014 forecasts are stated only for the Daiichi Sankyo Group segment, which is the continuing business.

Revenue for the Daiichi Sankyo Group segment is forecast at ¥920 billion, a year-on-year increase of 2.3%.

Revenue in Japan is expected to increase due to continued growth in sales of core prescription drugs such as Memary®, NEXIUM®, RANMARK® and PRALIA®. This will absorb the impact of the NHI price revisions in April 2014. Overseas, while sales of olmesartan are expected to decline slightly in Europe and U.S. markets due to increased competition, the Group expects higher sales of Injectafer® to help boost revenue significantly at its U.S. subsidiary Luitpold Pharmaceuticals. Sales growth is also expected in China.

Interim revenue for the Daiichi Sankyo Group segment for the six-month period ending September 30, 2014 is forecast at ¥450 billion. Daiichi Sankyo expects consolidated revenue for the first half of fiscal 2014 to include revenue generated by the Ranbaxy Group.

Operating profit is forecast to rise 6.3% year on year to ¥120 billion in fiscal 2014. This reflects higher revenue, lower SG&A expenses in Europe and the United States, and general cost-reduction efforts in operations in Japan. Profit before tax is forecast at the same level of ¥120 billion.

As a result of the above, Profit (attributable to owners of the Company) is forecast to increase 13.3% year on year to ¥78.0 billion.

Forecasts are based on assumed foreign exchange rates of ¥100 against the US dollar and ¥140 against the euro.

Daiichi Sankyo plans to disclose further information about the methods, timing and amounts involved in accounting for the profits and losses, etc. and any gains or losses derived from the exchange of Ranbaxy and Sun Pharma shares from Ranbaxy Group operations, once the relevant details are known.

8) Basic Policy on Profit Distribution and Dividends for the Years Ended March 2014 and Ending March 2015

One of the fundamental business policies of Daiichi Sankyo is to distribute profits to shareholders while ensuring that sufficient earnings are retained to fund the Group's future growth strategy. The distribution of profits to shareholders is regarded as a key management issue. The basic policy is to pay a stable dividend, while also seeking to return profits to shareholders in a flexible and dynamic way through other means such as share buybacks.

During FY2013, the Company paid an interim dividend of ¥30 per share on December 2, 2013. A year-end dividend of ¥30 was also declared, bringing total dividend payments for FY2013 to ¥60 per share.

For FY2014, the Company plans to pay an annual dividend of ¥60 per share.

(2) Analysis of Financial Position

1) Assets, Liabilities and Capital Position

Total equity as of the fiscal year-end equaled ¥1,007.5 billion (an increase of ¥69.0 billion compared with the previous fiscal year-end), and total assets amounted to ¥1,854.0 billion (an increase of ¥169.1 billion compared with the previous fiscal year-end). Ratio of equity attributable to owners of the Company to total assets was 52.9% at this date (compared with 53.8% at the previous fiscal year-end). Total equity increased due to recorded profit for the year and an increase in other components of equity. The year-on-year increase in total assets was significantly larger than that for total capital, reflecting an increase in corporate bonds and borrowings.

2) Status of Cash Flows

Cash and cash equivalents decreased by ¥8.1 billion during the fiscal year ended March 31, 2014, to ¥183.1 billion. The cash flow status and its contributing factors are summarized as follows:

Cash Flows from Operating Activities

Net cash flows provided by operating activities totaled ¥37.3 billion, a decrease of ¥92.0 billion compared with the previous year. Besides non-cash items such as Profit before tax (¥99.8 billion) and depreciation and amortization (¥51.5 billion), this reflected cash outflows from the payments of income taxes and the settlement with the U.S. Department of Justice.

Cash Flows from Investing Activities

Net cash flows used in investing activities equaled ¥161.4 billion, a year-on-year increase of ¥52.5 billion. This reflected the acquisition of operating assets and capital spending on facilities, among other factors.

Cash Flows from Financing Activities

Net cash flows provided by financing activities amounted to ¥100.3 billion, a year-on-year increase of ¥158.5 billion. This reflected a net increase in corporate bonds and borrowings as well as dividend payments, among other factors.

(Reference) Cash flow-related indicators

Principal Cash Flow Indicators

	Fiscal 2012	Fiscal 2013
Ratio of equity attributable to owners of the Company to total assets (%)	53.8	52.9
Ratio of equity attributable to owners of the Company to total assets (at market value) (%)	75.8	66.0
Interest-bearing debt ratio (years)	1.72	4.13
Interest coverage ratio (times)	38.0	9.2

Ratio of equity attributable to owners of the Company to total assets: equity attributable to owners of the Company /total assets

Ratio of equity attributable to owners of the Company to total assets (at market value): total market capitalization/total assets

Interest-bearing debt ratio: interest-bearing debt/cash flows

Interest coverage ratio: cash flows/interest paid

(Notes)

1. All indicators are calculated on a consolidated basis.
2. Total market capitalization is calculated based on the number of outstanding ordinary shares (net of treasury shares).
3. Cash flows equal to the amount of net cash provided by operating activities in the consolidated statement of cash flows less the amounts of "interest paid" and "income taxes paid." Interest paid equals the "interest paid" included in the consolidated statement of cash flows.
4. Interest-bearing debt includes all liabilities reported on consolidated statement of financial position which are subject to interest payments.

(3) Business Risks

The following section provides an overview of the principal risks that could negatively affect the business results and financial condition of the Group. Any forward-looking statements or projections contained in this overview represent the best judgment of management based on information available at the end of the fiscal year under review. Actual results may differ from the forecasts due to a range of factors.

1) Risks Related to Ranbaxy Operations

Since signing a consent decree with the U.S. Food and Drug Administration in relation to quality problems at its production facilities in India, Ranbaxy has been instituting corrective measures with full support of Daiichi Sankyo to improve quality assurance and ensure data integrity.

Daiichi Sankyo remains committed to working closely with Ranbaxy to solve the various quality issues at each of Ranbaxy's production facilities until the scheduled completion of the merger of Ranbaxy with Sun Pharma at the end of December 2014. However the Group's business results and financial position could be negatively affected depending on situation of responses to drug approval regulatory authorities of various countries and so on.

2) Risks Related to Merger of Ranbaxy and Sun Pharma

Daiichi Sankyo announced on April 7, 2014 that it had reached agreement with Sun Pharma on plans for the latter to acquire Ranbaxy via a merger in exchange for an equity stake in Sun Pharma.

Since the closing of the merger (hereinafter, the "Closing") is subject to the approval of Ranbaxy and Sun Pharma shareholders and of the regulatory authorities, in addition to the completion of other requisite procedures, there remains the possibility of a delay or failure to proceed.

As per the contract between Sun and Daiichi Sankyo regarding the merger of Ranbaxy into Sun Pharma, Daiichi Sankyo could be required to indemnify Sun Pharma for 63.5% of penalty and damage etc., arising out of quality issues of Ranbaxy prior to the closing date, which is paid to US federal or state

governmental Authority by Sun Pharma or Ranbaxy, with the maximum cap amount of $325M. This obligation lasts for 7 years from the closing date.

3) Operational Risks Related to Occurrence of Disasters

Any damage to Group production, research or other facilities or any related suspension or cessation of business activities as a result of earthquakes, floods, typhoons, storms or other natural disasters, or due to conflicts, acts of terrorism, fire or other manmade causes, including incidents at nuclear power stations or any other occurrences resulting in long-term damage to electricity supply networks or other social infrastructure, could have a negative impact on the Group's business results and financial position.

Following the Great East Japan Earthquake occurred in March 2011 , the Group formulated a new Business Continuity Plan (BCP) to support swift restoration of operations in an emergency and ensure an ability to maintain reliable supplies of high-quality pharmaceuticals for the benefit of Japan's medical system. The new BCP revises the prioritization of actions from the perspectives of ensuring the continuity of operations, especially for mainstay products, and the rapid restoration of any supplies of medicines for emergency use and medicines with no substitutes, both of which categories are of high social significance.

The supply chain risks associated with the time required to restore supplies in the event of an emergency were also evaluated, based on the recovery period required after the Great East Japan Earthquake and the probability of further earthquakes. The Group has examined relevant preventative and contingency measures to support restoration of supplies or switching to substitute products.

4) Manufacturing and Procurement Risks

The Group manufactures some of its products at its own production facilities using original technology, but is also dependent on specific suppliers for the supply of some finished products, raw materials and production intermediates. Any delay, suspension or termination of manufacturing or supply activities for any reason could have a material impact on the Group's business results and financial position. Manufacture of pharmaceuticals in Japan is subject to strict regulation as stipulated in the Pharmaceutical Affairs Law and other rules and legislation. Any quality assurance problem necessitating a product recall could have an adverse effect on the Group's business results and financial position.

5) Financial Market and Currency Fluctuation Risks

Declines in share prices could lead to write-downs or losses on disposal related to stocks owned by the Group. The Group's retirement benefit expenses could increase depending on trends in interest rates. In addition, fluctuations in foreign currency exchange rates could have an adverse effect on the Group's financial position. The Group conducts business, including production, sales, import and export activities, on a global basis, and foreign exchange movements could therefore have a material impact on its business results and financial position.

6) Risks Related to R&D and Alliances

Research and development of new drug candidates is a costly process that requires many years to complete successfully, during which time there is a continual risk that R&D activities concerning a particular compound may be terminated due to failure to demonstrate the expected clinical efficacy. Even if good results are obtained in clinical trials, changes in the regulatory approval criteria may result in failure to gain drug approval. In addition, any changes in the terms of agreements related to R&D-related alliances with third parties, or the cancellation thereof, may also adversely affect the outcomes of R&D programs.

7) Risks Related to Emergence of Side Effects or Sales of Rival Products

Any decline in sales due to the emergence of unanticipated side effects of a drug, or due to the entry of generic products into a sector following the expiration of a patent or the introduction of competing products within the same therapeutic area, could negatively affect the Group's business results and financial position. Any changes in the terms of sales or technology transfer agreements, or the expiration or cancellation thereof, could also have a material impact on the Group's business results and financial position. In addition, due to ongoing growth in the use of generic products in developed country markets, the launch of any new product may not generate sales and profits commensurate with the investment in its research and development.

8) Risks Related to Laws, Regulations and Regulatory Trends to Restrain Healthcare Expenditures

Prescription drugs in Japan are subject to a variety of laws, regulations and ordinances. Any regulatory changes or associated trends related to the medical treatment system and national health insurance – most notably NHI price revisions – could have a negative impact on the Group's earnings and financial position. Similarly, sales of prescription drugs in overseas markets are also subject to various legal and regulatory constraints; the Group's performance in these markets could be adversely affected by regulatory trends.

9) Intellectual Property Risks

Any infringement of patents or other intellectual property rights of other parties arising from the Group's business activities could result in legal restraints being placed on such activities or prompt related commercial litigation. Conversely, infringement of the intellectual property rights of the Group by third parties could lead to legal action by the Group to protect such rights. In either case, the resulting outcome could have a material impact on the Group's business results and financial position. In particular, due to the increasing use of generic products in developed countries, lawsuits and other challenges to Group-owned intellectual property could increase in prevalence.

10) Environmental Risks

Certain of the chemicals used in pharmaceutical research and manufacturing processes include substances with the potential to exert a negative impact on human health and natural ecosystems. While the Group strives to ensure that the management of these substances is conducted properly at all times, any judgment that Group operations pose a risk of serious environmental impact due to soil contamination, air pollution or water pollution could adversely affect the Group's business results and financial position.

11) Litigation-related Risks

Besides potential antitrust issues, the Group could also face litigation of various forms concerning its business activities, such as lawsuits related to drug side effects, product liability or labor disputes. Such developments could have an adverse effect on its business results and financial position.

12) Other Risks

Other risks besides those noted above that could have a negative impact on the Group's business results and financial position include interruption of the Group's computer systems due to a network-mediated virus or other causes; unauthorized disclosures of confidential information; illegal or improper actions by officers or employees; and changes in share prices or interest rates and other risks related to funding procurement.

(4) Basic Policy Regarding Moves toward Large-Scale Acquisition of Company Stock

The Company believes that it is the sole prerogative of shareholders to decide whether or not to respond to any move toward large-scale acquisition of Company stock. The Company does not deny the potentially significant impact that transfers of management control may have in terms of stimulating business enterprise. In line with this thinking, the Company has not prepared any specific takeover defenses.

Nonetheless, the Company would consider it a self-evident duty of the Company management to oppose any takeover plans whose aims were generally considered inappropriate (such as schemes to ramp up the share price) or that would otherwise be deemed detrimental to the value of the Company or the mutual interests of shareholders. Accordingly, the Company will continue its close monitoring of share transactions and changes in shareholders. In the event that any move toward large-scale acquisition of Company stock is noticed, the Company would assemble a panel of outside experts to evaluate any takeover proposal and to determine carefully the impact of such on the value of the Company and the mutual interests of shareholders. If any proposal were deemed detrimental to such interests, the Company would institute anti-takeover measures appropriate to the individual circumstances.

2. Business Policies and Issues

Over the medium and long term, the Daiichi Sankyo Group aims to supply a range of medical needs worldwide while also striving to remain a "Global Pharma Innovator" to support sustained growth. To this end, the Group has formulated its 5-Year Business Plan for fiscal 2013–2017, and is harnessing its collective resources to achieve the targets set under this plan.

Recognizing that business development in emerging markets is an essential to promoting the Group's medium-to-long-term growth, Daiichi Sankyo converted Ranbaxy into a consolidated subsidiary in 2008. On April 6, 2014, Daiichi Sankyo reached agreement with Sun Pharma on plans for the latter to acquire Ranbaxy in exchange for an equity stake in the merged entity. Going forward, Daiichi Sankyo plans to pursue the further development of its business interests in emerging markets in partnership with Sun Pharma.

Daiichi Sankyo is reviewing its 5-Year Business Plan in light of this decision, based on a review of the Group's business strategy. An updated plan will be released in due course.

The major business issues facing Daiichi Sankyo are outlined below.

(1) Maintaining Growth in Sales of Olmesartan

Amid fierce product-based competition, the Group plans to continue building the olmesartan franchise in Europe and the United States by seeking to maximize the efficiency of promotional efforts while expanding the drug's potential.

In other regions, the Group aims to expand sales further by developing combination formulations.

(2) Development of Edoxaban and Prasugrel as Blockbuster Drugs

Daiichi Sankyo sees anticoagulant edoxaban as a next-generation mainstay product for the Group. Various regulatory applications have been filed in the United States, Japan and Europe to acquire indications for prevention of stroke or systemic embolism associated with atrial fibrillation (AF), as well as the treatment and inhibition of recurrent venous thromboembolism (VTE) in patients diagnosed with deep vein thrombosis or pulmonary embolism. The Group is preparing to launch edoxaban in all major markets based on the expectation that regulatory approval will be granted in fiscal 2014. Work is also underway to manage the product's life cycle and enhance its value by expanding indications for the drug with a view to supporting its long-term growth.

Daiichi Sankyo received manufacturing and marketing approval in Japan for the antiplatelet agent prasugrel (brand name: *Effient*®) in March 2014. Going forward, the Group aims to achieve blockbuster status as quickly as possible through the wide spread promotion of the drug as a novel therapeutic option.

(3) Sustaining Growth in the Japanese Market

Supported by a strong prescription drug portfolio, Daiichi Sankyo is focusing on expanding sales of its core products in the Japanese market as a means of improving the overall profitability of the Group.

With the core *Olmetec*® franchise, which spans a full line-up of variants to accommodate varying dosages, Daiichi Sankyo is working to secure new prescriptions by promoting the product's powerful and sustained efficacy in lowering blood pressure. At the same time, the Group is trying to reinforce the drug's competitive position by promoting switching to the combination drug *Rezaltas*® in cases where *Olmetec*® alone is not sufficiently efficacious. With *NEXIUM*®, the aim is to make the product the leader in its market segment by promoting its powerful efficacy in acid suppression. With *Memary*®, Daiichi Sankyo is working to secure new prescriptions by cultivating in the medical community of the benefits of treatment with *Memary*®, while also promoting its use in combination with established products such as donepezil.

Alongside the prescription drug business, the Group is focused on achieving market leadership in Japan by continuing to expand its vaccine operations in collaboration with Group subsidiaries Kitasato Daiichi Sankyo Vaccine Co., Ltd. and Japan Vaccine Co., Ltd., and its generic pharmaceutical business with Group subsidiary Daiichi Sankyo Espha Co., Ltd., while also seeking to improve the profitability of its

OTC medicines business with subsidiary Daiichi Sankyo Healthcare Co., Ltd. By focusing in this way on increasing sales of core products, Daiichi Sankyo aims to improve the overall profitability of the Group.

(4) Business Expansion into Emerging Markets

Based on the partnership with Sun Pharma, the Group strives to expand its business development in emerging markets, which are expected to generate strong growth in future years.

In addition, the Group plans to develop its business in China, Brazil and other emerging markets by launching new products through its local operations and upgrading its promotional capabilities in these markets.

(5) Reinforcement of R&D

Daiichi Sankyo is continually seeking to reinforce its R&D capabilities, since these are the source of the innovative products that will support the Group's sustained growth as a Global Pharma Innovator.

Under the 5-Year Business Plan for fiscal 2013–2017, Daiichi Sankyo aims to set quantitative targets covering the entire process from early clinical development of a drug to its regulatory approval and market launch as a means of promoting highly effective and productive R&D activities.

The Group has focused on life cycle management for the anticoagulant edoxaban with the aim of securing regulatory approval for the drug in major markets by the end of March 2015. This approach includes developing additional indications to support the product's future sales growth.

The Group's R&D resources are focused on developing potential blockbuster candidates to succeed edoxaban. Clinical development plans for fiscal 2014 also include initiating of a Phase III clinical study of the pain medication Mirogabalin(DS-5565) and achieving further progress in various projects in the oncology field.

Separately, to ensure the creation of a competitive pipeline for new drugs, the Group is seeking to accelerate progress through its open innovation approach based on R&D collaboration with bio-ventures and academic researchers.

(6) Achieving Higher Levels of Quality Assurance

Ranbaxy became a consolidated subsidiary of the Daiichi Sankyo Group in October 2008. In January 2012, Ranbaxy entered into a consent decree with the U.S. FDA in relation to quality problems at two of its production facilities in India, and has since been implementing corrective measures to upgrade quality assurance with Daiichi Sankyo's support. In September 2013, the FDA issued a US export ban for Ranbaxy's Mohali Facility, and in January 2014 placed a similar export ban on the Toansa Facility, which manufactures bulk drugs.

The FDA has raised QA issues related to Luitpold Pharmaceutical's Shirley production facility since September 2011. During the year under review, Daiichi Sankyo conducted capital investments to resolve the issues and prepared the facilities for further inspections by the FDA. The Group is also planning to boost production capacity at the plant in due course.

Addressing this situation earnestly, Daiichi Sankyo continuously strives to improve the level of quality assurance more with concerted efforts of the Group.

(7) Vaccine Business

In August 2011, subsidiary Kitasato Daiichi Sankyo Vaccine Co., Ltd. was selected to receive a grant from the Ministry of Health, Labour and Welfare in Japan for a cell culture vaccine production facility and vaccine development, which a part of the Ministry's second initiative for H5N1 vaccine development and production capacity building. Kitasato Daiichi Sankyo has been working to build up production capacity to enable supply of sufficient vaccine for 40 million people within six months by the end of March 2014, but it has been unable to achieve this level of capacity due to insufficiently high production yields obtained in the vaccine antigen purification processes.

Going forward, in recognition of its social obligations and the vital contribution that such a vaccine could make to the health of the nation, the Group plans to focus its collective resources on modifying the production processes to achieve the required improvement in yields so that the targeted capacity for vaccine production can be realized as quickly as possible.

(8) Improving Profitability

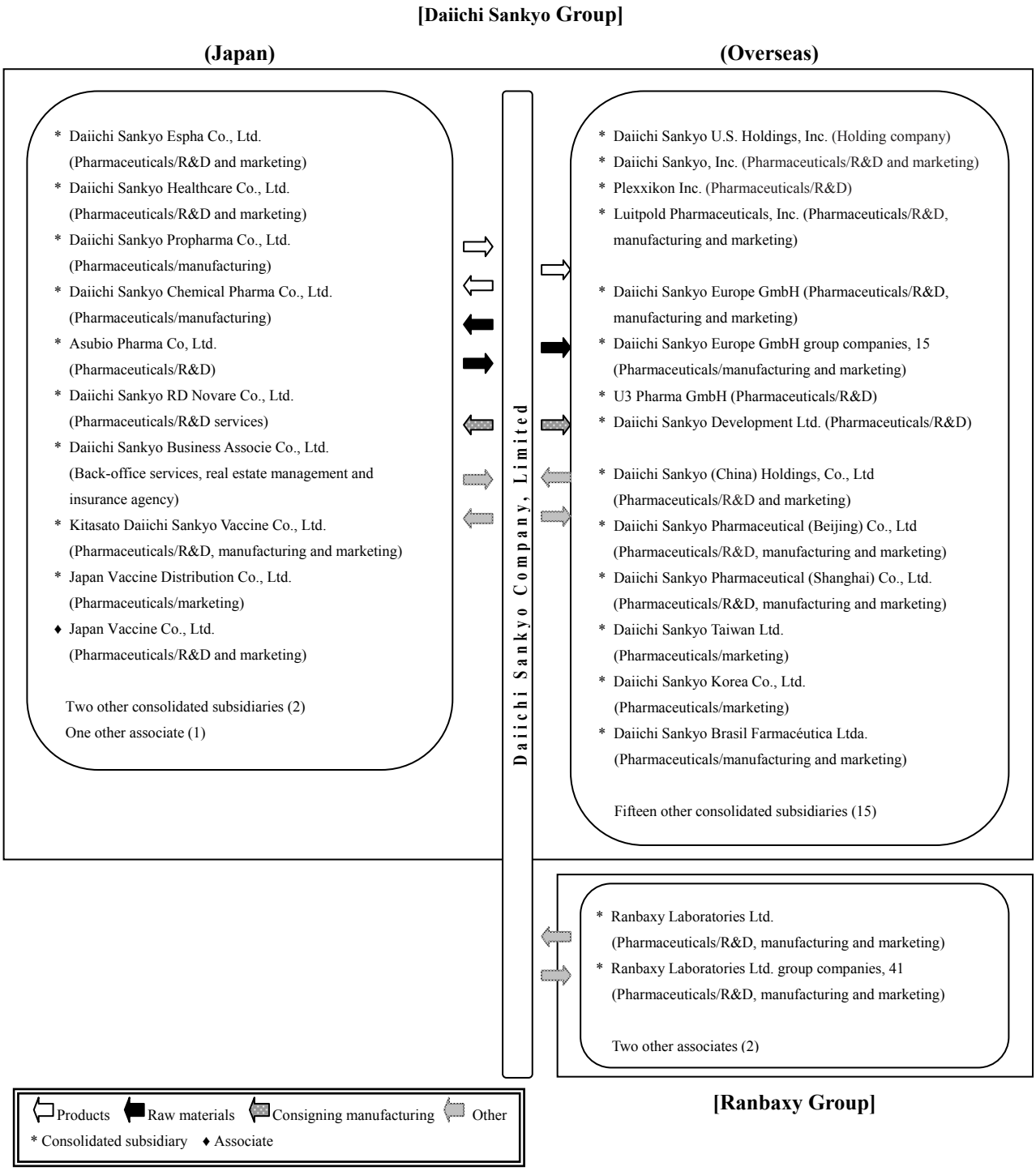
The Group is working to improve profitability further through optimization of its organizational structures across every business division and region, while at the same time seeking to generate cost savings based on more efficient budgeting and stronger procurement functions.

Parallel efforts are continuing across the Group to reduce production costs, ensure optimal inventory levels and construct a global supply chain.

3. State of the Group

Consolidated performance is reported under the two segments of the Daiichi Sankyo Group and the Ranbaxy Group. The Daiichi Sankyo Group consists of Daiichi Sankyo Company, Limited, its 100 subsidiaries and its 4 associates, a total of 105 companies. The Group's principal business is the manufacture and sale of pharmaceuticals, and related operations.

The following chart illustrates the organization of the Group as of March 31, 2014.



Subsidiaries and Associates

(as of March 31, 2014; "Company" in the table refers to Daiichi Sankyo Company, Limited.)

Name	Location	Capital (Millions of yen, except as noted)	% of voting rights held [indirect holdings]	Relationship
Consolidated subsidiaries				
Daiichi Sankyo Espha Co., Ltd.	Chuo-ku, Tokyo	450	100.0	Concurrent directors Products supplied to Company Office space, etc. leased from Company
Daiichi Sankyo Healthcare Co., Ltd.	Chuo-ku, Tokyo	100	100.0	Products supplied by Company Office space, etc. leased from Company
Daiichi Sankyo Propharma Co., Ltd.	Chuo-ku, Tokyo	100	100.0	Concurrent directors Products supplied to Company Office space and factory land leased from Company Facility capital borrowed from Company
Daiichi Sankyo Chemical Pharma Co., Ltd.	Hiratsuka-shi, Kanagawa	50	100.0	Concurrent directors Facility capital borrowed from Company
ASUBIO PHARMA CO., LTD.	Kobe-shi, Hyogo	50	100.0	Concurrent directors R&D subcontract work received from Company
Daiichi Sankyo RD Novare Co., Ltd.	Edogawa-ku, Tokyo	50	100.0	Concurrent directors R&D subcontract work received from Company Office space leased from Company
Daiichi Sankyo Business Associe Co., Ltd.	Chuo-ku, Tokyo	50	100.0	Concurrent directors Back-office operations subcontracted by Company Office space and rental property leased from Company Office space rented out to Company
Kitasato Daiichi Sankyo Vaccine Co., Ltd.	Kitamoto-shi, Saitama	100	51.0	Concurrent directors Products supplied to Company Facility capital borrowed from Company
Japan Vaccine Distribution Co., Ltd.	Chiyoda-ku, Tokyo	10	50.0	Concurrent directors Products supplied to Company
Daiichi Sankyo U.S. Holdings, Inc.	New Jersey, U.S.	3.0 U.S. dollars	100.0	Concurrent directors
Daiichi Sankyo, Inc.	New Jersey, U.S.	170 thousand U.S. dollars	100.0 [100.0]	Concurrent directors Products supplied by Company Promotional and R&D functions subcontracted by Company Guarantee of payables by Company in line with the joint promotional agreement
Plexxikon Inc.	California, U.S.	1.0 U.S. dollar	100.0 [100.0]	Concurrent directors
Luitpold Pharmaceuticals, Inc.	New York, U.S.	200 thousand U.S. dollars	100.0 [100.0]	Concurrent directors
Daiichi Sankyo Europe GmbH	Munich, Germany	16 million euros	100.0	Concurrent directors Products supplied by Company Manufacturing subcontract work received from Company Promotional and R&D functions subcontracted by Company
Daiichi Sankyo France S.A.S.	Rueil Malmaison, France	12,482 thousand euros	100.0 [100.0]	
Daiichi Sankyo Deutschland GmbH	Munich, Germany	51 thousand euros	100.0 [100.0]	
Daiichi Sankyo Italia S.p.A.	Rome, Italy	120 thousand euros	100.0 [100.0]	
Daiichi Sankyo España, S.A.	Madrid, Spain	120 thousand euros	100.0 [100.0]	

Name	Location	Capital (Millions of yen, except as noted)	% of voting rights held [indirect holdings]	Relationship
Daiichi Sankyo UK Ltd.	Buckinghamshire, UK	19.5 million GB pounds	100.0 [100.0]	
Daiichi Sankyo (Schweiz) AG	Thalwil, Switzerland	3 million Swiss Francs	100.0 [100.0]	
Daiichi Sankyo Portugal Lda.	Porto Salvo, Portugal	349 thousand euros	100.0 [100.0]	
Daiichi Sankyo Austria GmbH	Vienna, Austria	36 thousand euros	100.0 [100.0]	
U3 Pharma GmbH	Munich, Germany	1,126 thousand euros	100.0	Concurrent directors R&D subcontract work received from Company
Daiichi Sankyo Development Ltd.	Buckinghamshire, UK	400 thousand GB pounds	100.0	Concurrent directors R&D subcontract work received from Company
Daiichi Sankyo (China) Holdings Co., Ltd.	Shanghai, China	30,000 thousand US dollars	100.0	Concurrent directors Products supplied by Company R&D subcontract work received from Company
Daiichi Sankyo Pharmaceutical (Beijing) Co., Ltd.	Beijing, China	83,800 thousand US dollars	100.0 [23.9]	Concurrent directors Products supplied by Company
Daiichi Sankyo Pharmaceutical (Shanghai) Co., Ltd.	Shanghai, China	53,000 thousand US dollars	100.0	Concurrent directors Products supplied by Company Manufacturing subcontract work received from Company
Daiichi Sankyo Taiwan Ltd.	Taipei, Taiwan	345 million NT dollars	100.0	Concurrent directors Products supplied by Company Products supplied to Company
Daiichi Sankyo Korea Co., Ltd.	Seoul, Korea	3,000 million won	100.0	Concurrent directors Products supplied by Company
Daiichi Sankyo Brasil Farmacéutica Ltda.	Sao Paulo, Brazil	39 million Real	100.0	Concurrent directors Products supplied by Company Operating capital borrowed from Company
Ranbaxy Laboratories Ltd.	Gurgaon, India	2,118 million INR	63.4	Concurrent directors Sales/marketing support subcontract work received from Company
Solrex Pharmaceuticals Co.	New Delhi, India	493 million INR	100.0 [100.0]	
Ranbaxy (Netherlands) B.V.	Amsterdam, Netherlands	500 million US dollars	100.0 [100.0]	
Terapia S.A.	Cluj-Napoca, Romania	26.4 million RON	96.7 [96.7]	
Ranbaxy Inc.	New Jersey, U.S.A.	13 million US dollars	100.0 [100.0]	
Other 61 companies				
Associated companies accounted for by the equity method				
Japan Vaccine Co., Ltd.	Chiyoda-ku, Tokyo	100	50.0	Concurrent directors Products supplied by Company
Hitachi Pharma Evolutions, Ltd.	Chiyoda-ku, Tokyo	250	49.0	Concurrent directors Office space leased from Company
One other company				

(Notes)

1. Among the afore-mentioned subsidiaries and associates, Daiichi Sankyo Prophorma Co., Ltd., Japan Vaccine Distribution Co., Ltd., Daiichi Sankyo, Inc., Daiichi Sankyo Pharmaceutical (Beijing) Co., Ltd., Daiichi Sankyo Pharmaceutical (Shanghai) Co., Ltd., and Ranbaxy (Netherlands) B.V. fall under the category of specified subsidiaries.
2. Figures in parentheses in the percentage of voting rights held column refer to the percentage of ownership held indirectly through other subsidiaries.

4. Consolidated Financial Statements

(1) Consolidated Statement of Financial Position

(Millions of yen)

	Date of transition to IFRSs (as of April 1, 2012)	Fiscal 2012 (as of March 31, 2013)	Fiscal 2013 (as of March 31, 2014)
ASSETS			
Current assets			
Cash and cash equivalents	212,948	191,145	183,070
Trade and other receivables	248,853	262,851	269,194
Other financial assets	111,714	182,367	324,160
Inventories	169,404	173,828	189,408
Other current assets	14,796	19,593	24,769
Total current assets	757,718	829,786	990,603
Non-current assets			
Property, plant and equipment	246,163	290,648	316,304
Goodwill	82,742	84,738	85,518
Intangible assets	174,229	171,137	171,417
Investments accounted for using the equity method	2,451	4,775	2,624
Other financial assets	122,216	145,127	141,553
Deferred tax assets	150,454	141,950	122,550
Other non-current assets	18,223	16,785	23,464
Total non-current assets	796,481	855,162	863,433
Total assets	1,554,200	1,684,949	1,854,037

(Millions of yen)

	Date of transition to IFRSs (as of April 1, 2012)	Fiscal 2012 (as of March 31, 2013)	Fiscal 2013 (as of March 31, 2014)
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	223,484	225,873	245,422
Bonds and borrowings	81,017	66,073	160,326
Other financial liabilities	10,393	9,531	15,115
Income taxes payable	4,922	22,998	5,636
Provisions	51,401	59,872	22,702
Other current liabilities	14,781	40,207	11,985
Total current liabilities	386,001	424,556	461,188
Non-current liabilities			
Bonds and borrowings	193,926	200,742	263,289
Other financial liabilities	30,299	23,625	14,177
Post-employment benefit liabilities	29,369	31,258	8,947
Provisions	1,781	1,385	3,747
Deferred tax liabilities	44,056	38,732	39,838
Other non-current liabilities	17,455	26,169	55,320
Total non-current liabilities	316,889	321,912	385,321
Total liabilities	702,891	746,468	846,509
Equity			
Equity attributable to owners of the Company			
Share capital	50,000	50,000	50,000
Capital surplus	105,194	105,194	105,267
Treasury shares	(14,558)	(14,460)	(14,408)
Other components of equity	28,449	85,067	121,753
Retained earnings	655,644	680,844	717,320
Total equity attributable to owners of the Company	824,730	906,645	979,933
Non-controlling interests			
Non-controlling interests	26,578	31,835	27,594
Total equity	851,308	938,480	1,007,527
Total liabilities and equity	1,554,200	1,684,949	1,854,037

(2) Consolidated Statement of Profit or Loss and Consolidated Statement of Comprehensive Income

Consolidated Statement of Profit or Loss

(Millions of yen)

	Fiscal 2012 (For the year ended March 31, 2013)	Fiscal 2013 (For the year ended March 31, 2014)
Revenue	994,659	1,118,241
Cost of sales	338,485	402,289
Gross profit	656,173	715,952
Selling, general and administrative expenses	373,037	413,187
Research and development expenses	184,393	191,212
Operating profit	98,743	111,552
Financial income	14,726	16,577
Financial expenses	17,220	26,928
Share of loss of investments accounted for using the equity method	387	1,426
Profit before tax	95,861	99,775
Income taxes	29,955	46,417
Profit for the year	65,906	53,357
Profit attributable to:		
Owners of the Company	64,027	60,943
Non-controlling interests	1,878	(7,585)
Profit for the year	65,906	53,357
Earnings per share		
Basic earnings per share (Yen)	90.96	86.57
Diluted earnings per share (Yen)	90.81	86.41

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal 2012 (For the year ended March 31, 2013)	Fiscal 2013 (For the year ended March 31, 2014)
Profit for the year	65,906	53,357
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	18,837	7,968
Remeasurements of defined benefit plans	(547)	7,688
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	42,895	43,053
Cash flow hedges	1,198	(1,510)
Share of other comprehensive income of investments accounted for using the equity method	104	75
Other comprehensive income (loss), net of taxes	62,488	57,275
Total comprehensive income	128,395	110,632
Total comprehensive income attributable to:		
Owners of the Company	123,891	115,255
Non-controlling interests	4,503	(4,623)
Total comprehensive income	128,395	110,632

(3) Consolidated Statement of Changes in Equity

(Millions of yen)

	Equity attributable to owners of the Company						
				Other components of equity			
	Share capital	Capital surplus	Treasury shares	Subscription rights to shares	Exchange differences on translation of foreign operations	Cash flow hedges	Financial assets measured at fair value through other comprehensive income
Balance as of April 1, 2012	50,000	105,194	(14,558)	1,297	-	198	26,952
Profit for the year	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	40,530	762	18,840
Total comprehensive income	-	-	-	-	40,530	762	18,840
Acquisition of treasury shares	-	-	(12)	-	-	-	-
Disposal of treasury shares	-	-	109	(54)	-	-	-
Share-based payments	-	-	-	261	-	-	-
Dividends	-	-	-	-	-	-	-
Transfer from other components of equity to retained earnings	-	-	-	-	-	-	(3,735)
Other	-	-	-	-	14	(1)	(0)
Total transactions with the owners	-	-	97	206	14	(1)	(3,735)
Balance as of March 31, 2013	50,000	105,194	(14,460)	1,504	40,545	959	42,057
Profit for the year	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	39,708	(957)	7,969
Total comprehensive income	-	-	-	-	39,708	(957)	7,969
	-	-					
Acquisition of treasury shares	-	-	(31)	-	-	-	-
Disposal of treasury shares	-	-	83	(55)	-	-	-
Share-based payments	-	-	-	231	-	-	-
Dividends	-	-	-	-	-	-	-
Transfer from other components of equity to retained earnings	-	-	-	-	-	-	(10,205)
Other	-	73	-	-	(1)	(2)	(0)
Total transactions with the owners	-	73	52	175	(1)	(2)	(10,205)
Balance as of March 31, 2014	50,000	105,267	(14,408)	1,680	80,252	-	39,821

	Equity attributable to owners of the Company				Non-controlling interests	Total equity
	Other components of equity		Retained earnings	Total equity attributable to owners of the Company		
	Remeasurements of defined benefit plans	Total other components of equity				
Balance as of April 1, 2012	-	28,449	655,644	824,730	26,578	851,308
Profit for the year	-	-	64,027	64,027	1,878	65,906
Other comprehensive income	(270)	59,863	-	59,863	2,624	62,488
Total comprehensive income	(270)	59,863	64,027	123,891	4,503	128,395
Acquisition of treasury shares	-	-	-	(12)	-	(12)
Disposal of treasury shares	-	(54)	(54)	0	-	0
Share-based payments	-	261	-	261	634	895
Dividends	-	-	(42,235)	(42,235)	-	(42,235)
Transfer from other components of equity to retained earnings	270	(3,465)	3,465	-	-	-
Other	-	12	(3)	9	118	128
Total transactions with the owners	270	(3,246)	(38,827)	(41,976)	752	(41,223)
Balance as of March 31, 2013	-	85,067	680,844	906,645	31,835	938,480
Profit for the year	-	-	60,943	60,943	(7,585)	53,357
Other comprehensive income	7,592	54,312	-	54,312	2,962	57,275
Total comprehensive income	7,592	54,312	60,943	115,255	(4,623)	110,632
Acquisition of treasury shares	-	-	-	(31)	-	(31)
Disposal of treasury shares	-	(55)	(27)	0	-	0
Share-based payments	-	231	-	231	594	825
Dividends	-	-	(42,237)	(42,237)	-	(42,237)
Transfer from other components of equity to retained earnings	(7,592)	(17,798)	17,798	-	-	-
Other	-	(3)	-	70	(212)	(142)
Total transactions with the owners	(7,592)	(17,625)	(24,466)	(41,966)	381	(41,584)
Balance as of March 31, 2014	-	121,753	717,320	979,933	27,594	1,007,527

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal 2012 (For the year ended March 31, 2013)	Fiscal 2013 (For the year ended March 31, 2014)
Cash flows from operating activities		
Profit before tax	95,861	99,775
Depreciation and amortization	45,260	51,486
Impairment loss	10,336	5,457
Financial income	(14,726)	(16,577)
Financial expenses	17,220	26,928
Share of (profit) loss of investments accounted for using the equity method	387	1,426
(Gain) loss on sale and disposal of fixed assets	(2,116)	(12,939)
(Increase) decrease in trade and other receivables	1,642	3,200
(Increase) decrease in inventories	4,342	(6,258)
Increase (decrease) in trade and other payables	(12,672)	2,885
Other, net	4,466	(8,688)
Subtotal	150,002	146,696
Interest and dividends received	6,900	6,368
Interest paid	(4,130)	(11,184)
Settlement expenses paid	-	(49,764)
Income taxes paid	(23,487)	(54,810)
Net cash flows from operating activities	129,284	37,304
Cash flows from investing activities		
Purchase of time deposits	(121,286)	(154,006)
Proceeds from maturities in time deposits	111,566	118,942
Acquisition of securities	(282,381)	(388,411)
Proceeds from sale of securities	234,881	303,377
Acquisitions of property, plant and equipment	(72,226)	(47,497)
Proceeds from sale of property, plant and equipment	2,394	11,947
Acquisition of intangible assets	(7,124)	(7,017)
Payments for loans receivable	(736)	(1,863)
Proceeds from collection of loans receivable	131	644
Other, net	25,944	2,515
Net cash flows from investing activities	(108,837)	(161,368)

(Millions of yen)

	Fiscal 2012 (For the year ended March 31, 2013)	Fiscal 2013 (For the year ended March 31, 2014)
Cash flows from financing activities		
Proceeds from bonds and borrowings	27,112	194,121
Repayments of bonds and borrowings	(42,198)	(50,500)
Purchase of treasury shares	(12)	(31)
Proceeds from sale of treasury shares	0	0
Dividends paid	(42,240)	(42,238)
Other, net	(889)	(1,030)
Net cash flows from financing activities	(58,227)	100,322
Net increase (decrease) in cash and cash equivalents	(37,780)	(23,742)
Cash and cash equivalents at the beginning of the year	212,948	191,145
Effect of exchange rate change on cash and cash equivalents	15,976	15,667
Cash and cash equivalents at the end of the year	191,145	183,070

(5) Notes to Consolidated Financial Statements

(Note Related to Going Concern Assumption)

Not applicable.

(Basis of Preparation)

(1) Compliance with International Financial Reporting Standards and first-time adoption

The consolidated financial statements of Daiichi Sankyo Company, Limited ("Company") and its subsidiaries (collectively, "Group") have been prepared in accordance with International Financial Reporting Standards ("IFRSs") pursuant to Article 93 of the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements since the Company satisfies requirements for a "Specified Company" listed in Article 1-2, paragraph (i), item (b) of the same Ordinance.

The Group has adopted IFRSs for the first time in preparing the consolidated financial statements for the year ended March 31, 2014, and the date of transition to IFRSs ("date of transition to IFRSs") is April 1, 2012. The accounting policies of the Group are in accordance with IFRSs effective as of March 31, 2014, except for IFRSs that haves not been early adopted and exemptions permitted under IFRS 1 "First-time Adoption of International Financial Reporting Standards." The exemptions applied and required disclosures are stated in "First-time adoption."

(2) Basis of measurement

The consolidated financial statements of the Group have been prepared on a historical cost basis with exceptions such as the financial instruments stated in "Significant accounting policies."

(3) Functional currency and presentation currency

The consolidated financial statements of the Group are presented in Japanese yen, which is the Company's functional currency. All amounts presented in Japanese yen have been rounded down to the nearest million.

(4) Early adoption of new accounting standards

The Group has early adopted IFRS 9 "Financial Instruments" (issued in November 2009, revised in October 2010 and December 2011) from the date of transition to IFRSs, April 1, 2012.

IFRS 9 replaces IAS 39 "Financial Instruments: Recognition and Measurement" and provides two measurement categories for financial instruments: amortized cost and fair value. Changes in fair value of financial assets measured at fair value are recognized in profit or loss. However, changes in fair value of investments in equity instruments, except for equity instruments held for trading, are allowed to be recognized in other comprehensive income.

(Significant Accounting Policies)

(1) Basis of consolidation

The consolidated financial statements of the Group include the accounts of the Company and its subsidiaries, and the interests in investments in associates.

A Subsidiaries

A subsidiary is an entity that is controlled by the Group. The Group controls an investee if the Group has power over the investee, exposure, or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the Group's return. Consolidation of a subsidiary begins from the date the Group obtains control of the subsidiary and ceases when the Group loses control of the subsidiary. Changes in a parent's ownership interest in a subsidiary occurring after obtaining control of the subsidiary and that do not result in the parent losing control of the subsidiary are accounted for as equity transactions.

All intercompany balances and transactions and any unrealized gains and losses arising from intercompany transactions are eliminated in preparing the consolidated financial statements.

B Associates

An associate is an entity over which the Group has significant influence and that is not a subsidiary of the Group. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. An investment in an associate is accounted for using the equity method from the date on which the Group has significant influence until the date on which it ceases to have the significant influence over the investment.

After ceasing to have significant influence, if there is residual interest it is measured at fair value and the difference between the fair value and the carrying amounts of the time when the equity method has ceased to been used are recognized in profit or loss. When the use of equity method is discontinued, if the retained interest is a financial asset, it is measured at fair value. The difference between the fair value and the carrying amount of the investment at the date the use of the equity method is discontinued is recognized in profit or loss.

The acquired goodwill is included in the carrying amount of the investments in associates.

(2) Business combinations

Business combinations are accounted for by applying the acquisition method. The consideration of acquisition is measured as the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and, in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree. The consideration transferred is measured at acquisition-date fair value. For each business combination, non-controlling interest is measured at the fair value or the present ownership instruments' proportionate share in the recognized amounts of the acquiree's identifiable net assets.

Any excess of the consideration of acquisition over the fair value of identifiable assets acquired and liabilities and contingent liabilities assumed in the acquiree at the acquisition date is recognized as goodwill. In contrast, if the fair value of identifiable assets acquired and liabilities and contingent liabilities assumed exceed the considerations of acquisition, the resulting gain is recognized in profit or loss on the acquisition date. Acquisition-related costs incurred are recognized as expenses in which the costs are incurred and the services are received.

(3) Foreign currency translation

Foreign currency transactions are recorded in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. Foreign currency monetary assets and liabilities are translated into the functional currency using the closing rate and the exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition are recognized in profit or loss. However, exchange differences arising from financial assets measured at fair value through other comprehensive income and arising from cash flow hedges are recognized in other comprehensive income.

Assets and liabilities of foreign operations (including goodwill arising on the acquisition of foreign operations and fair value adjustments arising on the acquisition of those foreign operations) are translated into the presentation currency at the closing rate at the end of the reporting period. Income and expenses of foreign operations are translated into the presentation currency at the average exchange rate for the period. When a foreign operation's functional currency is the currency of a hyperinflationary economy, adjustments are made to its separate financial statements to reflect current price levels, and income and expenses of

foreign operations are translated into the presentation currency at the closing rate at the end of the reporting period.

Exchange differences arising from translation of financial statements of foreign operations are recognized in other comprehensive income after the date of transition to IFRSs. On the disposal of the entire interest in a foreign operation, or on the partial disposal of an interest in a foreign operation that involves the loss of control of a subsidiary or loss of significant influence over an associate, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified to profit or loss as part of gain or loss on disposal.

(4) Financial instruments

A Financial assets

(i) Initial recognition and measurement

Financial assets are classified as financial assets measured at amortized cost or financial assets measured at fair value at initial recognition.

Financial assets are classified as financial assets measured at amortized cost if both of the following conditions are met:

(a) The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows.

(b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Otherwise, they are classified as financial assets measured at fair value.

For financial assets measured at fair value, each equity instrument, except for equity instruments held for trading, which must be measured at fair value through profit or loss, is designated as financial assets measured at fair value through profit or loss or as financial assets measured at fair value through other comprehensive income. Such designations are applied consistently. Financial assets are measured at the fair value plus, in the case of financial assets not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets.

Trade and other receivables are initially recognized on the date when they are incurred. All other financial assets are initially recognized on the trade date when the Group becomes a party to the contractual provisions of the assets.

(ii) Subsequent measurement

After initial recognition, financial assets are measured based on the classification as follows:

(a) Financial assets measured at amortized cost

Financial assets measured at amortized cost are measured at amortized cost using the effective interest method.

(b) Financial assets measured at fair value

Financial assets measured at fair value are measured at fair value.

Changes in the fair value of financial assets measured at fair value are recognized in profit or loss.

However, changes in the fair value of equity instruments designated as financial assets measured at fair value through other comprehensive income are recognized in other comprehensive income, and the cumulative amount of other comprehensive income is transferred to retained earnings when the instruments are derecognized or the fair value decreases significantly compared to the acquisition cost.

(iii) Derecognition

Financial assets are derecognized when the contractual rights to the cash flows from the assets expire, or when the contractual rights to receive the cash flows of the financial assets are transferred in transactions where substantially all the risks and rewards of ownership of the assets are transferred to another entity.

B Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that financial assets measured at amortized cost are impaired. Evidence that financial assets measured at amortized cost are impaired includes significant financial difficulty of the borrower or a group of borrowers, a default or delinquency in interest or principal payments, and bankruptcy of the borrower.

The Group assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and collectively for financial assets that are not individually significant.

If there is objective evidence that impairment losses on financial assets measured at amortized cost have been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows.

When impairment is recognized, the carrying amount of the financial asset measured at amortized cost is reduced through use of an allowance for doubtful accounts and impairment losses are recognized in profit or loss. The carrying amount of financial assets measured at amortized cost is reduced directly when they are expected to become uncollectible in the future and all collateral is implemented or transferred to the Group.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease is related to an event occurring after the impairment is recognized, the previously recognized impairment losses is reversed by adjusting the allowance for doubtful accounts and the amount of reversal is recognized in profit or loss.

C Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are classified as financial liabilities measured at amortized cost or financial liabilities measured at fair value through profit or loss at initial recognition.

At initial recognition, financial liabilities are measured at fair value minus, in the case of financial liabilities not at fair value through profit or loss, transaction costs that are directly attributable to the issue of the financial liabilities.

(ii) Subsequent measurement

After initial recognition, financial liabilities are measured based on the classification as follows:

(a) Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost are measured at amortized cost using the effective interest method. Amortization under the effective interest method and any gain or loss in the case of derecognition of financial liabilities are recognized in profit or loss.

(b) Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss is measured at fair value.

(iii) Derecognition

Financial liabilities are derecognized when the obligation specified in the contract is discharged or cancelled or expires.

D Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset only when the Group has a legally enforceable right to set off the recognized amounts and the Group intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

E Derivatives and hedge accounting

Derivatives are utilized to hedge foreign currency risk, interest rate risk and stock price risk. Derivatives used by the Group include forward exchange contracts, currency swaps, currency options, interest-rate swaps and call option on specific stocks. At the inception of the hedge, the relationship and the risk management objective and strategy for undertaking the hedge are documented.

On an ongoing basis, the Group assesses whether the hedging instrument is expected to be highly effective in achieving offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk throughout the period for which the hedge is designated.

Derivatives are measured at fair value at initial recognition and the transaction costs are recognized in profit or loss when they are incurred. After initial recognition, derivatives are measured at fair value.

Hedges that meet hedging criteria for hedge accounting are accounted for as follows:

(i) Fair value hedges

Changes in the fair value of the hedging instruments are recognized in profit or loss. Changes in the fair value of the hedged item attributable to the hedged risk adjust the carrying amount of the hedged item and are recognized in profit or loss.

(ii) Cash flow hedges

The effective portion of the gain or loss on the hedging instruments is recognized in other comprehensive income, while the ineffective portion is recognized in profit or loss. The cumulative amounts of hedging instruments that has been recognized in other comprehensive income as equity are reclassified to profit or loss when the hedged transaction affects profit or

loss. If a hedged item results in the recognition of a non-financial asset or a non-financial liability, the associated amount recognized in other comprehensive income is accounted for as adjustment to the carrying amount of the non-financial asset or the non-financial liability. When any forecast transaction or firm commitment is no longer expected to occur, any related cumulative gain or loss that has been recognized in other comprehensive income as equity is reclassified to profit or loss. When any hedging instrument expires is sold, or terminated or exercised without the replacement or rollover of the hedging instrument into another hedging instrument, or when any hedge designation is revoked, the cumulative amount that has been recognized in other comprehensive income as equity is continued to be recognized as equity until the forecast transaction or firm commitment occurs or no longer expected to occur.

(5) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, readily available deposits, and short-term, highly liquid investments having maturities of three months or less of the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(6) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories comprises cost of raw materials, direct labor and others directly attributable to the inventories and the related production overheads. The cost of inventories is assigned by using the weighted average cost formula. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(7) Property, plant and equipment

Property plant and equipment are carried at cost less any accumulated depreciation and any impairment losses.

The cost of an item of property, plant and equipment include any costs directly attributable to the acquisition of the item, costs of dismantling, removing and restoring the item and borrowing costs eligible for capitalization.

An item of property, plant and equipment, except for land, is depreciated by the straight-line method over the respective estimated useful life of the item. The estimated useful lives of major items of property, plant and equipment are as follows:

Buildings and structures attached to the buildings: 15 to 50 years

Machinery, equipment and vehicles: 4 to 8 years

The depreciation method, the residual value and the useful life of an item of property, plant and equipment are reviewed annually and adjusted as necessary.

(8) Goodwill and intangible assets

A Goodwill

Goodwill is not amortized but carried at cost less any accumulated impairment losses. Goodwill is allocated to each of the cash-generating units, or groups of cash-generating units, that is expected to benefit from the synergies of the business combination.

B Intangible assets

Intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

The cost of a separately acquired intangible asset is measured at cost, and the cost of an intangible asset acquired in a business combination is measured at its fair value at the acquisition date.

Internally generated research expenditure is recognized as an expense when it is incurred. Internally generated development expenditure is recognized as an intangible asset only if all the criteria for capitalization are met. However, internally generated development expenditure incurred until the Group obtains manufacturing and marketing approval, such as clinical trial costs, is recognized as an expense when it is incurred since it is considered that the criteria for capitalization are not met due to its length of time and uncertainty related to development.

Expenditure incurred in acquiring or developing software for internal use is recognized as an intangible asset if future economic benefits from the software are expected to flow to the Group.

An item of intangible asset with finite useful life is amortized by the straight-line method over the estimated useful life of the item. The estimated useful lives of major items of intangible assets are as follows:

Marketing rights: 4 to 22 years
Trademarks: 3 to 15 years

The amortization method, the residual value and the useful life of an item of intangible assets are reviewed annually and adjusted as necessary.

(9) Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an asset, and a lease other than the foregoing is classified as an operating lease.

Under finance lease transactions, finance leases are recognized as leased assets and lease obligations at the lower of the fair value of the leased property or the present value of the minimum lease payments.

A leased asset is depreciated by the straight-line method over the shorter of the lease term and the useful life.

Under operating lease transactions, lease payments are recognized as an expense on a straight-line basis over the lease term.

(10) Impairment of non-financial assets

The Group assesses whether there is any indication that an individual non-financial asset or cash-generating unit generates cash inflows may be impaired.

If there is any indication that an asset may be impaired, impairment test is performed and the recoverable amount is estimated for an individual asset or a cash-generating unit. Goodwill, an intangible asset with an indefinite useful life and an intangible asset not yet available for use are not amortized and tested for impairment annually and at any time there is any indication that the asset may be impaired.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use that is the risk-adjusted future cash flows discounted by the appropriate discount rate.

If the carrying amount of an individual asset or a cash-generating unit exceeds the recoverable amount, an impairment loss is recognized in profit or loss and the carrying amount is reduced to the recoverable amount.

Impairment losses recognized in prior periods for goodwill are not reversed. If there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased, the recoverable amount of the asset or cash-generating unit is estimated. If the recoverable amount exceeds the carrying amount after deducting accumulated impairment losses, an impairment loss recognized in prior periods is reversed. The reversal of the impairment loss is recognized in profit or loss to the extent that the reversal does not exceed the carrying amount that would have been determined (net of amortization or depreciation) if no impairment loss had been recognized for the asset in prior years.

(11) Employee benefits

A Post-employment benefits

(i) Defined benefit plans

The present value of the defined benefit obligations and the related current service cost and past service cost are determined using the projected unit credit method for each plan separately.

The discount rate is determined by reference to market yields at the end of the reporting period on high quality corporate bonds, reflecting the estimated timing of benefit payments.

Past service cost is recognized in profit or loss as incurred.

Actuarial gains and losses are recognized in other comprehensive income in the period when they are incurred and immediately transferred to retained earnings.

(ii) Defined contribution plans

The expense related to defined contribution plans is recognized as expenses when the related service is rendered by an employee.

B Other benefits

Short-term employee benefits are not discounted and are recognized as expenses when the related services are rendered by the employees. The expected cost of paid absences is recognized as a liability, when the Group has a legal or constructive obligation to make such payment and when a reliable estimate of the obligation can be made.

(12) Provisions

A provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate can be made of the amount of the obligation.

When the effect of the time value of money is material, the amount of a provision is measured at the present value of the expenditures expected to be required to settle the obligation. The present value is determined by using a pre-tax discount rate that reflects the time value of money and the risks specific to the liability. The increase in the carrying amount of a provision reflecting the passage of time is recognized as a financial expense.

(13) Treasury shares

Treasury shares are deducted from equity. No gain or loss is recognized on the purchase, sale or cancellation of the treasury shares. Any difference between the carrying amount and the consideration paid is recognized in equity.

(14) Share-based payment

The Company and certain of its subsidiaries have implemented share option plans as equity-settled share-based payment plans.

The share options are recognized as expenses over the period from the grant date to the vesting date, and the corresponding amount is recognized as an increase in equity. The options are measured at the fair value at the date of grant using the Black-Scholes valuation model.

(15) Revenue

A Sale of goods

Revenue from the sale of goods is recognized when all the following conditions have been satisfied:

(i) the Group has transferred to the buyer the significant risks and rewards of ownership of the goods have been transferred to the buyer;

(ii) the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

(iii) the amount of revenue can be measured reliably;

(iv) it is probable that the economic benefits associated with the transaction will flow to the Group; and

(v) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

The amount of revenue represents net billing amounts after deducting trade discounts and cash discounts and provisions for rebates and returns based on estimates in the future periods. Trade discounts, cash discounts, rebates and returns are recognized in the period when the revenue that they result from is recognized, and deducted from revenue.

Taxes including consumption taxes are excluded from revenue.

B Rendering of services

Revenue from rendering of services is recognized at the point when services are provided to external customers.

C Royalties

Revenue arising from royalties is recognized on an accrual basis in accordance with the terms

and conditions of the license agreement.

(16) Government grants

Government grants are recognized at fair value when there is reasonable assurance that the conditions attaching to them will be complied with, and that the grants will be received.

Grants related to income are recognized in profit or loss on a systematic basis over the periods in which the related costs for which the grants are intended to compensate are recognized as expenses.

Grants related to assets are recognized as deferred income that is recognized in profit or loss on a systematic basis over the useful life of the asset.

(17) Income taxes

Income tax expenses comprise current income tax expenses and deferred income tax expenses.

Current income tax expenses are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates that have been enacted or substantively enacted by the end of the reporting period. The current income tax expenses are recognized in profit or loss, except for the taxes arising from business combinations and the items that are recognized either in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are determined based on temporary differences that are the differences between the carrying amount of assets or liabilities for accounting purposes and their tax basis, and carryforward of unused tax losses. Deferred tax assets are recognized for the deductible temporary differences and the carryforward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which they can be utilized.

Deferred tax assets and liabilities are not recognized for temporary differences that arise from the initial recognition of assets or liabilities in transactions that are not business combinations and, at the time of transaction, affect neither accounting profit nor taxable profit. Moreover, deferred tax liabilities are not recognized for taxable temporary differences arising from the initial recognition of goodwill.

Deferred tax liabilities for taxable temporary differences associated with investments in subsidiaries and associates are recognized, except to the extent that the Group is able to control the timing of the reversal of the temporary differences and that it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets for deductible temporary differences associated with investments in subsidiaries and associates are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets and current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

(Significant Accounting Judgments, Estimates and Assumptions)

The preparation of the Group's consolidated financial statements requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities. However, due to uncertainties on these estimates and assumptions, the Group may be required to make a significant adjustment to the carrying amounts of assets or liabilities in the future period.

The significant items on which the management makes estimates and judgments are as follows.

- Impairment of non-financial assets;
- Useful lives of intangible assets;
- Recoverability of deferred tax assets;
- Provisions;
- Measurement of defined benefit obligations;
- Measurement of share-based payment;
- Fair value of financial instruments; and
- Contingent liabilities.

(Segment Information)

(1) Information on reportable segment

The reportable segments used by the Group are based on the financial data available for discrete operating units, and are subject to periodic review by the Board of Directors to facilitate decisions related to the allocation of resources and the evaluation of business performance.

The Group consists of segments by management unit based on research and development, production and sale of prescription and OTC drugs, and the Company uses two reporting segments, Daiichi Sankyo Group and Ranbaxy Group.

The Daiichi Sankyo Group consists of the Company, Daiichi Sankyo, Inc., Daiichi Sankyo Europe GmbH, and other subsidiaries engaged in prescription and OTC drug business activities.

The Ranbaxy Group consists principally of Ranbaxy Laboratories Ltd. and is engaged in prescription and OTC drug business activities.

Fiscal 2012 (For the year ended March 31, 2013)

(Millions of yen)

	Daiichi Sankyo Group	Ranbaxy Group	Total	Adjustments	Consolidated Financial Statements
External revenue	811,168	183,491	994,659	-	994,659
Intersegment revenue	1,788	1,686	3,474	(3,474)	-
Total	812,956	185,177	998,134	(3,474)	994,659
Segment profit	82,518	16,388	98,906	(3,045)	95,861
Segment assets	1,469,073	256,524	1,725,597	(40,648)	1,684,949
Segment liabilities	544,371	194,046	738,418	8,050	746,468
Depreciation and amortization	35,470	7,302	42,772	2,487	45,260
Interest income	906	3,824	4,731	(4)	4,727
Interest expense	1,994	4,479	6,473	(4)	6,469
Share of profit of investments accounted for using the equity method	73	-	73	(73)	-
Share of loss of investments accounted for using the equity method	-	293	293	93	387
Impairment losses	10,321	14	10,336	-	10,336
Capital expenditures	72,195	7,155	79,350	-	79,350

(Notes)

1. Adjustment to segment profit includes amortization of purchase price allocation and elimination of intersegment transactions.
2. Adjustment to segment assets includes purchase price allocation, adjustment to goodwill, elimination of investment and equity, and elimination of intersegment transactions.
3. Adjustment to segment liabilities includes adjustment to deferred tax liabilities and elimination of intersegment transactions.

Fiscal 2013 (For the year ended March 31, 2014)

(Millions of yen)

	Daiichi Sankyo Group	Ranbaxy Group	Total	Adjustments	Consolidated Financial Statements
External revenue	897,681	220,560	1,118,241	-	1,118,241
Intersegment revenue	1,444	2,111	3,555	(3,555)	-
Total	899,126	222,671	1,121,797	(3,555)	1,118,241
Segment profit	112,914	(15,383)	97,531	2,244	99,775
Segment assets	1,654,270	241,995	1,896,265	(42,228)	1,854,037
Segment liabilities	656,191	182,254	838,446	8,062	846,509
Depreciation and amortization	34,539	13,190	47,729	3,756	51,486
Interest income	1,049	2,385	3,435	(5)	3,429
Interest expense	1,993	9,578	11,572	(5)	11,566
Share of profit of investments accounted for using the equity method	-	-	-	-	-
Share of loss of investments accounted for using the equity method	591	249	840	585	1,426
Impairment losses	4,684	4,098	8,782	(3,325)	5,457
Capital expenditures	41,092	13,422	54,515	-	54,515

(Notes)

1. Adjustment to segment profit includes amortization of purchase price allocation and elimination of intersegment transactions.
2. Adjustment to segment assets includes allocated acquired cost, adjustment to goodwill, elimination of investment and equity, and elimination of intersegment transactions.
3. Adjustment to segment liabilities includes adjustment to deferred tax liabilities and elimination of intersegment transactions.

(2) Information about products and services

Revenue by item is as follows:

(Millions of yen)

Item name	Fiscal 2012 (For the year ended March 31, 2013)		Fiscal 2013 (For the year ended March 31, 2014)		YoY change	
	Amount	Composition ratio (%)	Amount	Composition ratio (%)	Amount	Composition ratio (%)
Prescription drugs	944,507	94.9	1,067,388	95.5	122,880	13.0
Healthcare (OTC) products	47,354	4.8	48,074	4.3	719	1.5
Other	2,796	0.3	2,779	0.2	(17)	(0.6)
Total	994,659	100.0	1,118,241	100.0	123,582	12.4

(3) Information by geographical area

Date of transition to IFRS (April 1, 2012)

(Millions of yen)

	Japan	North America	Europe	India	Other regions	Consolidated
Non-current assets (Note 2)	216,238	153,192	43,244	76,266	14,194	503,135

Fiscal 2012 (For the year ended March 31, 2013)

(Millions of yen)

	Japan	North America	Europe	India	Other regions	Consolidated
Revenue from external customers (Note 1)	511,419	264,294	99,901	34,947	84,095	994,659
Non-current assets (Note 2)	249,319	163,412	38,744	78,286	16,761	546,524

Fiscal 2013 (For the year ended March 31, 2014)

(Millions of yen)

	Japan	North America	Europe	India	Other regions	Consolidated
Revenue from external customers (Note 1)	533,756	284,482	128,640	53,240	118,122	1,118,241
Non-current assets (Note 2)	259,638	172,768	40,915	79,241	20,675	573,240

(Notes)

1. Revenue from external customers is classified by geographical proximity.
2. Non-current assets are primarily measured based on the geographical location of assets, and are comprised of property, plant and equipment, goodwill and intangible assets.

(4) Information on major customers

Fiscal 2012 (For the year ended March 31, 2013)

(Millions of yen)

Name of customer	Revenue	Related business segment
Alfresa Corporation	130,587	Daiichi Sankyo Group

Fiscal 2013 (For the year ended March 31, 2014)

(Millions of yen)

Name of customer	Revenue	Related business segment
Alfresa Corporation	135,386	Daiichi Sankyo Group
McKesson Corporation	126,655	Daiichi Sankyo Group and Ranbaxy Group

(Earnings per Share)

(1) Basis of computation of basic earnings per share

a. Profit attributable to ordinary equity holders of the Company

(Millions of yen)

	Fiscal 2012 (For the year ended March 31, 2013)	Fiscal 2013 (For the year ended March 31, 2014)
Profit attributable to owners of the Company	64,027	60,943
Profit not attributable to ordinary equity holders of the Company	—	—
Profit used in the calculation of basic earnings per share	64,027	60,943

b. Weighted average number of ordinary shares outstanding during the period

(1,000 shares)

	Fiscal 2012 (For the year ended March 31, 2013)	Fiscal 2013 (For the year ended March 31, 2014)
Weighted average number of ordinary shares outstanding during the period	703,929	703,957

(2) Basis of computation of diluted earnings per share

a. Diluted profit attributable to ordinary equity holders

(Millions of yen)

	Fiscal 2012 (For the year ended March 31, 2013)	Fiscal 2013 (For the year ended March 31, 2014)
Profit used in the calculation of basic earnings per share	64,027	60,943
Adjustment to profit	—	—
Profit used in the calculation of diluted earnings per share	64,027	60,943

b. Weighted average number of ordinary shares outstanding during the period—diluted

(1,000 shares)

	Fiscal 2012 (For the year ended March 31, 2013)	Fiscal 2013 (For the year ended March 31, 2014)
Weighted average number of ordinary shares outstanding during the period	703,929	703,957
Increase in number of ordinary shares due to dilutive effect of share acquisition rights	1,154	1,335
Weighted average number of ordinary shares outstanding during the period—diluted	705,084	705,292

(Note) In fiscal 2012 and fiscal 2013, potential shares were antidilutive because earnings per share increased due to the conversion of the following share acquisition rights.

(1,000 shares)

	Fiscal 2012 (For the year ended March 31, 2013)	Fiscal 2013 (For the year ended March 31, 2014)
Share acquisition rights of consolidated subsidiaries	1,292	1,023

(Subsequent Events)

(1) Merger of a consolidated subsidiary

At the Board of Directors meeting held on April 6, 2014, Ranbaxy Laboratories Ltd. ("Ranbaxy"), a consolidated subsidiary of the Company, resolved to merge with Sun Pharmaceutical Industries Ltd. ("Sun Pharma"). The Company resolved to approve this merger at the Board of Directors meeting held on the same day.

Ranbaxy entered into the agreement on this merger on April 6, 2014.

a. Purpose of merger

This merger will enable Sun Pharma to become the largest pharmaceutical company in India's market and achieve mutual complementation in therapeutic areas and sales territories outside India to expand business fields. In addition, Sun Pharma will promptly work on various issues such as a quality matter in Ranbaxy making use of Sun Pharma's management power, funding ability and human resources.

The Group aims to achieve the development of the hybrid business strategy by holding shares in the more powerful, leading pharmaceutical company in India.

b. Time schedule of merger

Conclusion of the merger agreement:	April 6, 2014
Approval for the merger agreement at the Shareholders' Meeting:	August 2014
Merger date (effective date):	December 2014

The merger is expected to close by the end of December 2014, following approvals of shareholders of both companies and regulatory authorities and completion of other required procedures.

c. Merger method

In the merger procedures, this merger will be implemented by way of merger by absorption with San Pharma as the surviving company. Ranbaxy will be dissolved.

d. Details of allotment associated with merger

For each common share of Ranbaxy, 0.8 ordinary shares of Sun Pharma will be allotted.

Sun Pharma's ordinary shares allotted in this merger will be the consideration for the merger. There is no other consideration for the merger.

e. Overview of the merger partner

Company name:	Sun Pharmaceutical Industries Ltd.
Location of the head office:	Mumbai, Maharashtra, India
Representative:	Dilip S. Shanghvi, Managing Director
Amount of share capital:	INR 2,071 million (as of September 30, 2013)
Business description:	Research, manufacturing and marketing of pharmaceuticals

f. Overview of the subsidiary and transactions with the merger partner

Company name:	Ranbaxy Laboratories Ltd.
Location of the head office:	Delhi, and Gurgaon, Haryana, India
Representative:	Arun Sawhney, CEO & Managing Director
Business description:	Research, manufacturing and marketing of pharmaceuticals
Transaction relationship:	The subsidiary has an insignificant volume of transactions with the merger partner.

(2) Number of shares transferred, transfer value, transfer profit or loss, and proportion of ownership interest after the transfer

The Company holds approximately 63.41% of Ranbaxy's shares (percentage of voting rights held), or 268,711,323 shares. Through this merger, the Company will acquire approximately 9% of the total number of outstanding shares in Sun Pharma.

The amount of profit or loss arising from this merger cannot be determined at this moment, because the amount depends on the price of Sun Pharma's share at the time of completion of the merger.

(First-time Adoption)

The consolidated financial statements for the year ended March 31, 2014 are the first consolidated financial statements prepared in accordance with IFRSs.. The date of transition to IFRSs is April 1, 2012. The latest consolidated financial statements prepared in accordance with Japanese GAAP are the consolidated financial statements for the year ended March 31, 2013.

1. Exceptions under IFRS 1

IFRSs require an entity that presents their first financial statements for the first time ("first-time adopter") to apply standards required by IFRSs retrospectively. However, IFRS 1 provides two categories of exceptions to the principle of compliance with IFRSs.

(1) Prohibition of retrospective application of some aspects of other IFRSs

IFRS 1 prohibits retrospective application of some aspects of other IFRSs.

For the exceptions, the Group applies exceptions in terms of "estimates," "derecognition of financial assets and financial liabilities," "hedge accounting," "non-controlling interests" and "classification and measurement of financial assets" relating to the Group and prospectively applies requirements for these items from the date of transition to IFRSs.

(2) Exemptions from some requirements of other IFRSs

IFRS 1 allows exemptions from some requirements of other IFRSs.

Main exceptions elected by the Group are as follows:

a. Business combinations

Under IFRS 1, a first-time adopter may elect not to apply IFRS 3 retrospectively to past business combinations. If a first-time adopter elects to apply IFRS 3 retrospectively, it shall restate all later business combinations to comply with IFRS 3.

The Group has elected not to apply IFRS 3 retrospectively to business combinations that occurred before the date of transition to IFRSs. Consequently, the Group keeps the same amount of goodwill arising from business combinations before the date of transition to IFRSs as the carrying amount under the previous GAAP without any adjustment. The goodwill was tested for impairment as of the date of transition to IFRSs, regardless of whether there was any indication that the goodwill might be impaired.

b. Exchange differences on translation of foreign operations

IFRS 1 establishes an exemption not to comply with the IAS 21 requirements for cumulative translation differences that existed at the date of transition to IFRSs. If this exemption is used, the cumulative translation differences for all foreign operations are deemed to be zero at the date of transition to IFRSs.

The Group has elected to use the exemption, and considered its cumulative translation differences to be zero at the date of transition to IFRSs and recognized these translation differences in retained earnings.

2. Reconciliations for first-time adoption

Reconciliations required under IFRS 1 are as follows. In the reconciliation table below, "reclassification" includes adjustments that do not affect retained earnings and comprehensive income, while "differences in recognition and measurement" include adjustments that affect retained earnings and comprehensive income.

Reconciliation of equity as of April 1, 2012 (the date of transition to IFRSs)

(Millions of yen)

Accounts under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Accounts under IFRSs
ASSETS						
Current assets						
Cash and time deposits	128,926	84,021	-	212,948		Cash and cash equivalents
Trade notes and accounts receivable	228,505	20,308	39	248,853		Trade and other receivables
Securities	191,336	(79,924)	302	111,714	(5)	Other financial assets
Merchandise and finished goods	109,307	(109,307)	-	-		
Work in process	24,523	(24,523)	-	-		
Raw materials and supplies	35,829	133,831	(256)	169,404	(5)	Inventories
Deferred tax assets	93,999	(93,999)	-	-		
Other current assets	51,252	(35,456)	(999)	14,796		Other current assets
Allowance for doubtful accounts	(2,152)	2,152	-	-		
Total current assets	861,530	(102,898)	(912)	757,718		Total current assets
Non-current assets						
Property, plant and equipment						
Buildings and structures, net	129,330	(129,330)	-	-		
Machinery, equipment and vehicles, net	48,051	(48,051)	-	-		
Land	35,688	(35,688)	-	-		
Construction in progress	33,660	(33,660)	-	-		
Other, net	14,512	(14,512)	-	-		
		243,702	2,460	246,163		Property, plant and equipment
Total property, plant and equipment	261,242					
Intangible assets						
Goodwill, net	82,742	-	-	82,742		Goodwill
Other intangible assets, net	150,546	1,073	22,610	174,229	(1), (4)	Intangible assets
Total intangible assets	233,288					
Investments and other assets						
Investment securities	104,560	(104,560)	-	-		
		115,054	7,161	122,216	(5)	Other financial assets
		2,451	-	2,451		Investments accounted for using the equity method
Deferred tax assets	43,186	94,017	13,250	150,454	(4), (5)	Deferred tax assets
Other	14,978	3,245	-	18,223		Other non-current assets
Allowance for doubtful accounts	(307)	307	-	-		
Total investments and other assets	162,417					
Total non-current assets	656,949	94,048	45,483	796,481		Total non-current assets
Total assets	1,518,479	(8,850)	44,570	1,554,200		Total assets

Accounts under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Accounts under IFRSs
LIABILITIES						
Current liabilities						
Trade notes and accounts payable	61,824	159,748	1,912	223,484		Trade and other payables
Short-term loans payable	71,079	9,973	(35)	81,017		Bonds and borrowings
Income taxes payable	5,313	(271)	(119)	4,922		Income taxes payable
Allowance for sales returns	578	(578)	-	-		
Allowance for sales rebates	2,928	(2,928)	-	-		
Provision for loss on disaster	767	(767)	-	-		
Provision for settlement expenses	39,138	(39,138)	-	-		
		49,346	2,055	51,401		Provisions
Other current liabilities	213,335	(213,335)	—	—		
		9,626	767	10,393	(5)	Other financial liabilities
		14,773	8	14,781		Other current liabilities
Total current liabilities	394,965	(13,551)	4,587	386,001		Total current liabilities
Long-term liabilities						
Bonds payable	100,000	(100,000)	-	-		
Long-term loans payable	104,000	90,026	(99)	193,926		Bonds and borrowings
Deferred tax liabilities	52,081	(7,682)	(342)	44,056	(4), (5)	Deferred tax liabilities
Accrued employees' severance and retirement benefits	10,060	(10,060)	-	-		
Accrued directors' severance and retirement benefits	184	10,037	19,147	29,369	(2), (4)	Post-employment benefit liabilities
Provision for environmental measures	1,246	534	(0)	1,781		Provisions
Other long-term liabilities	23,191	(23,191)	-	-		
		28,568	1,731	30,299	(5)	Other financial liabilities
		16,469	986	17,455		Other non-current liabilities
Total long-term liabilities	290,764	4,701	21,423	316,889		Total non-current liabilities
Total liabilities	685,729	(8,850)	26,011	702,891		Total liabilities

Accounts under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Accounts under IFRSs
NET ASSETS						
Shareholders' equity						
Common stock	50,000	-	-	50,000		Share capital
Capital surplus	105,194	-	-	105,194		Capital surplus
Retained earnings	742,409	-	(86,765)	655,644		Retained earnings
Treasury stock, at cost	(14,558)	-	-	(14,558)		Treasury shares
Total shareholders' equity	883,045					
Accumulated other comprehensive income						
Net unrealized gain or loss on investment securities	22,308	(22,308)	-	-		
Deferred gains or losses on hedges	198	(198)	-	-		
Foreign currency translation adjustments	(100,611)	100,611	-	-		
Total accumulated other comprehensive income	(78,104)	78,104	-	-		
Subscription rights to shares	3,495	(3,495)	-	-		
		(77,073)	105,522	28,449	(3), (4)	Other components of equity
Minority interests	24,312	2,464	(198)	26,578	(4)	Non-controlling interests
Total net assets	832,749	-	18,559	851,308		Total equity
Total liabilities and net assets	1,518,479	(8,850)	44,570	1,554,200		Total liabilities and equity

Notes to reconciliation (April 1, 2012)

(1) Adjustments to intangible assets

Under Japanese GAAP, a one-off payment related to certain agreements such as in-licensing agreements were recognized as expenses.

Under IFRSs, such expenditures that meet the definition of intangible assets in IAS 38 are capitalized, and relevant adjustments are recognized in retained earnings.

(2) Adjustments to employee post-employment benefits

Under Japanese GAAP, actuarial gains and losses were principally amortized by the straight-line method over certain years determined based on the employees' average remaining service period.

Under IFRSs, actuarial gains and losses are recognized in other comprehensive income when they incurred and transferred to retained earnings immediately. Retirement benefit liabilities were recalculated in accordance with provisions of IFRSs and adjustments of the resulting differences are recognized in retained earnings.

(3) Adjustments to other components of equity

As stated above, the Group has elected to use exemptions of IFRS 1 and the balance of cumulative translation differences for foreign operations were fully transferred to retained earnings on the date of transition to IFRSs.

Under Japanese GAAP, certain equity instruments were carried at costs. Under IFRS, they are measured at fair value, and adjustments of the resulting differences are recognized in other components of equity.

(4) Adjustments to retained earnings

(Millions of yen)

Adjustments to intangible assets (refer to (1))	22,610
Adjustments to employee post-employment benefits (refer to (2))	(19,147)
Adjustments to other components of equity (refer to (3))	(101,009)
Other	(5,093)
Subtotal	(102,640)
Adjustments for tax effect	16,073
Adjustments for non-controlling interests	(198)
Total adjustments to retained earnings	(86,765)

(5) Reclassification

In accordance with provisions of IFRSs, reclassification has been made principally for the following items.

- Merchandise and finished goods, work in process, and raw materials and supplies that were separately presented under Japanese GAAP are collectively presented as "inventories."
- Deferred tax assets and deferred tax liabilities are fully reclassified to non-current assets and liabilities.
- Financial assets and financial liabilities are presented separately.

Reconciliations of equity as of March 31, 2013 (date of latest consolidated financial statements prepared in accordance with Japanese GAAP)

(Millions of yen)

Accounts under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Accounts under IFRSs
ASSETS						
Current assets						
Cash and time deposits	160,956	30,188	-	191,145		Cash and cash equivalents
Trade notes and accounts receivable	238,495	24,349	6	262,851		Trade and other receivables
Securities	211,346	(28,997)	18	182,367	(6)	Other financial assets
Merchandise and finished goods	113,187	(113,187)	-	-		
Work in process	21,830	(21,830)	-	-		
Raw materials and supplies	39,413	135,018	(602)	173,828	(6)	Inventories
Deferred tax assets	111,118	(111,118)	-	-		
Other current assets	49,981	(29,364)	(1,023)	19,593		Other current assets
Allowance for doubtful accounts	(2,686)	2,686	-	-		
Total current assets	943,643	(112,255)	(1,601)	829,786		Total current assets
Non-current assets						
Property, plant and equipment						
Buildings and structures, net	138,274	(138,274)	-	-		
Machinery, equipment and vehicles, net	63,483	(63,483)	-	-		
Land	35,789	(35,789)	-	-		
Construction in progress	47,865	(47,865)	-	-		
Other, net	18,021	(18,021)	-	-		
		288,033	2,614	290,648		Property, plant and equipment
Total property, plant and equipment	303,434					
Intangible assets						
Goodwill, net	73,543	-	11,195	84,738	(3), (5)	Goodwill
Other intangible assets, net	149,912	1,077	20,147	171,137	(1), (5)	Intangible assets
Total intangible assets	223,455					
Investments and other assets						
Investment securities	129,186	(129,186)	-	-		
		133,796	11,331	145,127	(6)	Other financial assets
		4,760	14	4,775		Investments accounted for using the equity method
Deferred tax assets	32,547	105,662	3,740	141,950	(5), (6)	Deferred tax assets
Other	12,140	4,644	-	16,785		Other non-current assets
Allowance for doubtful accounts	(337)	337	-	-		
Total investments and other assets	173,537					
Total non-current assets	700,428	105,689	49,045	855,162		Total non-current assets
Total assets	1,644,071	(6,566)	47,443	1,684,949		Total assets

Accounts under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Accounts under IFRSs
LIABILITIES						
Current liabilities						
Trade notes and accounts payable	59,798	164,517	1,557	225,873		Trade and other payables
Short-term loans payable	66,073	(0)	-	66,073		Bonds and borrowings
Income taxes payable	23,230	(387)	155	22,998		Income taxes payable
Allowance for sales returns	600	(600)	-	-		
Allowance for sales rebates	1,979	(1,979)	-	-		
Provision for settlement expenses	43,742	(43,742)	-	-		
Provision for environmental measures	1,344	(1,344)	-	-		
		58,023	1,849	59,872		Provisions
Accrued expenses	88,989	(88,989)	-	-		
Other current liabilities	150,352	(150,352)	-	-		
		8,765	766	9,531	(6)	Other financial liabilities
		40,207	-	40,207		Other current liabilities
Total current liabilities	436,111	(15,883)	4,328	424,556		Total current liabilities
Long-term liabilities						
Bonds payable	107,900	(107,900)	-	-		
Long-term loans payable	93,017	107,724	-	200,742		Bonds and borrowings
Deferred tax liabilities	45,109	(6,510)	133	38,732	(5), (6)	Deferred tax liabilities
Accrued employees' severance and retirement benefits	13,877	(13,877)	-	-		
Accrued directors' severance and retirement benefits	218	13,520	17,519	31,258	(2), (5)	Post-employment benefit liabilities
		1,385	-	1,385		Provisions
Other long-term liabilities	32,091	(32,091)	-	-		
		21,805	1,820	23,625	(6)	Other financial liabilities
		25,261	908	26,169		Other non-current liabilities
Total long-term liabilities	292,214	9,316	20,380	321,912		Total non-current liabilities
Total liabilities	728,326	(6,566)	24,708	746,468		Total liabilities

Accounts under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Accounts under IFRSs
NET ASSETS						
Shareholders' equity						
Common stock	50,000	-	-	50,000		Capital stock
Capital surplus	105,194	-	-	105,194		Capital surplus
Retained earnings	766,740	-	(85,896)	680,844		Retained earnings
Treasury stock, at cost	(14,460)	-	-	(14,460)		Treasury stock
Total shareholders' equity	907,474					
Accumulated other comprehensive income						
Net unrealized gain or loss on investment securities	34,211	(34,211)	-	-		
Deferred gains or losses on hedges	937	(937)	-	-		
Foreign currency translation adjustments	(59,974)	59,974	-	-		
Total accumulated other comprehensive income	(24,825)	24,825	-	-		
Subscription rights to shares	4,085	(4,085)	-	-		
		(23,751)	108,818	85,067	(4),(5)	Other components of equity
Minority interests	29,010	3,011	(186)	31,835	(5)	Non-controlling interests
Total net assets	915,745	-	22,735	938,480		Total equity
Total liabilities and net assets	1,644,071	(6,566)	47,443	1,684,949		Total liabilities and equity

Notes to reconciliation (March 31, 2013)

(1) Adjustments to intangible assets

Under Japanese GAAP, a one-off payment related to certain agreements such as in-licensing agreements were recognized as expenses.

Under IFRSs, such expenditures that meet the definition of intangible assets in IAS 38 are capitalized, and relevant adjustments are recognized in retained earnings.

(2) Adjustments to employee post-employment benefits

Under Japanese GAAP, actuarial gains and losses were principally amortized by the straight-line method over certain years determined based on the employees' average remaining service period.

Under IFRSs, actuarial gains and losses are recognized in other comprehensive income when they incurred and transferred to retained earnings immediately. Retirement benefit liabilities were recalculated in accordance with provisions of IFRSs and adjustments of the resulting differences are recognized in retained earnings.

(3) Adjustments to amortization of goodwill

Under Japanese GAAP, goodwill was amortized equally over the estimated effective period. Under IFRSs, goodwill is not amortized from the date of transition to IFRSs, and adjustments of the amortization are recognized in retained earnings.

(4) Adjustments to other components of equity

As stated above, the Group has elected to use exemptions of IFRS 1 and the balance of cumulative translation differences for foreign operations were fully transferred to retained earnings on the date of transition to IFRSs.

Under Japanese GAAP, certain equity instruments were carried at costs. Under IFRS, they are measured at fair value, and adjustments of the resulting differences are recognized in other components of equity.

(5) Adjustments to retained earnings

(Millions of yen)

Adjustments to intangible assets (refer to (1))	20,147
Adjustments to employee post-employment benefits (refer to (2))	(17,519)
Adjustments to amortization of goodwill (refer to (3))	11,195
Adjustments to other components of equity (refer to (4))	(101,637)
Other	(5,450)
Subtotal	(93,264)
Adjustments for tax effect	7,554
Adjustments for non-controlling interests	(186)
Total adjustments to retained earnings	(85,896)

(6) Reclassification

In accordance with provisions of IFRSs, reclassification has been made principally for the following items.

- Merchandise and finished goods, work in process, and raw materials and supplies that were separately presented under Japanese GAAP are collectively presented as "inventories."
- Deferred tax assets and deferred tax liabilities are fully reclassified to non-current assets and liabilities.
- Financial assets and financial liabilities are presented separately.

Reconciliation of comprehensive income for fiscal 2012 (For the year ended March 31, 2013)

(Millions of yen)

Accounts under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Account under IFRSs
Consolidated Statement of Income						
Net sales	997,852	(1,978)	(1,215)	994,659	(1), (5)	Revenue
Cost of sales	313,657	23,856	971	338,485	(2), (5)	Cost of sales
Gross profit	684,195	(25,834)	(2,186)	656,173		Gross profit
Selling, general and administrative expenses	583,678	(198,383)	(12,257)	373,037	(3), (5)	Selling, general and administrative expenses
	-	184,689	(295)	184,393	(4), (5)	Research and development expenses
Operating income	100,516	(12,141)	10,367	98,743		Operating profit
Non-operating income	17,581	(17,581)	-	-		
Non-operating expenses	18,950	(18,950)	-	-		
Extraordinary income	12,132	(12,132)	-	-		
Extraordinary losses	19,184	(19,184)	-	-		
	-	22,114	(7,387)	14,726	(5), (6)	Financial income
	-	18,150	(929)	17,220	(5), (7)	Financial expenses
	-	397	(10)	387	(5)	Share of loss of investments accounted for using the equity method
Income before income taxes and minority interests	92,095	(153)	3,919	95,861		Profit before tax
Income taxes - current Income taxes - deferred	23,900	(153)	6,208	29,955		Income taxes
Income before minority interests	68,195	-	(2,288)	65,906		Profit for the year
Consolidated Statement of Comprehensive Income						
Other comprehensive income						Other comprehensive income
						Items that will not be reclassified to profit or loss
Net unrealized gain or loss on investment securities	11,897	-	6,940	18,837	(8)	Financial assets measured at fair value through other comprehensive income
	-	-	(547)	(547)	(9)	Remeasurements of defined benefit plans
						Items that may be reclassified subsequently to profit or loss
Foreign currency translation adjustments	42,966	-	(71)	42,895		Exchange differences on translation of foreign operations
Deferred gains or losses on hedges	1,164	-	34	1,198		Cash flow hedges
Share of other comprehensive income of associates accounted for using equity method	104	-	-	104		Share of other comprehensive income of investments accounted for using the equity method
Total other comprehensive income	56,132	-	6,355	62,488		Other comprehensive income, net of taxes
Total comprehensive income	124,327	-	4,067	128,395		Total comprehensive income

Note to reconciliation (For the year ended March 31, 2013)

(1) Adjustments to revenue

Under Japanese GAAP, the average rate was used in translation of income and expenses of all foreign operations into the presentation currency. Under IFRSs, the Group has applied hyperinflation accounting to certain foreign operation and uses the closing rate in translation.

(2) Adjustments to cost of sales

Under Japanese GAAP, a one-off payment related to certain agreements such as in-licensing agreements were recognized as research and development expenses in selling, general and administrative expenses when incurred. Under IFRSs, such expenditures that meet the definition of intangible assets in IAS 38 are recognized as intangible assets, and amortization and impairment losses incurred after the start of amortization are recognized in cost of sales.

Under Japanese GAAP, the average rate was used in translation of income and expenses of all foreign operations into the presentation currency. Under IFRSs, the Group has applied hyperinflation accounting to certain foreign operation and uses the closing rate in translation.

(3) Adjustments to selling, general and administrative expenses

Under Japanese GAAP, goodwill was amortized equally over the estimated effective period. Under IFRSs, goodwill has not been amortized since the date of transition to IFRSs.

Under Japanese GAAP, actuarial gains and losses were principally amortized by the straight-line method over certain years determined based on the employees' average remaining service periods. Under IFRSs, actuarial gains and losses are recognized in other comprehensive income when they incurred. Retirement benefit liabilities were recalculated in accordance with provisions of IFRSs.

(4) Adjustments to research and development expenses

Under Japanese GAAP, actuarial gains and losses were principally amortized by the straight-line method over certain years determined based on the employees' average remaining service periods. Under IFRSs, actuarial gains and losses are recognized in other comprehensive income when they incurred. Retirement benefit liabilities were recalculated in accordance with provisions of IFRSs.

(5) Adjustments to revenue, cost of sales, selling, general and administrative expenses, research and development expenses, financial income, financial expenses and share of loss of investments accounted for using the equity method

Financial items that were presented in non-operating income, non-operating expenses, extraordinary gains and extraordinary losses under Japanese GAAP are presented in financial income or financial expenses under IFRS. Non-financial items that were presented in non-operating income, non-operating expenses, extraordinary gains and extraordinary losses under Japanese GAAP are presented in revenue, cost of sales, selling, general and administrative expenses, research and development expenses or share of loss of investments accounted for using the equity method.

(6) Adjustments to financial income

Under Japanese GAAP, gain on sales of equity instruments was recognized in profit or loss. Under IFRSs, the Group has elected to present changes in fair value of equity instruments in other comprehensive income, rather than in profit or loss.

(7) Adjustments to financial expenses

Under Japanese GAAP, loss on sales and impairment loss of equity instruments were recognized in profit or loss. Under IFRSs, the Group has elected to present changes in fair value of equity instruments in other comprehensive income, rather than in profit or loss.

Interest expense and expected return on plan assets of severance and retirement costs were recorded in cost of sales or selling, general and administrative expenses under Japanese GAAP, but are recorded in financial expenses under IFRSs.

(8) Adjustments to financial assets measured at fair value through other comprehensive income

Under Japanese GAAP, gain or loss on sales and impairment loss of equity instruments were recognized in profit or loss. Under IFRSs, the Group has elected to present changes in fair value of equity instruments in other comprehensive income, rather than in profit or loss.

Under Japanese GAAP, certain equity instruments were carried at costs. Under IFRS, they are measured at fair value, and changes in the fair value are presented in other comprehensive income.

(9) Adjustments to remeasurements of defined benefit plans

Under Japanese GAAP, actuarial gains and losses were principally amortized by the straight-line method over certain years determined based on the employees' average remaining service periods. Under IFRSs, actuarial gains and losses are recognized in other comprehensive income when they incurred and transferred to retained earnings immediately.

Adjustments to cash flows for fiscal 2012 (For the year ended March 31, 2013)

There is no material difference between the consolidated statement of cash flows that was disclosed in accordance with Japanese GAAP and the consolidated statement of cash flows disclosed in accordance with IFRSs.