SUMMARY OF FINANCIAL STATEMENTS [Japan GAAP] (CONSOLIDATED)
Financial Results for the Fiscal Year Ended March 31, 2013

May 9, 2013

Takeda Pharmaceutical Company Limited Stock exchange listings: Osaka, Tokyo, Nagoya, Fukuoka, Sapporo

TSE Code: 4502 URL: http://www.takeda.co.jp
Representative: Yasuchika Hasegawa, President & CEO
Contact: Christopher Hohman Telephone: +81-3-3278-2037
Senior Vice President,
Corporate Communications Department

Scheduled date of annual general meeting of shareholders: June 26, 2013
Scheduled date of securities report submission: June 26, 2013
Scheduled date of dividend payment commencement: June 27, 2013
Supplementary materials for the financial statements: Yes
Presentation to explain for the financial statements: Yes

(Millions of yen, rounded to the nearest million)

1. Consolidated Results for Fiscal 2012 (April 1, 2012-March 31, 2013)

(1) Consolidated Operating Results

(Percentage figures represent changes from same period of previous year)

	Net sales (¥ million)	Year-on-year change (%)	Operating income (¥ million)	Year-on-year change (%)	Ordinary income (¥ million)	Year-on-year change (%)
Fiscal 2012	1,557,267	3.2	122,505	(53.8)	113,168	(58.1)
Fiscal 2011	1,508,932	6.3	265,027	(27.8)	270,330	(27.2)

(Note) Comprehensive income: Fiscal 2012 ¥ 304,095million: 365.0 %
Fiscal 2011 ¥65,395million: (42.9) %

	Net income (¥ million)	Year-on-year change (%)	Earnings per share (¥)	Fully diluted earnings per share (¥)	Return on equity (%)	Ordinary income / total assets (%)	Operating margin (%)
Fiscal 2012	131,244	5.7	166.25	166.21	6.3	3.0	7.9
Fiscal 2011	124,162	(49.9)	157.29	157.26	6.1	8.5	17.6

(Reference) Equity in earnings of affiliate: Fiscal 2012 ¥866million
Fiscal 2011 ¥302million

(2) Consolidated Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Shareholders' equity ratio (%)	Shareholders' equity per share (¥)
Fiscal 2012	3,955,599	2,223,359	54.6	2,734.79
Fiscal 2011	3,577,030	2,071,866	56.2	2,548.53

(Reference) Shareholders' equity Fiscal 2012 ¥2,159,006million
Fiscal 2011 ¥2,011,841million

(3) Consolidated Cash Flows

	Net cash provided by operating activities (¥ million)	Net cash provided by (used in) investing activities (¥ million)	Net cash provided by (used in) financing activities (¥ million)	Cash and cash equivalents at end of period (¥ million)
Fiscal 2012	307,709	(111,376)	(150,559)	545,580
Fiscal 2011	336,570	(1,093,964)	393,789	454,247

2. Dividends

	Annual Dividends (¥)					Total Dividends (¥ million)	Dividend Pay-out ratio (%) (Consolidated)	Ratio of dividends to net assets (%) (Consolidated)
	End of 1st quarter	End of first half	End of 3rd quarter	Year-end	Total			
Fiscal 2011	—	90.00	—	90.00	180.00	142,108	114.4	6.9
Fiscal 2012	—	90.00	—	90.00	180.00	142,117	108.3	6.8
Fiscal 2013 (Projection)	—	90.00	—	90.00	180.00	—	149.6	—

3. Projected Consolidated Results for Fiscal 2013 (April 1, 2013-March 31, 2014)

(Percentage figures represent changes from same period of previous year.)

	Net sales (¥ million)	Year-on-year change(%)	Operating income (¥ million)	Year-on-year change(%)	Ordinary income (¥ million)	Year-on-year change(%)	Net income (¥ million)	Year-on-year change(%)	Earnings per share (¥)
First half year	780,000	(0.9)	70,000	(35.5)	65,000	(42.5)	45,000	(62.4)	57.00
Fiscal 2013	1,590,000	2.1	140,000	14.3	125,000	10.5	95,000	(27.6)	120.34

Additional Information

(1) Changes in significant subsidiaries during the period : No
(changes in specified subsidiaries resulting in the change in consolidation scope)

(2) Changes in accounting policies, changes in accounting estimates and restatements
1) Changes in accounting policies due to revisions of accounting standards etc : Yes
2) Changes in accounting policies other than 1) : No
3) Changes in accounting estimates : Yes
4) Restatements : No
(Note) For details, refer to "4. Consolidated Financial Statements, (5) Notes to Consolidated Financial Statements (Changes in Accounting Policies) " in page 32.

(3) Number of shares outstanding (common stock)
1) Number of shares outstanding (including treasury stock) at term end:
March 31, 2013 789,666,095 shares
March 31, 2012 789,666,095 shares
2) Number of shares of treasury stock at term end:
March 31, 2013 205,831 shares
March 31, 2012 252,486 shares
3) Average number of outstanding shares:
Fiscal 2012 789,437,121 shares
Fiscal 2011 789,398,846 shares

(Reference) Summary of Unconsolidated Results

Summary of Unconsolidated Results for Fiscal 2012 (April 1, 2012 – March 31, 2013)

(1) Unconsolidated Operating Results

(Percentage figures represent changes from same period of previous year)

	Net sales (¥ million)	Year-on-year change (%)	Operating income (¥ million)	Year-on-year change (%)	Ordinary income (¥ million)	Year-on-year change (%)
Fiscal 2012	789,856	(5.4)	88,084	(50.7)	96,264	(78.7)
Fiscal 2011	834,708	(0.9)	178,813	(2.0)	451,685	132.9

	Net income (¥ million)	Year-on-year change (%)	Earnings per share (¥)	Fully diluted earnings per share (¥)
Fiscal 2012	155,280	(58.3)	196.68	196.63
Fiscal 2011	372,523	174.2	471.86	471.78

(2) Unconsolidated Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Shareholders' equity ratio (%)	Shareholders' equity per share (¥)
Fiscal 2012	2,426,103	1,527,963	62.9	1,934.07
Fiscal 2011	2,348,562	1,501,536	63.9	1,901.25

(Reference) Shareholders' equity Fiscal 2012 ¥ 1,527,029million
Fiscal 2011 ¥ 1,501,032million

* Implementation status about the audit

- This summary of financial statements is exempt from audit procedures required by Financial Instruments and Exchange Act. A part of audit for securities report based on Financial Instruments and Exchange Act has not finished at the time of disclosure of this summary of financial statements. Securities report of the FY2012 is scheduled to disclose on June 26, 2013 after completion of the audit.

*Note to ensure appropriate use of forecasts, and other comments in particular

- Our operations are exposed to various risks at present and in the future, such as changes in the business environment and fluctuation of foreign exchange rates. All forecasts in this presentation are based on information currently available to the management, and various factors could cause actual results to differ. We will disclose necessary information in a timely manner when our management believes there will be significant impacts to our consolidated results due to changes in the business environment or other events.
- Regarding the assumptions made and the items to be considered in the financial forecasts, please refer to "1. Results of Operations, (1) Analysis of Consolidated Operating Results, (v) Outlook for Fiscal 2013" on page 11.
- Takeda has decided to voluntarily adopt International Financial Reporting Standards (IFRS) from the year-end earnings announcement of Fiscal 2013. For details, and for estimated consolidated financial forecasts for Fiscal 2013 calculated under IFRS reflecting the major differences between Japanese Generally Accepted Accounting Principles and IFRS accounting, please refer to pages 15 and 23 of the supplementary material, "Consolidated Financial Results of FY2012, Consolidated Financial Forecasts for FY2013 and Guidance for Sustainable Growth" for the financial statements.
- Supplementary materials for the financial statements, presentation materials for the earnings release conference which is scheduled on May 9 and video of the conference including question-and-answer session will be promptly posted on the Company's website.
(Website of the Company)
http://www.takeda.com/investor-information/results/

Attachment Index

1. Results of Operations

(1) Analysis of Consolidated Operating results

(i) Overview

The financial crisis in Europe may result in slower economic growth not only in developed countries but also in emerging markets and the world economy remains unpredictable. Meanwhile, in Japan, the Japanese yen's depreciation and higher stock prices have continued as a result of various factors, such as the setting of the inflation target by the Bank of Japan and the creation of a substantial supplementary budget after the governing party changed in December 2012. Consequently, the Japanese economy is seen to be on a recovery track.

In the global pharmaceutical market, negative factors including a string of patent expiry of major products, economic stagnation as well as increasingly severe policies for constraint of medical expenditures against the background of government financial reconstruction in many countries have impacted sales growth, mainly in developed countries. In the area of R&D, companies have been facing a number of challenges, such as relatively limited novel drug breakthroughs caused by difficulties in the translating of new innovations to products in the marketplace as well as increasingly stringent criteria for the approval of new drugs. Meanwhile, there are high expectations for new innovations with the potential for creating new drugs to meet currently unmet medical needs, in addition to the practical application of iPS cells technology.

Based on the "2012-2014 Mid-Range Plan," Takeda Pharmaceutical Company Limited ("Takeda") strived to achieve "Growth" through "Innovation" and "Culture" in order to realize the goal of "Transformation into a New Takeda."
In particular, in the area of R&D, Takeda made investments that are essential to sustainable growth in the future and continued efforts to improve R&D productivity. Efforts include obtaining approvals for late-stage pipeline products and creating new drugs by intensively allocating resources to core therapeutic areas based on clear priorities. The company is also working to elucidate pathologic mechanisms and develop evaluation methods in drug discovery utilizing novel technologies mainly through joint research by deepening its partnerships with bio-ventures and research institutions such as universities. In particular, the company steadily advanced development program for submissions and regulatory approvals. In the area of sales and marketing, the company strived to strengthen its global presence by providing products suitable to the respective market needs in developed and emerging markets. On the other hand, Takeda has clearly recognized that there are several challenges the company must overcome in facing the greater-than-expected penetration of generic products and intensifying competition among pharmaceutical companies.

<Initiatives in Developed Countries>
In Developed countries which represent the largest market sizes, Takeda is promoting a shift in product portfolio from existing to new ones.
In Japan, Takeda began marketing AZILVA (a drug for hypertension) in May 2012. In clinical trials comparing its effectiveness with BLOPRESS (angiotensin II receptor blocker), one of Takeda's core products and the most prescribed anti-hypertensive product in Japan, the superior effectiveness of AZILVA for lowering blood pressure was verified. It receives a high reputation from medical experts and is steadily penetrating into the market. In January 2013, Takeda also began marketing LOTRIGA (a drug for treatment of hyperlipidemia) in Japan. Since the launch, it has been steadily used by more medical institutions as a new treatment option for hyperlipidemia patients.
In June 2012, Takeda strengthened its franchise in gout treatment in the U.S., through the acquisition of URL Pharma, Inc. with its leading product COLCRYS (a drug for treatment of acute gout). Here, Takeda is able to realize synergy with its existing product Uloric (a drug for hyperuricemia for adult patients with chronic gout). Regarding NESINA (generic name: alogliptin), OSENI (fixed-dose combination tablet of NESINA and ACTOS), and KAZANO (fixed-dose combination tablet of NESINA and metformin) which were approved by the U.S. Food and Drug Administration (FDA) for treatment of type 2 diabetes in January 2013, the company is now preparing their

launch in this summer. Meanwhile, as a result of new postmarketing reports regarding serious hypersensitivity reactions, in February 2013, the company voluntarily recalled OMONTYS (a drug for treatment of anemia due to chronic kidney disease), which was launched in April 2012 in the U.S. In Europe, Takeda began marketing ADCETRIS (a drug for treatment of lymphoma) which was granted orphan drug status from the Committee for Medicinal Products for Human Use (CHMP) and RIENSO (a drug for treatment of iron deficiency anaemia) in November 2012. In the clinical trials for adult patients with chronic kidney disease (CKD), Rienso significantly increased Hb levels as compared to oral iron across the spectrum of CKD.

<Initiatives in Emerging Markets>
Takeda has strengthened efforts in emerging markets which are expected to contribute approximately 70% of near term global pharmaceutical market growth.
In July 2012, Takeda acquired Multilab Indústria e Comércio de Produtos Farmacêuticos Ltda. ("Multilab") and developed a sales structure to respond to diverse medical needs in Brazil. Multilab provides its own brand generic drugs (branded drugs that have lost exclusivity), OTC products including MULTIGRIP, the country's best-selling OTC product for cold and flu treatment, and other drugs that have strong demand in Brazil. This acquisition positions Takeda as one of the top ten pharmaceutical companies in the country in terms of revenues and the business after the acquisition has proceeded according to our expectations.
In September 2012, Takeda completed construction of its pharmaceutical manufacturing facility in Yaroslavl which is one of the oldest cities in Russia and located north-east of Moscow. The company strives to have this facility fully operational in 2014 in order to contribute to the sustainable growth of Takeda's business in the Russian market which is the company's largest of the emerging markets in terms of revenues. In China, as the largest emerging market, Takeda continues aggressive investments to strengthen the business structure to achieve sustainable growth in this high growth market, including the opening of a development center in Shanghai to promote new drug development and increasing the number of sales representatives to expand sales.

<Initiatives of R&D>
In Japan, Takeda submitted a New Drug Application (NDA) to the Ministry of Health, Labour and Welfare (MHLW) for ADCETRIS in March 2013. In the U.S., the company submitted an NDA to the FDA for Lu AA21004 for the treatment of major depressive disorder (MDD) in adult patients in October 2012.
In Europe, Takeda submitted a Marketing Authorisation Application (MAA) for SYR-322 (generic name: alogliptin) for type 2 diabetes in April 2012, followed by a multiple number of MAAs for Lurasidone hydrochloride (an atypical antipsychotic medicine) in September 2012 and for MLN0002 (generic name: vedolizumab), a drug for the treatment of Ulcerative Colitis and Crohn's disease, in March 2013 respectively.
Moreover, in October 2012, Takeda acquired Takeda Vaccines (Montana), Inc.* in the U.S. This acquisition provided the only norovirus vaccine under clinical development and several vaccine pipelines, and advanced Takeda's presence in the global vaccine market. Then, the acquisition of Envoy Therapeutics, Inc. in the U.S. in November 2012 provides Takeda with innovative technology that enables the identification of novel targets expressed in disease-relevant cell populations and helps Takeda build on its heritage of innovative drug discovery. In addition, the company gains access to Envoy's pre-clinical central nervous system (CNS) assets including programs for Parkinson's disease and Cognitive Impairment Associated with Schizophrenia (CIAS).
* The company name of LigoCyte Pharmaceuticals, Inc. was changed to Takeda Vaccines (Montana), Inc. in March, 2013.
As described in the latter portion of this document (refer to [(iv) Activities and Results of Research & Development] on page 8), Takeda is strongly promoting various efforts including joint research and alliance activities with outside parties in order to raise R&D productivity.

The Takeda group is striving to transition the operating model to one that is more global, more efficient and better able to flexibly respond to changes in business environment both in Japan and globally. At the same time, Takeda is

working to enhance its cash-flow management structure. Moreover, under the newly adopted business policy named "Vision 2020" (refer to [3. Management Policy] on page 20) and in accordance with our business plans for fiscal 2013 and beyond, Takeda is making continuous efforts to achieve sustainable growth. Takeda will also strive to further develop the most globally competitive human resources and create the business environment in which diverse employees can fully deploy their capabilities in the whole organization.

Based on a corporate philosophy of "Takeda-ism" (Integrity: Fairness, Honesty and Perseverance), Takeda strives to ensure compliance with laws and regulations governing its operations, and conducts activities according to a corporate mission to "strive towards better health for people worldwide through leading innovation in medicine."

(Note) Major products introduced in and after 2010 follow.

<Reference> Major new products launched in and after 2010

[Japan]

Launched in 2010

Nesina (a drug for type 2 diabetes, generic name: alogliptin benzoate)

Unisia (a drug for treatment of hypertension: a fixed dose combination of Blopress and a calcium channel blocker (amlodipine besilate))

Vectibix (a cancer drug, generic name: panitumumab)

Rozerem (an insomnia drug, generic name: ramelteon)

Metact (a drug for type 2 diabetes: a fixed dose combination of Actos and biguanide (metformin hydrochloride))

Actos OD (orally-disintegrating tablets) (a drug for type 2 diabetes)

Lampion pack (a drug for secondary eradication of Helicobacter Pylori: a single pack containing Takepron, amoxicillin hydrate and metronidazole)

Launched in 2011

Reminyl (a drug for Alzheimer's dementia, generic name: galantamine hydrobromide, licensed from Janssen and jointly marketed with the licensor)

Sonias (a drug for type 2 diabetes: a fixed dose combination of Actos and sulfonylurea (glimepiride))

Liovel (a drug for type 2 diabetes: a fixed dose combination of Actos and Nesina)

Launched in May 2012

Azilva (a drug for treatment of hypertension, generic name: azilsartan)

Launched in January 2013

Lotriga (a drug for treatment of hyperlipidemia, generic name: omega-3-acid ethyl esters 90)

[North America]

<U.S.A.>

Launched in 2010

Actoplus met XR (a drug for type 2 diabetes: a fixed dose combination of Actos and biguanide (metformin timed- release drug))

Launched in 2011

Edarbi (a drug for treatment of hypertension, generic name: azilsartan medoxomil)

Launched in February 2012

Edarbyclor (a drug for treatment of hypertension, a fixed dose combination of Edarbi and thiazide diuretic (chlorthalidone))

<Canada>

Launched in 2010

Dexilant (a drug for gastroesophageal reflux disease, generic name: dexlansoprazole)

Uloric (a drug for hyperuricemia for patients with chronic gout, generic name febuxostat)

Launched in 2011

Daxas (a drug for chronic obstructive pulmonary disease, generic name: roflumilast)

Launched in September 2012

Feraheme (a drug for treatment of iron deficiency anaemia, generic name: ferumoxytol)

[Europe]

Launched in 2010

Mepact (a drug for non-metastatic osteosarcoma, generic name: mifamurtide)

Launched in January 2012

Edarbi (a drug for treatment of hypertension, generic name: azilsartan medoxomil)

Launched in November 2012

Rienso (a drug for treatment of iron deficiency anaemia, generic name: ferumoxytol)

Adcetris (a drug for treatment of relapsed/refractory CD30 positive Hodgkin lymphoma and relapsed/refractory systemic anaplastic large cell lymphoma, generic name: brentuximab vedotin)

[Emerging markets]

<Brazil>

Launched in 2011

Daxas (a drug for chronic obstructive pulmonary disease, generic name: roflumilast)

<Russia>

Launched in March 2012

Daxas (a drug for chronic obstructive pulmonary disease, generic name: roflumilast)

<Mexico>

Launched in 2011

Dexilant (a drug for gastroesophageal reflux disease, generic name: dexlansoprazole)

Mepact (a drug for non-metastatic osteosarcoma, generic name: mifamurtide)

Launched in March 2012

Edarbi (a drug for treatment of hypertension, generic name: azilsartan medoxomil)

Launched in January 2013

Daxas (a drug for chronic obstructive pulmonary disease, generic name: roflumilast)

Launched in March 2013

Edarbyclor (a drug for treatment of hypertension, a fixed dose combination of Edarbi and thiazide diuretic (chlorthalidone))

(ii) Operating Results for Fiscal 2012

Consolidated results for the year ended March 31, 2013 were as follows:

	Billions of yen	Year-on-year change
Net Sales	¥1,557.3	Increase ¥ 48.3 (3.2%)
Operating Income	¥122.5	Decrease ¥142.5 (53.8%)
Ordinary Income	¥113.2	Decrease ¥157.2 (58.1%)
Net Income	¥131.2	Increase ¥ 7.1 (5.7%)

[Net Sales]

Consolidated net sales were ¥1,557.3 billion, an increase of ¥48.3billion (3.2%) compared to the previous year.

- In Japan, sales of NESINA (a drug for type 2 diabetes treatment) increased, and in the U.S, sales of VELCADE (a drug for multiple myeloma treatment), DEXILANT (a drug for gastroesophageal reflux disease) and ULORIC (a drug for hyperuricemia for patients with chronic gout) also increased.
  In addition to the sales contribution of AZILVA (a drug for hypertension) newly launched in Japan in May 2012, sales increased mainly in Europe and emerging markets including Asia as a result of the expansion of sales channels due to the acquisition of Nycomed at the end of September 2011. Furthermore, due to the acquisition of URL Pharma, Inc. ("URL") in June 2012, the sales of URL products in the U.S. also added to consolidated net sales. Such positive factors including the yen's depreciation (positive impact: ¥8.4 billion)

absorbed negative factors such as the decrease in sales of Actos (a drug for type 2 diabetes treatment) and Candesartan (a drug for hypertension treatment) in the U.S., Europe and Japan.
In total, consolidated net sales increased.

Consolidated sales of Takeda's major ethical drugs:

Billions of yen

Drug for hypertension treatment Candesartan (Japan product name: Blopress)	¥169.6	Decrease of ¥46.7 billion (21.6%) from the previous year
Drug for type 2 diabetes treatment Pioglitazone (Japan product name: Actos)	¥122.9	Decrease of ¥173.3 billion (58.5%) from the previous year
Drug for treatment of prostate cancer, breast cancer and endometriosis Leuprorelin (Japan product name: Leuplin)	¥116.5	Decrease of ¥4.2 billion (3.5%) from the previous year
Drug for peptic ulcer treatment Lansoprazole (Japan product name: Takepron)	¥110.2	Decrease of ¥11.9 billion (9.7%) from the previous year
Drug for peptic ulcer treatment Pantoprazole	¥ 78.0	Increase of ¥39.3 billion (101.7%) from the previous year (note)
Drug for multiple myeloma treatment VELCADE (U.S. sales)	¥ 72.9	Increase of ¥14.8 billion (25.4%) from the previous year

(Note) As for Pantoprazole which was acquired with the Nycomed acquisition at the end of September 2011, the comparative sales amount before the acquisition (from April to September 2011) is not included.

[Operating Income]
Consolidated operating income was ¥122.5 billion, a decrease of ¥142.5 billion (53.8%) compared to the previous year.

- Although gross profit increased by ¥33.9 billion (3.2%) due to higher sales, selling, general and administrative expenses increased by ¥176.4 billion (21.8%) from the previous year. As a result, operating income decreased.
- R&D expenses were ¥324.3 billion, an increase of ¥42.4 billion (15.0%) compared to the previous year.
- Selling, general and administrative expenses, excluding R&D expenses, were ¥662.8 billion, an increase of ¥134.0 billion (25.3%) compared to the previous year, mainly due to increased amortization of goodwill and intangible assets related to the Nycomed business combination as well as the full year impact of operating expenses net of restructuring savings following the acquisition.

[Ordinary Income]
Consolidated ordinary income was ¥113.2 billion, a decrease of ¥157.2 billion (58.1%) compared to the previous year.

- Due to the decrease in operating income, ordinary income also decreased from the previous year.

[Net Income]
Consolidated net income was ¥131.2billion, an increase of ¥7.1 billion (5.7%) compared to the previous year.

- The company recorded net extraordinary income of ¥16.5billion (*1) and a refund for past paid taxes (*2), and these factors absorbed the decrease in ordinary income.
  (*1) Gains on sales of investment securities [gain ¥53.1 billion], government subsidy for vaccine business [gain ¥22.8 billion], interest on the refund related to transfer price tax [gain ¥15.1 billion], gains on sales of fixed assets [gain ¥4.0 billion], impairment loss on fixed assets [loss ¥43.6 billion], restructuring costs in overseas subsidiaries [loss ¥25.2 billion] and loss on voluntary recall of product [loss ¥9.6 billion].
  (*2) Past paid tax refund related to transfer price taxation [gain ¥57.4 billion] (refer to section [(2) Litigation and Other Legal Matters] on page 22.)
- Earnings per share ("EPS") was ¥166.25, an increase of ¥8.96 (5.7%) compared to the previous year.
- EPS excluding extraordinary income (loss) and other special factors arising from business acquisitions and similar events (*3) was ¥233.78, a decrease of ¥80.60 (25.6%) compared to the previous year.

(*3) EPS excluding extraordinary income (loss) and special factors is calculated by deducting any extraordinary income (loss), special factors such as amortization of goodwill and intangible assets, etc. related to business acquisitions and the tax refund related to transfer price taxation from net income.

- Return on Equity ("ROE") was 6.3%, an increase of 0.2 point compared to the previous year.

(iii) Results by Segment

The following table shows sales and operating income of each business segment for the year ended March 31, 2013.

Billions of yen

Type of Business	Net sales		Operating income	
	Amount	Change from the previous year	Amount	Change from the previous year
Ethical Drug	¥1,401.7	Increase ¥42.9	¥99.0	Decrease ¥144.7
(Japan)	<¥588.4>	< Decrease ¥ 3.8>		
(Overseas)	<¥813.3>	< Increase ¥46.8>		
Consumer Healthcare	¥ 66.9	Increase ¥5.2	¥13.2	Increase ¥1.3
Other	¥ 93.1	Increase ¥0.0	¥12.4	Increase ¥0.7
Total	¥1,557.3	Increase ¥48.3	¥122.5	Decrease ¥142.5

(Note) Net sales for each segment refer to sales to outside customers.

[Ethical Drug Business]

Net sales in the Ethical Drug Business were ¥1,401.7 billion, an increase of ¥42.9 billion (3.2%) compared to the previous year, while operating income decreased by ¥144.7 billion (59.4%) to ¥99.0 billion.

- Net sales in Japan were ¥588.4 billion, a decrease of ¥3.8 billion (0.6%), compared to the previous year. Despite higher sales of products launched in 2010 such as NESINA and Vectibix in addition to the contribution of AZILVA launched in May 2012, the drop in sales of Actos and Blopress mainly due to the drug price reduction could not fully absorbed.

- The following table shows sales results of major products in Japan:

Billions of yen

Blopress (Drug for hypertension treatment)	¥134.0	Decrease of ¥8.7 billion (6.1%) from the previous year
Takepron (Drug for peptic ulcer treatment)	¥69.1	Decrease of ¥7.4 billion (9.7%) from the previous year
Leuplin (Drug for treatment of prostate cancer, breast cancer and endometriosis)	¥66.0	Decrease of ¥1.8 billion (2.6%) from the previous year
Nesina (Drug for type 2 diabetes treatment)	¥37.8	Increase of ¥22.2 billion (143.4%) from the previous year
Actos (Drug for type 2 diabetes treatment)	¥19.1	Decrease of ¥12.7 billion (39.8%) from the previous year
Vectibix (Drug for cancer treatment)	¥18.8	Increase of ¥1.6 billion (9.5%) from the previous year

- Sales in overseas markets were ¥813.3 billion, an increase of ¥46.8 billion (6.1%) compared to the previous year, mainly due to sales increases in Europe and emerging markets including Asia, accompanied by the acquisition of Nycomed and the sales contribution of URL products in the U.S. These factors and positive effects of the yen's depreciation more than offset the decline in sales of Pioglitazone and Candesartan in the U.S. and Europe.

- The following table shows sales results of major products in overseas markets:

Billions of yen

Pioglitazone (Drug for type 2 diabetes treatment)	¥103.7	Decrease of ¥160.6 billion (60.8%) from the previous year
Pantoprazole (Drug for peptic ulcer treatment)	¥78.0	Increase of ¥39.3 billion (101.7%) from the previous year (note)
Velcade (Drug for multiple myeloma treatment)	¥72.9	Increase of ¥14.8 billion (25.4%) from the previous year
Leuprorelin (Drug for treatment of prostate cancer, breast cancer and endometriosis)	¥50.5	Decrease of ¥2.4 billion (4.6%) from the previous year
Lansoprazole (Drug for peptic ulcer treatment)	¥41.2	Decrease of ¥4.4 billion (9.8%) from the previous year
Candesartan (Drug for hypertension treatment)	¥35.6	Decrease of ¥38.0 billion (51.7%) from the previous year
Dexilant (Drug for gastroesophageal reflux disease)	¥32.7	Increase of ¥8.5 billion (35.3%) from the previous year

(Note) As for Pantoprazole which was acquired with the Nycomed acquisition at the end of September 2011, the comparative sales amount before the acquisition (from April to September 2011) is not included.

[Consumer Healthcare Business]

Net sales in the Consumer Healthcare Business were ¥66.9 billion, an increase of ¥5.2 billion (8.4%) compared to the previous year, mainly due to an increase in sales of Alinamin tablets and health tonics (vitamin-containing products) and Benza medicines (combination cold remedies). Operating income rose by ¥1.3 billion (11.4%) to ¥13.2 billion due to the increase in gross profit accompanied by sales growth.

[Other Business]

Sales in the Other Business were ¥93.1 billion, same as the previous year, and operating income increased by ¥0.7 billion (6.0%) to ¥12.4 billion mainly due to the decrease in selling, general and administrative expenses .

(iv) Activities and Results of Research & Development

Takeda determines R&D strategy based on the latest medical needs. Takeda's core therapeutic areas are Cardiovascular & Metabolic, Oncology, Central Nervous System, Immunology & Respiratory, General Medicine and Vaccine. By concentrating investment of management resources in these therapeutic areas, Takeda strives to achieve leading innovation in medicine. Major activities and results of R&D thus far during the reporting period are:

[In-house R&D activities]

- In April 2012, Takeda received a complete response letter from the U.S. Food and Drug Administration (FDA) regarding New Drug Applications (NDAs) for NESINA (generic name: alogliptin) and OSENI, a fixed-dose combination (FDC) of NESINA and pioglitazone, both for the treatment of type 2 diabetes. In July 2012, Takeda resubmitted NDAs to the FDA for NESINA and OSENI. In January 2013, Takeda received approvals from the FDA for NESINA and OSENI.

- In May 2012, Takeda received confirmation of the acceptance of the submission of a Marketing Authorisation Application (MAA) to the European Medicines Agency (EMA) for SYR-322 (generic name: alogliptin) for the treatment of type 2 diabetes.

- In May 2012, Takeda announced top-line results that met primary endpoints of improvement in clinical remission in induction and maintenance phase from the GEMINI II Phase III trial evaluating IBD (Inflammatory Bowel

Disease) drug MLN0002 (generic name: vedolizumab) in patients with moderately to severely active Crohn's disease who have failed at least one conventional therapy, including TNF α antagonists. In March 2013, Takeda submitted an MAA to the EMA for the treatment of moderately to severely active ulcerative colitis and Crohn's disease.

- In June 2012, Takeda presented Phase I and Phase I/II preliminary results from three studies evaluating the safety, tolerability and dosing of MLN9708 (generic name: ixazomib citrate) in patients with relapsed and/or refractory multiple myeloma (MM), at the annual meeting of the American Society of Clinical Oncology (ASCO). In June 2012, Takeda initiated an international Phase III clinical trial, TOURMALINE-MM1, evaluating MLN9708, the first oral proteasome inhibitor, in patients with relapsed and/or refractory multiple myeloma. In December 2012, Takeda presented data from a Phase I/II study of once a week investigational MLN9708 in combination with standard dose lenalidomide and dexamethasone in patients with newly diagnosed multiple myeloma (MM), and data from a Phase I study in patients with relapsed or refractory systemic light-chain (AL) amyloidosis at the 54th American Society of Hematology (ASH) Annual Meeting.

- In June 2012, Takeda presented the results from a Phase II trial of prostate cancer drug TAK-700 (generic name: orteronel) dosed without prednisone in patients with non-metastatic castration resistant prostate cancer (nmCRPC) and rising prostate-specific antigen (PSA) in a poster discussion session at the annual meeting of ASCO.

- In August 2012, Takeda submitted an application to the Japanese Ministry of Health, Labour and Welfare seeking an approval of Helicobacter pylori ("H. pylori") gastritis as an additional indication for H. pylori eradication by concomitant therapy with the proton pump inhibitor TAKEPRON (generic name: lansoprazole) in Japan. This concomitant therapy consists of TAKEPRON, amoxicillin hydrate and either clarithromycin or metronidazole. In February 2013, Takeda received an approval for this additional indication.

- In December 2012, Takeda presented results from two studies evaluating the safety and efficacy of VELCADE (generic name: bortezomib) based therapy at the 54th ASH Annual Meeting.

[Fixed Dose Combination activities]
- In June 2012, Takeda received confirmation of the acceptance of the submission of MAAs to the EMA for a FDC of SYR-322 and pioglitazone, and a FDC of SYR-322 and metformin, for the treatment of type 2 diabetes.

- In January 2013, Takeda received approval from the FDA for KAZANO, a FDC of NESINA and metformin.

- In March 2013, Takeda submitted an NDA for the FDC of TAKEPRON and low-dose aspirin to the Japanese Ministry of Health, Labour and Welfare.

- In April 2013, Takeda submitted an NDA for the FDC of AZILVA and Amlodipine Besylate to the Japanese Ministry of Health, Labour and Welfare.

[Alliance activities]
- In April 2012, Takeda received a positive opinion from the Committee for Medicinal Products for Human Use (CHMP) of the EMA for RIENSO (generic name: ferumoxytol), which Takeda in-licensed from AMAG Pharmaceuticals of the U.S., for the treatment of iron deficiency anaemia (IDA) in adult patients with chronic kidney disease (CKD). In June 2012, Takeda was granted marketing authorisation by the European Commission and in November 2012, Takeda launched RIENSO it in Europe.

- In June 2012, Takeda received a positive opinion from the CHMP of the EMA for REVESTIVE (generic name: teduglutide), which Takeda in-licensed from NPS Pharmaceuticals of the U.S., for the treatment of short bowel syndrome (SBS). In August 2012, Takeda was granted marketing authorisation by the European Commission for REVESTIVE. In March 2013, Takeda transferred back commercial rights of REVESTIVE and PREOTACT, a

treatment of post-menopausal osteoporosis (generic name: recombinant human parathyroid hormone 1-84), for territories outside of North America to NPS Pharmaceuticals.

- In June 2012, Takeda and Amgen of the U.S. entered into a new agreement which provides Takeda with the exclusive worldwide rights to independently develop, manufacture and commercialize motesanib diphosphate. In July 2012, Takeda initiated a Phase III clinical trial in Japan, Hong Kong, South Korea and Taiwan, evaluating motesanib diphosphate in combination with chemotherapy in patients with advanced non-squamous non-small cell lung cancer (NSCLC).

- In August 2012, Takeda decided to stop the Japanese portion of the global Phase III trial in metastatic adenocarcinoma of the pancreas for AMG479 (generic name: ganitumab), which Takeda in-licensed from Amgen of the U.S., following the decision of Amgen to halt the global trial.

- In September 2012, Takeda received an approval from the Japanese Ministry of Health, Labor and Welfare for LOTRIGA (generic name: omega-3-acid ethyl esters 90), which Takeda in-licensed from Pronova of Norway, for the treatment of hyperlipidemia. In January 2013, Takeda launched LOTRIGA.

- In October 2012, Takeda submitted an NDA to the U.S. FDA for multimodal antidepressant Lu AA21004 (generic name: vortioxetine), which Takeda in-licensed from Lundbeck of Denmark, for the treatment of major depressive disorder (MDD) in adult patients.

- In October 2012, Takeda received confirmation of the acceptance of the submission of an MAA to the EMA for atypical antipsychotic lurasidone hydrochloride, which Takeda in-licensed from Dainippon Sumitomo of Japan, for the treatment of schizophrenia.

- In October 2012, Takeda submitted an NDA to the Japanese Ministry of Health, Labour and Welfare for ATL-962 (generic name: cetilistat), which Takeda in-licensed from Norgine BV of the Netherlands, for the treatment of obesity.

- In October 2012, Takeda received a conditional marketing authorization from the European Commission for lymphoma drug ADCETRIS (generic name: brentuximab vedotin), which Takeda in-licensed from Seattle Genetics of the U.S., for the treatment of relapsed or refractory CD30 positive Hodgkin lymphoma (HL) following autologous stem cell transplant (ASCT) or following at least two prior therapies when ASCT or multi-agent chemotherapy is not a treatment option, and for the treatment of adult patients with relapsed or refractory systemic anaplastic large cell lymphoma (sALCL). In November 2012, Takeda launched ADCETRIS in Europe. ADCETRIS has been granted orphan drug status in both the EU and Korea.
  In December 2012, Takeda presented the results from two arms of a Phase I clinical trial of ADCETRIS in combination with chemotherapy for the treatment of newly diagnosed mature T-cell lymphoma (MTCL) patients, including patients with sALCL and a Phase I clinical trial of ADCETRIS in combination with chemotherapy for the treatment of patients with newly diagnosed advanced stage HL at the 54th American Society of Hematology (ASH) Annual Meeting.
  In March 2013, Takeda submitted an NDA for brentuximab vedotin to the Japanese Ministry of Health, Labour and Welfare for the treatment of relapsed or refractory CD30 positive HL and relapsed or refractory CD30 positive anaplastic large cell lymphoma.

- In December 2012, Takeda and Amylin Pharmaceuticals, Inc. of the U.S. mutually terminated their worldwide agreement, originally signed in October 2009, to co-develop and commercialize compounds for obesity.

- In December 2012, Takeda received an approval from the Ministry of Health, Labour and Welfare in Japan for a once-monthly formulation of BENET (generic name: risedronate sodium hydrate), which Takeda in-licensed from Ajinomoto Pharmaceuticals Co., Ltd. of Japan, for the treatment of osteoporosis. In February 2013, Takeda launched BENET in Japan.

- In January 2013, Takeda presented the data from the post-marketing survey of VECTIBIX (generic name: panitumumab) for the treatment of unresectable advanced or recurrent colorectal cancer at the American Society of Clinical Oncology, Gastrointestinal Cancers Symposium (ASCO GCS).

- In March 2013, Takeda submitted NDAs to the Japanese Ministry of Health, Labour and Welfare for cell culture-based pandemic influenza vaccines (H5N1 and prototype*) using technologies which Takeda in-licensed from Baxter International Inc. of the U.S.
  * To facilitate registration of a vaccine in the event of a pandemic caused by an influenza strain other than H5N1.

[Joint Research]
- In August 2012, Takeda formed a research collaboration with the BC Cancer Agency of Canada to explore new drug targets based on gene analysis at Takeda's Shonan Research Center. The partnership will be the first project conducted as part of Takeda's new Shonan Incubation Laboratories. Through this program, distinguished researchers from external institutions will work side–by-side with Takeda researchers in the Shonan Research Center, bringing new insights to drug discovery through intensely collaborative research.

- In October 2012, Takeda and Advinus Therapeutics Ltd. ("Advinus"), a research-based pharmaceutical company in India, entered into an agreement to initiate a three-year discovery collaboration focused on novel targets for major therapeutic areas, including Inflammatory, CNS and Metabolic diseases.

- In February 2013, Takeda and Resolve Therapeutics, LLC, a research-based pharmaceutical company in the U.S., entered into a partnership to develop compounds for the treatment of lupus (also known as Systemic Lupus Erythematosus, or SLE) and other autoimmune diseases.

[Improvement and Reinforcement of R&D organization]
- In October 2012, Takeda acquired Takeda Vaccines (Montana), Inc.* in the U.S., and in May 2013, Takeda entered into a definitive agreement with Inviragen, Inc. in the U.S. to acquire it to advance the company's commitment to vaccines and global public health.
  * The company name of LigoCyte Pharmaceuticals, Inc. was changed to Takeda Vaccines (Montana), Inc. in March, 2013.

- In November 2012, Takeda acquired Envoy Therapeutics Inc. ("Envoy") of the U.S. to advance innovative drug discovery.

(v) Outlook for Fiscal 2013

The outlook for consolidated result for the full year of fiscal 2013 is as follows:

Billions of yen

		Year-on-year change	
Net Sales	¥1,590.0	[Increase	¥32.7 (2.1%)]
Operating income	¥140.0	[Increase	¥17.5 (14.3%)]
Ordinary income	¥125.0	[Increase	¥11.8 (10.5%)]
Net income	¥95.0	[Decrease	¥36.2 (27.6%)]

[Net Sales]
Consolidated net sales are expected to increase from the previous year. Despite the drop in sales of Actos in the U.S. due to the entry of generic version, sales increase such as NESINA and AZILVA in Japan and DEXILANT and ULORIC in the U.S., and sales growth in emerging markets will absorb the sales decrease.

[Operating income and Ordinary income]
Both operating income and ordinary income will increase from the previous year, mainly due to the increase of gross profit by sales growth.

[Net income]
Although operating income will increase, positive effects including tax refunds relating to the correction for transfer pricing taxation in previous year are not in FY2013. As a result, net income is expected to decrease from the previous year.

[Assumptions used in preparing the Outlook]
The foreign exchange rates assumptions for fiscal 2013 are US$1 = ¥90 and 1 Euro = ¥120.

[Forward looking statement]
Our operations are exposed to various risks at present and in the future, such as changes in the business environment and fluctuation of foreign exchange rates. All forecasts in this presentation are based on information currently available to the management, and various factors could cause actual results to differ. We will disclose necessary information in a timely manner when our management believes there will be significant impacts to our consolidated results due to changes in the business environment or other events.

(2) Analysis of Consolidated Financial Position

[Assets]
Total assets as of Fiscal 2012 end were ¥3,955.6 billion, an increase of ¥378.6 billion compared to the previous fiscal year end. Current assets increased by ¥176.1 billion and noncurrent assets increased by ¥202.5 billion mainly due to the increase of foreign assets resulting from yen's depreciation at the fiscal year end and an increase in intangible assets including goodwill accompanied by acquisitions.

[Liabilities]
Total liabilities as of Fiscal 2012 end were ¥1,732.2 billion, an increase of ¥227.1 billion compared to the previous fiscal year end. Despite the yen's depreciation, current liabilities decreased by ¥138.1 billion mainly due to the repayment of short term borrowing accompanied with the Nycomed acquisition for refinancing, while noncurrent liabilities increased by ¥365.2 billion mainly due to the issuance of $3.0 billion in unsecured senior notes.

[Net Assets]
Total net assets as of Fiscal 2012 end were ¥2,223.4 billion, an increase of ¥151.5 billion compared to the previous fiscal year end, mainly due to an increase in foreign currency translation adjustment caused by the yen's depreciation. The shareholders' equity ratio decreased by 1.7 pt. to 54.6% from the previous fiscal year end.

[Cash Flows]
Cash flow for the current year resulted in a net inflow of ¥91.3 billion, while the previous year resulted in a net outflow of ¥418.5 billion mainly due to the payments for acquisition of Nycomed.
Net cash inflow by operating activities (¥307.7 billion) absorbed cash outflow by investing activities (¥111.4 billion) and cash outflow by financing activities (¥150.6 billion).

(3) Basic Policy for Profit Distribution and Dividends for Fiscal 2012 and 2013

(i) Basic Policy for Profit Distribution

In order to achieve sustainable growth and maximize the enterprise value of the Takeda group, we have established a mid-range growth strategy focused on the development of our global business operations in both emerging markets and developed countries, the realization of scientific innovation, and the transformation to a robust and efficient operating model suitable for a global pharmaceutical company. In addition, we are taking initiatives to further improve cash efficiency, and to maintain and enhance our strong and sound financial base which will support our growth strategy. With regard to profit distribution in accordance with steady implementation of these fundamental strategies, we will strive for a stable profit distribution with an emphasis on return to shareholders. The company hereby announces plans to maintain annual dividends of ¥180 per share for each of the fiscal years 2013 to 2015.

(ii) Dividend for Fiscal 2012

Takeda plans to pay a year-end dividend of ¥90 per share. This, together with the dividend at the end of second quarter of ¥90 already paid, will achieve an annual dividend of ¥180 for the year ended March 31, 2013, which is the same amount as the previous year.

(iii) Dividend for Fiscal 2013

For the next fiscal year, Takeda plans to pay an annual dividend of ¥180 per share, a same amount as fiscal year 2012.

(4) Risk Factors in Business

Takeda's business performance is subject to various present and future risks, and may experience unexpected fluctuations due to the occurrence of risk events. Below is a discussion of the main assumed risks that Takeda faces in its business activities. Takeda works to fully identify potential risks and takes all possible steps to prevent them from materializing. Moreover, Takeda will ensure a precise response if risk events occur.
The future events contained in these items are envisioned as of the end of fiscal 2012.

(i) Risk in R&D

While Takeda strives for efficient R&D activities aimed at launching new products in each market of Japan, the United States, Europe and Asia as early as possible, marketing of ethical drugs, whether in-house developed or licensed compounds, is allowed only when they have been approved through rigorous investigations of efficacy and safety as stipulated by the competent authorities.

If the efficacy and safety of compounds Takeda is preparing to bring to market do not meet the required level for approval, or if the reviewing authorities express concern regarding the conformity of such compounds, Takeda will have to give up R&D activities for such compounds at that point, or conduct additional clinical or non-clinical testing. As a result, Takeda risks the inability to recoup the costs incurred, a delay in launching new products, or being obliged to revise its R&D strategy.

(ii) Risk in intellectual property rights

Each of Takeda's products is protected for a certain period by various patents covering substance, processes, formulations and uses.

While Takeda strictly manages intellectual property rights, including patents, and always keeps careful watch for potential infringement by a third party, expected earnings may be lost if the intellectual property rights held by Takeda are infringed by a third party. Moreover, if Takeda's in-house product is proven to have infringed a third party's intellectual property rights, Takeda may be required to pay compensation.

(iii) Risk of sales decrease following patent expirations

While Takeda takes active measures to extend product life cycles, including the addition of new indications and formulations, generic drugs inevitably penetrate the market following patent expirations of most branded products. In addition, the increasing use of generic drugs and prescription-to-OTC switches also intensifies competition, both in domestic and overseas markets, especially in the U.S. market. Takeda's sales of ethical drugs may drop sharply as a result of these trends.

(iv) Risk of side effect

Although ethical drugs are only allowed to be marketed after approval for production and marketing following rigorous investigation by the competent authorities around the world, accumulated data during the post-marketing period may expose side effects not confirmed at the time of launch. If new side effects are identified for a product, Takeda will be required to describe the side effects in a "precautions" section of the package insert, or restrict usage of the product. Takeda may also be obliged to either discontinue sale of the product or recall it.

(v) Risk of price-reduction due to movements to curtail drug costs

In the U.S. market, which is the world's largest, authorities are promoting the use of low-price generic drugs, and pressure to reduce brand drug prices is increasing as a result of strong demand from the federal and state governments and Managed Care programs. In Japan, authorities have been reducing National Health Insurance (NHI) prices for drugs every other year and are also promoting the use of generic drugs. In the European market, drug prices have been reduced in a similar fashion, due to measures implemented in each country to control drug costs and the expansion of parallel imports. Price reduction as a result of efforts to curtail drug costs in each country can significantly influence the business performance and financial standing of the Takeda Group.

(vi) Influence of exchange fluctuations

The Takeda Group's overseas net sales in fiscal 2012 amounted to ¥8,228 billion, which accounted for 52.8% of total consolidated sales. Sales in the Americas were ¥4,235 billion, which accounted for 27.2% of total consolidated sales. For this reason, the Takeda Group's business performance and financial standing are considerably affected by fluctuations in foreign exchange rates, especially in the dollar-yen conversion rate.

(vii) Risk related to Corporate Acquisitions

As part of its global business development in order to realize sustainable growth, Takeda engages in corporate acquisitions. However, there is a possibility that the intended result or profit expected from an acquisition may not be realized, as business activities in countries around the world are confronted by many risks including, but not limited to, changes in law and regulations, political unrest, economic uncertainty and differences in business practices. In addition, there may be an impact on the financial results and financial condition of Takeda if write-downs etc. occur due to a decrease in the value of acquired assets resulting from investment activities such as corporate acquisitions.

(viii) Country risk in the countries and regions in operation

With developing its business globally, Takeda establishes its risk management structure to reduce the damage from and cope with the risks, including governmental, social and economic risks in the countries and regions in operation. However, Takeda may face unexpected situations. As a result, there may be an impact on the financial results and financial condition of Takeda.

(ix) Risk related to stable supply

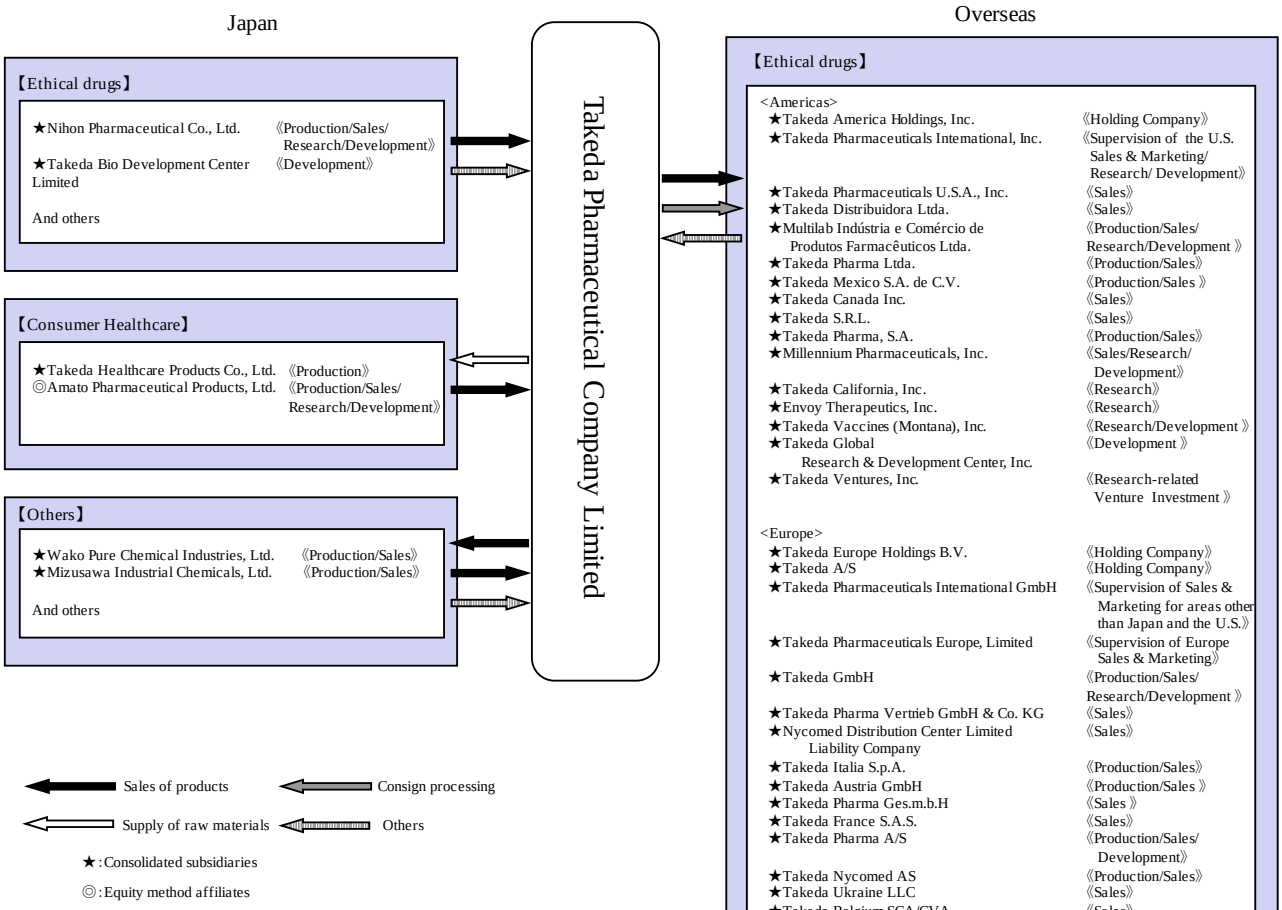
In tandem with rapid international expansion of its sales network, Takeda is strengthening its global supply chain. However, in the event of technical or legal / regulatory problems in Takeda's production or distribution facilities, or other disruption due to fires or other disasters, Takeda may have a suspension of or substantial delay in the supply of products. As a result, there may be an impact on the financial results and financial condition of Takeda.

(x) Risk related to litigation and other legal matters

Regarding to Takeda's operational activities, in addition to the existing litigations, there is a possibility that a suit may be brought to court in terms of an adverse effect of pharmaceutical product, product liability, labor issues, fair trade, etc. As a result, there may be an impact on the financial results and financial condition of Takeda.

2. The Takeda Group

The Takeda Group consists of 161 companies, including the parent company submitting these consolidated financial statements, 144 consolidated subsidiaries and 16 affiliates accounted for by the equity method. The following chart shows the main business areas of the Takeda Group, the position of the companies that make up the Group within their respective areas of business, and relationships with each business segment.



Consolidated Subsidiaries and Affiliates accounted for by the equity method

(Consolidated Subsidiaries)

Area	Company name	Address	Capital (millions of yen)	Principal business	Voting shares owned (%)	Relationship	
						Business transactions	Other
Americas	Takeda America Holdings, Inc.	New York, NY, U.S.A.	USD 1 thousand	Ethical Drugs	100.0*13	—	—
	Takeda Pharmaceuticals International, Inc.	Deerfield, IL, U.S.A.	USD 1	Ethical Drugs	100.0 *1 (100.0)	—	—
	Takeda Pharmaceuticals U.S.A., Inc.	Deerfield, IL, U.S.A.	USD 1	Ethical Drugs	100.0 *1 (100.0)	Purchases drugs from Takeda	—
	Takeda Distribuidora Ltda.	Sao Paulo, Brazil	BRL 11 million	Ethical Drugs	100.0 *6 (100.0)	—	—
	Multilab Indústria e Comércio de Produtos Farmacêuticos Ltda.	São Jerônimo, Brazil,	BRL 528 million	Ethical Drugs	100.0 *6,13 (100.0)	—	—
	Takeda Pharma Ltda.	Sao Paulo, Brazil	BRL 24 million	Ethical Drugs	100.0 *11 (100.0)	—	—
	Takeda Mexico S.A. de C.V.	Naucalpan, Mexico	MXN 387 Million	Ethical Drugs	100.0 *11 (100.0)	Purchases drugs from Takeda	—
	Takeda Canada Inc.	Oakville, Canada	CND 58 Million	Ethical Drugs	100.0 *11 (100.0)	Purchases drugs from Takeda	—
	Takeda S.R.L.	Caracas, Venezuela	Bolivar fuerte 2 thousand	Ethical Drugs	100.0 *10 (100.0)	—	—
	Takeda Pharma, S.A.	Buenos Aires, Argentina	ARS 18 Million	Ethical Drugs	100.0 *11 (100.0)	—	—
	Millennium Pharmaceuticals, Inc.	Cambridge, MA, U.S.A.	USD 0.1	Ethical Drugs	100.0 *1,13 (100.0)	Handles drug research and development on behalf of Takeda and contract out to Takeda	—
	Takeda California, Inc.	San Diego, CA, U.S.A.	USD 1	Ethical Drugs	100.0 *1 (100.0)	Handles drug research on behalf of Takeda and collaborative research	—
	Envoy Therapeutics, Inc.	Jupiter, FL, U.S.A.	USD 1	Ethical Drugs	100.0 *1 (100.0)	Collaborative research	—
	Takeda Vaccines (Montana), Inc.	Bozeman, MT, U.S.A.	USD 1	Ethical Drugs	100.0 *1 (100.0)	—	—
	Takeda Global Research and Development Center, Inc.	Deerfield, IL, U.S.A.	USD 1	Ethical Drugs	100.0 *4 (100.0)	Handles drug development and acquisition of approval on behalf of Takeda	—
	Takeda Ventures, Inc.	Palo Alto, CA, U.S.A.	USD 1	Ethical Drugs	100.0 *1 (100.0)	—	—
Europe	Takeda Europe Holdings B.V.	Amsterdam, Netherlands	EUR 280 million	Ethical Drugs	100.0 *13	—	—
	Takeda A/S	Roskilde, Denmark	Danish kroner 113 thousand	Ethical Drugs	*12,13 100.0 (10.4)	—	—
	Takeda Pharmaceuticals International GmbH	Zurich, Switzerland	CHF 2 million	Ethical Drugs	100.0 *6 (100.0)	—	—
	Takeda Pharmaceuticals Europe, Limited	London, United Kingdom	GBP 4 million	Ethical Drugs	100.0 *2 (100.0)	—	—
	Takeda GmbH	Konstanz, Germany	EUR 71 million	Ethical Drugs	*10,13 100.0 (100.0)	Purchases drugs from Takeda	—
	Takeda Pharma Vertrieb GmbH & Co. KG	Berlin, Germany	EUR 1 million	Ethical Drugs	100.0 *11 (100.0)	—	—
	Nycomed Distribution Center Limited Liability Company	Moscow, Russia	Russian ruble 11 thousand	Ethical Drugs	100.0 *11 (100.0)	—	—
	Takeda Italia S.p.A.	Milano, Italy	EUR 2 million	Ethical Drugs	80.0 *10 (80.0)	Purchases drugs from Takeda	—
	Takeda Austria GmbH	Linz, Austria	EUR 15 million	Ethical Drugs	100.0 *11 (100.0)	—	—

Area	Company name	Address	Capital (millions of yen)	Principal business	Voting shares owned (%)	Relationship	
						Business transactions	Other
Europe	Takeda Pharma Ges.m.b.H	Vienna, Austria	EUR 600 thousand	Ethical Drugs	100.0 *11 (100.0)	Purchases drugs from Takeda	—
	Takeda France S.A.S.	Paris, France	EUR 920 thousand	Ethical Drugs	100.0 *11 (100.0)	Purchases drugs from Takeda	—
	Takeda Pharma A/S	Roskilde, Denmark	Danish kroner 810 million	Ethical Drugs	100.0 *5,13 (100.0)	Purchases drugs from Takeda	—
	Takeda Nycomed AS	Asker, Norway	Norwegian kroner 79 million	Ethical Drugs	100.0 *10 (100.0)	—	—
	Takeda Ukraine LLC	Kiev, Ukraine	Ukrainian hryvnia 52 thousand	Ethical Drugs	100.0 *11 (100.0)	—	—
	Takeda Belgium SCA/CVA	Brussels, Belgium	EUR 449 thousand	Ethical Drugs	100.0 *10 (100.0)	—	—
	Takeda Christiaens SCA/CVA	Brussels, Belgium	EUR 6 million	Ethical Drugs	100.0 *10 (100.0)	Purchases drugs from Takeda	—
	Takeda UK Limited	Buckinghamshire, United Kingdom	GBP 91 million	Ethical Drugs	100.0 *6,13 (100.0)	Purchases drugs from Takeda	—
	Oy Leiras Takeda Pharmaceuticals Ab	Helsinki, Finland	EUR 1 million	Ethical Drugs	100.0 *10 (100.0)	—	—
	Takeda Pharma AG	Pfäffikon, Switzerland	CHF 550 thousand	Ethical Drugs	100.0 *11 (100.0)	—	—
	Takeda Farmaceutica Espana S.A.	Madrid, Spain	EUR 1 million	Ethical Drugs	100.0 *11 (100.0)	Purchases drugs from Takeda	—
	Takeda Nederland B.V.	Hoofddorp, Netherlands	EUR 10 million	Ethical Drugs	100.0 *11 (100.0)	Purchases drugs from Takeda	—
	Takeda Pharma AB	Solna, Sweden	Swedish kroner 2 million	Ethical Drugs	100.0 *10 (100.0)	—	—
	Takeda Pharma Sp.z.o.o.	Warsaw, Poland	Polish zlotys 191 million	Ethical Drugs	100.0 *10 (100.0)	—	—
	Takeda Hellas S.A.	Athens, Greece	EUR 3 million	Ethical Drugs	100.0 *11 (100.0)	Purchases drugs from Takeda	—
	Takeda Ireland Limited	Kilruddery, Ireland	EUR 92 million	Ethical Drugs	100.0 *13	Handles drug manufacture on behalf of Takeda	—
	Takeda Cambridge Limited	Cambridge, United Kingdom	GBP3 million	Ethical Drugs	100.0 *2 (100.0)	Handles drug research on behalf of Takeda	—
	Takeda Global Research and Development Centre (Europe), Ltd.	London, United Kingdom	GBP800 thousand	Ethical Drugs	100.0 *2 (100.0)	Handles drug development and acquisition of approval on behalf of Takeda	—
Asia	Takeda (China) Holdings Co., Ltd.	Shanghai, China	USD 75 million	Ethical Drugs	100.0	—	—
	Takeda Pharmaceuticals (Asia Pacific) Pte. Ltd.	Singapore	SGD 152 million	Ethical Drugs	100.0 *13	Purchases drugs from Takeda	—
	Guangdong Techpool Bio-Pharma Co., Ltd.	Guangzhou, China	CNY 100 million	Ethical Drugs	51.3 *11 (51.3)	—	—
	Takeda Pharmaceutical (China) Company Limited	Taizhou, China	USD 62 million	Ethical Drugs	100.0 *8 (100.0)	—	—
	Tianjin Takeda Pharmaceuticals Co., Ltd.	Tianjin, China	USD 44 million	Ethical Drugs	100.0	Purchases drugs from Takeda	—
	Takeda Pharmaceuticals Korea Co., Ltd.	Seoul, Korea	KRW 1,000 million	Ethical Drugs	100.0 *9 (100.0)	Purchases drugs from Takeda	—
	Takeda (Thailand), Ltd.	Bangkok, Thailand	THB 102 million	Ethical Drugs	52.0	Purchases drugs from Takeda	—
	Takeda Pharmaceuticals Taiwan, Ltd.	Taipei, Taiwan	TWD 90 million	Ethical Drugs	100.0	Purchases drugs from Takeda	—
	P.T. Takeda Indonesia	Jakarta, Indonesia	Rp 1,467 million	Ethical Drugs	70.0	Purchases drugs from Takeda	—

Area	Company name	Address	Capital (millions of yen)	Principal business	Voting shares owned (%)	Relationship	
						Business transactions	Other
Asia	Takeda Pharmaceuticals (Philippines), Inc.	Manila, Philippines	PHP 97 million	Ethical Drugs	100.0	Purchases drugs from Takeda	—
	Takeda Singapore Pte. Limited	Singapore	SGD 2 million	Ethical Drugs	100.0 *3 (100.0)	—	—
	Takeda Global Research & Development Center (Asia) Pte. Ltd.	Singapore	SGD 5 million	Ethical Drugs	100.0	Handle drug development on behalf of Takeda	—
Others	Takeda (Pty.) Ltd.	Johannesburg, South Africa	South African rand 1 million	Ethical Drugs	100.0 *7 (100.0)	—	—
	Takeda Pharmaceuticals Australia Pty. Ltd.	Sydney, Australia	AUD 451 thousand	Ethical Drugs	100.0 *7 (100.0)	—	—
Japan	Nihon Pharmaceutical Co., Ltd.	Chiyoda-ku, Tokyo, Japan	760	Ethical Drugs	87.5 (0.2)	Sells drugs, etc., to Takeda	—
	Takeda Bio Development Center Limited	Chiyoda-ku, Tokyo, Japan	975	Ethical Drugs	100.0	Handle drug development and acquisition of approval on behalf of Takeda	—
	Takeda Healthcare Products Co., Ltd.	Fukuchiyama, Kyoto, Japan	400	Consumer Healthcare	100.0	Sells over-the-counter drugs to Takeda	Leases land and buildings from Takeda
	Wako Pure Chemical Industries, Ltd.	Chuo-ku, Osaka, Japan	2,340	Others	70.3 (0.3)	Sells reagents to Takeda	—
	Mizusawa Industrial Chemicals, Ltd.	Chuo-ku, Tokyo, Japan	1,519	Others	54.2	—	—

(Affiliates accounted for by the equity method)

Area	Company name	Address	Capital (millions of yen)	Principal business	Voting shares owned (%)	Relationship	
						Business transactions	Other
Japan	Amato Pharmaceutical Products, Ltd.	Fukuchiyama City, Kyoto, Japan	96	Consumer Healthcare	30.0	Sells over-the-counter drugs to Takeda	—

(Note):
1. The “Capital” column represents the amount rounded to the nearest million if the company’s capital is more than one million. If the company’s capital is more than one thousand and less than one million, it is rounded to the nearest thousand.
2. The “Principal business” column represents business segment information.
3. Wako Pure Chemical Industries, Ltd. issues a securities report (*yuka shoken hokokusho*) to the Financial Services Agency in Japan.
4. Figures in parenthesis in “Voting shares owned" represent the percentage indirectly owned by Takeda Pharmaceutical Company Limited.
5. Company (Companies) with *1, *2, *3, *4, *5, *6, *7, *8, and *9 are directly owned by Takeda America Holdings, Inc., Takeda Europe Holdings B.V., Takeda Cambridge Limited, Takeda Pharmaceuticals U.S.A., Inc., Takeda A/S, Takeda Pharma A/S, Takeda GmbH, Takeda (China) Holdings Co., Ltd., Takeda Pharmaceuticals (Asia Pacific) Pte. Ltd., respectively.
6. Companies with *10 and *11 are indirectly owned by Takeda Pharma A/S and Takeda GmbH, respectively.
7. Company with *12 is directly owned by Takeda Pharmaceutical Company Limited(89.6%) and Takeda Europe Holdings B.V.(10.4%), respectively.
8. Companies with *13 are qualified as specified subsidiaries.
9. In April 2012, Takeda Canada Inc. was merged to Nycomed Canada Inc.(Surviving Company), and in May 2012, Nycomed Canada Inc. was renamed to Takeda Canada Inc..
10. In April 2012, Nycomed France S.A.S. was renamed to Takeda France S.A.S..
11. In April 2012, Takeda Pharmaceuticals Asia Private Ltd. was merged to Nycomed Holdings (Asia Pacific) Pte. Ltd., and was renamed to Takeda Pharmaceuticals (Asia Pacific) Pte. Ltd..
12. In May 2012, Nycomed A/S was renamed to Takeda A/S.
13. In May 2012, Takeda Pharma AG was merged to Nycomed Pharma AG (Surviving Company), and Nycomed Pharma AG was renamed to Takeda Pharma AG.
14. In June 2012, Nycomed Belgium SCA/CVA was renamed to Takeda Belgium SCA/CVA.
15. In June 2012, Nycomed Christiaens SCA/CVA was renamed to Takeda Christiaens SCA/CVA.
16. In June 2012, Nycomed B.V. was renamed to Takeda Nederland B.V..
17. In June 2012, Takeda America Holdings, Inc. acquired URL Pharma, Inc. and its 19 subsidiaries and they became wholly owned subsidiaries of Takeda America Holdings, Inc. Later, in October 2012, the core business was absorbed into Takeda Pharmaceuticals U.S.A., Inc. and in February 2013, the other business was sold..
18. In July 2012, Takeda Pharma Ges.m.b.H was merged to Nycomed Pharma GmbH (Surviving Company), and Nycomed Pharma GmbH was renamed to Takeda Pharma Ges.m.b.H.

19. In July 2012, Multilab Indústria e Comércio de Produtos Farmacêuticos Ltda. was acquired and it became a wholly owned subsidiary of Takeda Pharma A/S.
20. In August 2012, Nycomed S.A. de C.V. was renamed to Takeda Mexico S.A. de C.V..
21. In September 2012, Takeda Pharmaceuticals Korea Co., Ltd. was merged to Nycomed Korea Co., Ltd. (Surviving Company), and Nycomed Korea Co., Ltd. was renamed to Takeda Pharmaceuticals Korea Co., Ltd..
22. In September 2012, Takeda Farmaceutica Espana S.A. was merged to Nycomed Pharma S.A. (Surviving Company), and Nycomed Pharma S.A. was renamed to Takeda Farmaceutica Espana S.A..
23. In September 2012, Takeda Pharma Vertrieb GmbH & Co. KG was established.
24. In October 2012, Nycomed Pharma Sp.z.o.o. was renamed to Takeda Pharma Sp.z.o.o..
25. In October 2012, Takeda America Holdings, Inc. acquired LigoCyte Pharmaceuticals, Inc.. Later, in March 2013, LigoCyte Pharmaceuticals, Inc. was renamed to Takeda Vaccines (Montana), Inc..
26. In November 2012, Nycomed Venezuela S.R.L. was renamed to Takeda S.R.L..
27. In November 2012, Nycomed Danmark ApS was renamed to Takeda Pharma A/S.
28. In November 2012, Nycomed Pharma AS was renamed to Takeda Nycomed A/S.
29. In November 2012, Oy Leiras Finland AB was renamed to Oy Leiras Takeda Pharmaceuticals Ab.
30. In November 2012, Nycomed Pty. Ltd. was renamed to Takeda Pharmaceuticals Australia Pty. Ltd..
31. In November 2012, Takeda America Holdings, Inc. acquired Envoy Therapeutics, Inc..
32. In November 2012, Takeda Pharma GmbH was merged to Nycomed GmbH (Surviving Company), and Nycomed GmbH was renamed to Takeda GmbH.
33. In November 2012, Takeda Pharmaceutical Company Limited acquired 50% of the shares of Takeda Pharmaceuticals (Philippines), Inc., and Takeda Pharmaceuticals (Philippines), Inc. became a wholly owned subsidiary of Takeda Pharmaceutical Company Limited.
34. In November 2012, Laboratoires Takeda was merged to Takeda France S.A.S. (Surviving Company).
35. In January 2013, Takeda Italia Farmaceutici S.p.A. was merged to Nycomed S.p.A. (Surviving Company), and Nycomed S.p.A. was renamed to Takeda Italia S.p.A..
36. In February 2013, Nycomed Austria GmbH was renamed to Takeda Austria GmbH.
37. In February 2013, Nycomed Ukraine LLC was renamed to Takeda Ukraine LLC.

3. Management Policy

(1) Basic Management Policy

Takeda places "Takeda-ism" (Integrity: Fairness, Honesty and Perseverance) at the heart of all its business activities. As a research driven pharmaceutical company, Takeda aims to realize its Mission of "striving towards better health for people worldwide through leading innovation in medicine." Takeda will achieve this by continuously creating innovative new drugs and delivering them to patients worldwide.
Under the Mid-Range Growth Strategy starting from fiscal 2013 that aims to realize "Vision 2020", where the company aspires to be in the year 2020, Takeda will execute its fundamental strategies based on Globalization, Diversity and Innovation, and also build a robust and efficient operating model to further build on its previous strategies.

<Vision 2020>

"Better Health, Brighter Future"

For more than 230 years, we have been serving society with innovative medicines and helping patients reclaim valuable moments of life from illness. Now, with new healthcare solutions from prevention to care and cure, we are determined to help even more people enjoy their lives to the fullest.

We continue to transform the future of healthcare by unifying our strengths as "Global One Takeda." We are a diverse organization committed to working with local communities to fully understand their needs and deliver industry-leading solutions with a sense of urgency, dedication and unparalleled efficiency.

Our passion for healthcare and commitment to improving lives will enable us to make the next 230 years healthier and brighter for people around the world.

- **Our Business: Committed to Improving Health**

  With countless people in desperate need of new healthcare solutions, there's no time to wait. That's why we pursue innovative medicines as well as high-quality branded generics, life-saving vaccines, and OTC medicines – to help as many people as we can, as soon as we can.

- **Our Organization: Strength from Diversity**

  A common set of values, Takeda-ism, unites us as one. Using our diverse skills and ideas, we develop fresh solutions to meet the needs of people around the world. Each one of us is empowered to act swiftly and decisively in our quest to improve quality of life.

- **Our People: Powered by Passion**

  Our people are our greatest asset. Driven by passion to learn and contribute more, we embrace new challenges with confidence and open minds. We are determined to lead the change for a better world.

<Fundamental Strategies of the Mid-Range Growth Strategy >

- **Globalization**

  Emerging Markets

  With the main focus on Russia, Brazil and China, Takeda is focused on its existing portfolio of high-quality branded generics and OTC medicines, as well as the future commercialization of new products. Takeda will continue to be competitive in each market with a diverse product portfolio tailored to local needs, implementing a sales strategy that pursues effective investment to improve profitability, to realize top-line growth that exceeds that of the market.

  Japanese Market

  Takeda will maintain its No.1 share position in the Japanese market through the acceleration of strategic product sales including; Nesina family (treatment for type 2 diabetes), Azilva (treatment of hypertension), Lotriga (treatment for hyperlipidemia). The Company will build a new commercial model that shifts its focus to new products expected to be approved by regulatory authorities.

U.S. Market

Through the implementation of an optimal commercial strategy, Takeda will achieve initial entry of Nesina family products, Uloric/Colcrys synergies in goat treatment franchise, expanded Dexilant sales and further maximization of existing product sales, while pursuing the optimization of promotional expenses. At the same time, the Company will establish and implement solid sales strategies to ensure success of new products planned for approval by regulatory authorities.

European Market

Takeda will enhance its foundations in primary care and will accelerate its presence in specialty markets by maintaining and expanding existing and new products. Through expansion of sales, the Company will contribute to steady sales and contribute to a more profitable business structure even in the midst of challenging market environments.

- **Diversity**

Takeda will hire and train diverse talent, creating a culture that encourages creativity and innovation. Takeda's goal with regard to diversification is to foster creativity by having employees from various countries, cultures and backgrounds work together to improve the organizational strength.

- **Innovation**

Establishment of the R&D pipeline with competitive edge

In order to establish a competitive R&D pipeline, Takeda will focus on six therapeutic areas of "Cardiovascular & Metabolic," "Oncology," "Central Nervous System," "Immunology & Respiratory," "General Medicine," and "Vaccine." The company's focus will be on unmet medical needs and vaccines, while pursuing the creation of new projects that cross each therapeutic area.

Improvement of R&D productivity

Takeda will implement strategies to ensure approvals for its late-stage pipeline compounds. Beyond the submission of its products, Takeda is committed to continuing to seek value for its patients through post-marketing clinical studies. In order to enhance the R&D pipeline, Takeda will continue to shorten the clinical development period, and develop a system allowing researchers to create high-quality compounds through further improved processes, as well as consider how to further expand the applications of its existing R&D projects and acquire the projects through business development activities. It will also enhance its DDU (Drug Discovery Unit) structure at the Shonan Research Center, improve its candidate molecule research processes, and better apply the expertise of its research alliance partners, such as Envoy and Advinus.

Transformation into an efficient operating model

The Company will globalize its marketing operations and sales activities and branding strategy for global products while ensuring they meet the needs of each local operating company. Takeda's manufacturing operations will be made more efficient through the optimization of its manufacturing network and enhanced global-scale procurement, leveraged on the infrastructure and functions of legacy Nycomed. Also, the G&A functions, such as finance & accounting, IT, human resources, will standardize their processes globally to achieve operating efficiency.

Financial Forecasts for fiscal 2013*

Net sales	1,590.0 billion yen
R&D expenses	325.0 billion yen
Operating income	140.0 billion yen
Operating income excl. special factors**	280.0 billion yen
Net income	95.0 billion yen
Net income excl. extraordinary income/loss & special factors***	185.0 billion yen
EPS	120.34 yen
EPS excl. extraordinary income/loss & special factors***	234.34 yen
EBITDA excl. extraordinary income/loss****	340.0 billion yen

* The exchange rate assumptions for fiscal 2013 are 1US$=90 yen and 1 euro=120 yen.

** Special factors affecting operating income: amortization of intangible assets and goodwill resulting from corporate acquisitions, and an increase in COGS related to inventory step-up due to revaluation to fair value also resulting from corporate acquisitions.

*** Special factors affecting net income, EPS: (In addition to the factors affecting operating income) non-operating expenses related to corporate acquisitions.

**** EBITDA excl. extraordinary income and loss is calculated by adding the following to ordinary income: amortization of intangible assets, amortization of goodwill, and non-operating expenses resulting from corporate acquisitions etc., depreciation and interest expenses.

Guidance for Sustainable Growth

	Indicator		Target
Growth	Sales	FY13-17	Mid single digit CAGR*
Efficiency	Operating Income	FY13-17	At least 20% CAGR*
Shareholder Return	Dividend per share	FY13-15	Maintain 180 yen annually

* In-house pipeline with high potential will contribute to sales and profits in fiscal 2015 and after

The Company will further improve the efficiency of use of the fund by optimization of its Balance Sheet including the decreased level of working capital and the enhancement of the cash management. In addition, the Company will establish and implement the flexible financial strategies, the continued investment for the growth, and the steady repayment of interest-bearing debt. With all these strategies, the Company will maintain and enhance strong and sound financial base which will support the implementation of the Mid-Range Growth Strategy.

Please refer to the "1. (3) Basic Policy for Profit Distribution and Dividends for Fiscal 2012 and 2013" for the dividend policy during this Mid-Range Growth Strategy.

(2) Litigation and Other Legal Matters

(i) U.S. AWP litigation

In the U.S., civil lawsuits have been filed by patients, insurance companies and state governments against numerous pharmaceutical companies, including major enterprises, over the sale of certain pharmaceutical products. The complaints seek, among other things, damages resulting from price discrepancies between the average wholesale price (AWP) as published and the actual selling prices. Thus, these types of lawsuits are sometimes called "AWP litigation". Actions are pending against Takeda Pharmaceuticals U.S.A., Inc.* (hereinafter "TPUSA") in several state courts over pioglitazone (U.S. product name: Actos), and against TAP Pharmaceutical Products Inc.*

(hereinafter "TAP") over lansoprazole (U.S. product name: Prevacid). In one case with regard to Prevacid the Company is also named as a defendant.
Takeda is diligently defending itself in each of the remaining aforementioned lawsuits.
* TAP was merged into Takeda Pharmaceuticals North America, Inc. (hereinafter "TPNA") in June 2008 and TPNA changed its name to TPUSA in January 2012. TAP marketed Prevacid before its merger with TPNA.

(ii) Product liability litigation regarding pioglitazone-containing products
The Company, TPUSA, and certain Company Affiliates located in the U.S. have been named as defendants in lawsuits pending in U.S. federal and state courts in which plaintiffs allege to have developed bladder cancer as a result of taking pioglitazone-containing products (some cases alleged other injuries). Eli Lilly & Co. is a defendant in many of these lawsuits. Proposed class action lawsuits have been filed in Canada. In France, a lawsuit seeking compensation for bladder cancer has been filed.
The Company is vigorously defending the aforementioned lawsuits.

(iii) Correction for transfer pricing taxation
On June 28, 2006, the Company received a notice of correction for transfer pricing taxation from the Osaka Regional Taxation Bureau (ORTB). ORTB concluded that profits earned in the U.S. market in relation to product supply and license transactions for Prevacid between the Company and TAP were under-allocated to the Company over the six fiscal years from the year ended March 31, 2000 through the year ended March 31, 2005. The total taxable income assessed was ¥122.3 billion and the additional tax due, including local and other taxes, was ¥57.1 billion. The Company paid these additional taxes in July 2006. However, in protest against this corrective action, Takeda filed a written objection with ORTB on August 25, 2006.
On July 8, 2008, the Company filed a request with the National Tax Agency for mutual discussion with the U.S. to eliminate the double taxation arising from this tax correction in Japan. In connection with this filing, the Company temporarily suspended the objection filed with ORTB.
On November 4, 2011, the Company received a notice from the National Tax Agency of Japan that the mutual agreement procedure did not result in an agreement and that the case was closed. In response to this, on November 9, 2012, the Company filed a request for re-opening a suspended reinvestigation process with ORTB.
On April 6, 2012, the Company received a notice that the ORTB concluded the reinvestigation with a decision to reduce the original assessment of ¥122.3 billion in taxable income by the amount of ¥97.7 billion. As a result, the Company received a refund of ¥57.2 billion, tax and interest combined, including local tax, in the fiscal year ended March 31, 2012.
On May 7, 2012, the Company submitted a request for reconsideration to the Osaka Regional Tax Tribunal, petitioning for the cancellation of the portion of the original correction that still remained after the conclusion of ORTB's reinvestigation. On March 25, 2013, the Company received a notice of the decision that the Osaka Regional Tax Tribunal accepted the Company's position. As a result, the Company expects a refund of ¥15.2 billion, tax and interest combined, including local tax.
With the conclusion of the above process, the Company will be refunded in entirety the previously paid taxes related to this transfer pricing taxation issue.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	Fiscal 2011 (As of March 31, 2012)	Fiscal 2012 (As of March 31, 2013)
ASSETS		
Current assets		
Cash and deposits	214,885	289,613
Notes and accounts receivable	344,679	345,532
Marketable securities	240,740	258,092
Merchandise and products	93,514	108,328
Work in process	52,594	65,168
Raw materials and supplies	48,906	56,035
Deferred tax assets	221,230	240,149
Other current assets	65,303	95,330
Allowance for doubtful receivables	(2,855)	(3,166)
Total current assets	1,278,996	1,455,081
Noncurrent assets		
Tangible assets		
Buildings and structures	266,580	273,478
Machinery, equipment and carriers	61,058	97,680
Tools and fixtures	16,421	15,830
Land	76,314	88,307
Lease assets	14,785	16,308
Construction in progress	53,545	19,497
Total tangible assets	488,702	511,101
Intangible assets		
Goodwill	582,257	675,353
Patent rights	322,537	363,057
Sales rights	570,166	582,869
Other intangible assets	41,288	68,456
Total intangible assets	1,516,247	1,689,735
Investments and other assets		
Investment securities	186,697	176,702
Long-term loans	991	1,038
Properties for lease	19,108	18,082
Deferred tax assets	20,232	21,228
Other noncurrent assets	66,176	82,699
Allowance for doubtful receivables	(119)	(67)
Total investments and other assets	293,085	299,682
Total noncurrent assets	2,298,035	2,500,518
Total Assets	3,577,030	3,955,599

(Millions of yen)

	Fiscal 2011 (As of March 31, 2012)	Fiscal 2012 (As of March 31, 2013)
Liabilities		
Current liabilities		
Notes and accounts payable	101,950	118,692
Short-term loans	241,411	1,795
Other accounts payable	122,081	99,053
Accrued expenses	170,163	146,089
Income taxes payable	24,097	113,430
Reserve for employees' bonuses	35,288	72,338
Other reserves	11,883	10,928
Other current liabilities	44,858	51,307
Total current liabilities	751,731	613,632
Noncurrent liabilities		
Bond	190,000	428,830
Long-term loans	111,393	111,329
Lease obligations	16,468	15,859
Deferred tax liabilities	301,758	322,133
Reserve for employees' retirement benefits	54,430	60,153
Reserve for directors' retirement allowance	1,265	1,482
Reserve for SMON compensation	2,386	2,056
Asset retirement obligations	6,457	5,616
Other noncurrent liabilities	69,276	171,149
Total noncurrent liabilities	753,433	1,118,608
Total liabilities	1,505,165	1,732,240
Net Assets		
Shareholder's equity		
Common stock	63,541	63,541
Capital surplus	49,638	39,381
Retained earnings	2,254,075	2,243,113
Treasury stock	(808)	(587)
Total shareholder's equity	2,366,446	2,345,449
Accumulated other comprehensive income		
Unrealized gains/losses on available-for-sales securities	87,046	77,960
Deferred gains/losses on derivatives under hedge accounting	2	—
Foreign currency translation adjustments	(441,653)	(264,403)
Total accumulated other comprehensive income	(354,605)	(186,443)
Stock acquisition rights	504	934
Minority interests	59,522	63,418
Total net assets	2,071,866	2,223,359
Total liabilities and net assets	3,577,030	3,955,599

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	Fiscal 2011 (From April 1, 2011 to March 31, 2012)		Fiscal 2012 (From April 1, 2012 to March 31, 2013)
Net sales	1,508,932		1,557,267
Cost of sales	433,194		447,628
Gross profit	1,075,738		1,109,639
Selling, general and administrative expenses			
Selling expenses	125,193		175,516
General and administrative expenses	685,518		811,618
Total selling, general and administrative expenses	810,711		987,134
Operating income	265,027		122,505
Non-operating income			
Interest income	1,903		1,220
Dividend income	4,393		3,972
Gains from foreign exchange	—		613
Equity in earnings of affiliates	302		866
Rent income	4,970		4,734
Gains on transfer of operation	3,490		4,344
Other non-operating income	8,306		7,808
Total non-operating income	23,363		23,557
Non-operating expenses			
Interest expenses	1,883		3,323
Donations and contributions	5,324		4,143
Losses from foreign exchange	2,382		—
Fair value adjustment of contingent consideration	—	*1	6,266
Other non-operating expenses	8,471		19,163
Total non-operating expenses	18,060		32,895
Ordinary income	270,330		113,168
Extraordinary income			
Gain on sales of investment securities	—		53,071
Gain on sales of noncurrent assets	17,636	*2	4,026
Governmental subsidy	—	*2	22,841
Interest on tax refund	—	*2	15,083
Total extraordinary income	17,636		95,021
Extraordinary loss			
Impairment loss	—	*3	43,648
Restructuring costs	35,489	*3	25,235
Loss on voluntary recall of products	—	*3	9,598
Total extraordinary loss	35,489		78,482
Income before income taxes and minority interests	252,478		129,707
Income taxes -current	121,183		59,407
Income taxes -deferred	4,024		(5,890)
Refund for past paid taxes	—	*2	(57,397)
Total income taxes	125,207		(3,880)
Income before minority interests	127,270		133,587
Minority interests in income	3,109		2,343
Net income	124,162		131,244

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal 2011 (From April 1, 2011 to March 31, 2012)	Fiscal 2012 (From April 1, 2012 to March 31, 2013)
Income before minority interests	127,270	133,587
Other comprehensive income		
Unrealized gains (losses) on available-for-sale securities	13,088	(9,040)
Deferred gains (losses) on derivatives under hedge accounting	(16)	(2)
Foreign currency translation adjustments	(74,882)	176,384
Share of other comprehensive income of associates accounted for using equity method	(66)	3,167
Total other comprehensive income	(61,875)	170,509
Comprehensive income	65,395	304,095
[Comprehensive income attributable to]		
Comprehensive income attributable to owners of the parent	62,199	299,407
Comprehensive income attributable to minority interests	3,196	4,689

(3) Consolidated Statements of Changes in Net Assets

(Millions of yen)

	Fiscal 2011 (From April 1, 2011 to March 31, 2012)	Fiscal 2012 (From April 1, 2012 to March 31, 2013)
Shareholder's equity		
Common stock		
Beginning balance	63,541	63,541
Change during the period		
Total changes	—	—
Ending balance	63,541	63,541
Capital surplus		
Beginning balance	49,638	49,638
Change during the period		
Put options granted to minority interest	—	*1 (10,257)
Total changes	—	(10,257)
Ending balance	49,638	39,381
Retained earnings		
Beginning balance	2,272,067	2,254,075
Change during the period		
Dividends from surplus	(142,104)	(142,113)
Net income	124,162	131,244
Disposal of treasury stock	(50)	(93)
Total changes	(17,992)	(10,962)
Ending balance	2,254,075	2,243,113
Treasury stock		
Beginning balance	(1,014)	(808)
Change during the period		
Purchase of treasury stock	(16)	(24)
Disposal of treasury stock	222	245
Total changes	206	221
Ending balance	(808)	(587)
Total shareholder's equity		
Beginning balance	2,384,232	2,366,446
Change during the period		
Dividends from surplus	(142,104)	(142,113)
Net income	124,162	131,244
Purchase of treasury stock	(16)	(24)
Disposal of treasury stock	172	152
Put options granted to minority interest	—	*1 (10,257)
Total changes	(17,786)	(20,997)
Ending balance	2,366,446	2,345,449

(Millions of yen)

	Fiscal 2011 (From April 1, 2011 to March 31, 2012)	Fiscal 2012 (From April 1, 2012 to March 31, 2013)
Other comprehensive income		
Unrealized gains/losses on available-for-sales securities		
Beginning balance	73,944	87,046
Change during the period		
Net change in other items than shareholders' equity during the period	13,103	(9,086)
Total changes	13,103	(9,086)
Ending balance	87,046	77,960
Deferred gains/losses on derivatives under hedge accounting		
Beginning balance	17	2
Change during the period		
Net change in other items than shareholders' equity during the period	(16)	(2)
Total changes	(16)	(2)
Ending balance	2	—
Foreign currency translation adjustments		
Beginning balance	(366,604)	(441,653)
Change during the period		
Net change in other items than shareholders' equity during the period	(75,050)	177,250
Total changes	(75,050)	177,250
Ending balance	(441,653)	(264,403)
Stock acquisition rights		
Beginning balance	334	504
Change during the period		
Net change in other items than shareholders' equity during the period	169	431
Total changes	169	431
Ending balance	504	934
Minority interests		
Beginning balance	44,732	59,522
Change during the period		
Net change in other items than shareholders' equity during the period	14,789	3,897
Total changes	14,789	3,897
Ending balance	59,522	63,418
Total net assets		
Beginning balance	2,136,656	2,071,866
Change during the period		
Dividends from surplus	(142,104)	(142,113)
Net income	124,162	131,244
Purchase of treasury stock	(16)	(24)
Disposal of treasury stock	172	152
Put options granted to minority interest	—	*1 (10,257)
Net change in other items than shareholders' equity during the period	(47,004)	172,490
Total changes	(64,790)	151,492
Ending balance	2,071,866	2,223,359

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal 2011 (From April 1, 2011 to March 31, 2012)	Fiscal 2012 (From April 1, 2012 to March 31, 2013)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	252,478	129,707
Depreciation and amortization	127,967	166,663
Impairment loss	234	43,648
Loss on voluntary recall of products	—	4,294
Amortization of goodwill	22,227	34,443
Interest and dividend income	(6,296)	(5,192)
Interest expenses	1,883	3,323
Equity in losses (earnings) of affiliates	808	(690)
Loss (gain) on sales and disposal of property, plant and equipment	(16,796)	(1,459)
Loss (gain) on sales of investment securities	(121)	(53,071)
Interest on tax refund	—	(15,083)
Decrease (increase) in notes and accounts receivable	13,782	16,591
Decrease (increase) in inventories	49,312	(14,920)
Increase (decrease) in notes and accounts payable	1,631	10,658
Other	37,091	(47,602)
Sub total	484,199	271,311
Interest and dividends received	6,299	5,124
Interest paid	(1,851)	(3,240)
Income taxes paid	(152,077)	(22,704)
Tax refund and Interest on tax refund received	—	57,218
Net cash provided by (used in) operating activities	336,570	307,709
Net cash provided by (used in) investing activities		
Payments for purchases of marketable securities	(87)	(1,648)
Proceeds from sales and redemption of marketable securities	368	1,645
Payments for deposit of funds into time deposit	(2,190)	(2,022)
Proceeds from redemption of time deposits	2,567	525
Payments for purchases of property, plant and equipment	(61,904)	(78,194)
Proceeds from sales of property, plant and equipment	21,058	8,068
Payments for purchase of intangible assets	(9,138)	(17,569)
Payments for purchases of investment securities	(485)	(334)
Proceeds from sales and redemption of investment securities	121	58,633
Payments for acquisition of subsidiaries' shares, resulting in consolidation scope change	(1,040,017)	(86,258)
Proceeds from sales of subsidiaries' shares, resulting in consolidation scope change	—	5,441
Other	(4,256)	337
Net cash provided by (used in) investing activities	(1,093,964)	(111,376)

	Fiscal 2011 (From April 1, 2011 to March 31, 2012)	Fiscal 2012 (From April 1, 2012 to March 31, 2013)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans	239,801	(242,924)
Proceeds from long-term loans payable	110,000	300
Repayment of long-term debts	(72)	(213)
Proceeds from issuance of bonds	189,568	237,974
Purchase of treasury stock	(16)	(24)
Dividends paid	(142,013)	(142,118)
Other	(3,479)	(3,554)
Net cash provided by (used in) financing activities	393,789	(150,559)
Effect of exchange rate changes on cash and cash equivalents	(54,859)	45,558
Net increase (decrease) in cash and cash equivalents	(418,463)	91,333
Cash and cash equivalents, beginning of period	872,710	454,247
Cash and cash equivalents, end of period	*1 454,247	*1 545,580

(5) Notes to Consolidated Financial Statements

(Notes regarding assumption of a going concern)

No events to be noted for this purpose.

(Changes in Accounting Policies)

[Changes in accounting policies which are difficult to distinguish from changes in accounting estimates]

Effective from the fiscal year ended March 31, 2013, the Company and its domestic subsidiaries changed the depreciation method for the relevant tangible assets newly acquired from April 1, 2012 according to the amendment of the Corporation Tax Act in Japan.

However this change had only minor impact on operating income, ordinary income and income before income taxes and minority interests in the fiscal year ended March 31, 2013.

(Change in Presentation)

[Consolidated Statements of Income]

Because the significance of the amount is low, “Noncurrent assets removal costs” listed in the previous fiscal year, has been included in “Other non-operating expenses” from the current fiscal year.

As a result, ¥40 million that was recorded as “Noncurrent assets removal costs” on the consolidated statements of income in the previous fiscal year has been included in “Other non-operating expenses”.

[Consolidated Statements of Cash Flows]

Because the significance of the amount has increased, “Payments for purchase of intangible assets” which was included in “Other” of “Net cash provided by (used in) investing activities” in the previous fiscal year, has been presented as a separate item from the current fiscal year.

As a result, ¥9,138 million that was recorded as “Other” of “Net cash provided by (used in) investing activities” on the consolidated statements of cash flows in the previous fiscal year has been included in “Payments for purchase of intangible assets”.

(Notes to Consolidated Balance Sheets)

(Millions of yen)

	As of March 31, 2012	As of March 31, 2013
1. Accumulated depreciation		
Tangible noncurrent assets	526,284	562,391
Properties for lease	9,232	9,430
2. Pledged assets		
Assets pledged as collateral	4,072	4,175
Debt corresponding to pledged assets	1,260	1,260
3. Guarantees		
Guarantees	1,021	839

(Notes to Consolidated Statements of Income)

(Millions of yen)

	Fiscal 2011	Fiscal 2012
Selling, general and administrative expenses		
(1) Selling expenses		
Advertising expense	27,067	25,170
Sales promotion expense	53,119	61,069
Freight and storage expense	11,724	16,357
(2) General and administrative expenses		
Salaries	97,473	118,979
Bonuses and provision for bonuses	30,870	41,836
Retirement benefit expenses	10,718	8,734
Depreciation and amortization	84,833	121,485
R&D expenses	281,885	324,292

*1 Non-operating expenses

(Fair value adjustment of contingent consideration)

Contingent consideration is recognized as mainly fair value of future royalty payments under IFRS or US GAAP when overseas subsidiaries become an acquiring company. The expense occurred in the current fiscal year is recognized as Non-operating expense because it is from time value variation.

*2 Extraordinary income and Income taxes

(Gain on sales of noncurrent assets)

The income is mainly from sales of underutilized real estates, such as land and building.

(Governmental Subsidy)

The gain is the Japanese governmental subsidy for the secondary project for advanced commercial production facility in order to support the investment associated with the development and production of new influenza vaccines.

(Refund for past paid taxes and Interest on tax refund)

"Refund for past paid taxes" is the tax refund for the additional taxes that the company paid in July 2006 based on transfer price taxation, and "Interest on tax refund" is the accumulated interest on this tax refund.

*3 Extraordinary loss

(Impairment loss)

The company and its subsidiaries (the companies) primarily group their business assets by business segment, the management accounting categories which are employed to enable continuous monitoring of the group's earning situation. However, Patent rights, Sales rights, underutilized assets and others are classified as an individual unit for impairment testing.

The companies recognized impairment loss of ¥43,648 million as an Extraordinary loss for the year ended March 31, 2013.

The main assets on which the companies recognized impairment loss are as follows:

Use	Classification	Location	Amount
Exclusive rights for ethical drug	Patent rights	Europe and other	¥ 32,601million
	Sales rights	Europe and other	¥ 3,829 million
Underutilized Assets	Land, Buildings and other	Tsukuba City, Ibaraki Prefecture	¥ 6,779 million

As a result of the decline in profitability of the Patent rights and Sales rights than would be initially expected, the book values were written down to the recoverable amounts, and the decrease is recognized as impairment loss. In addition, the book values of underutilization assets such as land and building were written down to the recoverable amounts, and the decrease is also recognized as impairment loss, because they aren't used in business operations and don't have a definite plan for use. Recoverable amounts of the Patent rights are measured by the usage value at the discount rate of 9.0% and those of Sales rights, land, building and others are measured by the net selling price using expected sales value and real-estate appraisal value.
As described in the note of "Loss on voluntary recall of products", based on the decision to voluntarily recall a product that the company's US subsidiary had sold, the company recognized impairment loss for Patent rights as ¥4,294 million expected to the recoverable value at zero. This impairment loss is included in "Loss on voluntary recall of products".

(Restructuring costs)
The loss is from reorganization costs including the potential merger or liquidation of subsidiaries and reduction of workforce mainly in Europe and the U.S. The major item in the costs is the severance payments for the workforce.

(Loss on voluntary recall of products)
The company decided to voluntarily recall a product that the Company's US subsidiary had sold based on the post-marketing surveillance. The losses are impairment loss for Patent right associated with this voluntarily recall and substantial expenses attribute to the Company and US subsidiary based on the arrangement with the in-licensing partner company.

(Notes to Consolidated Statements of Changes in Net Assets)

*1 Put options granted to minority interest
Based on International Financial Reporting Standards (IFRS), the put options granted to minority interest by overseas subsidiary are measured at fair value and recognized as financial liability, otherwise the same amount is deducted from Capital surplus.

(Notes to Consolidated Statements of Cash Flows)

*1 Reconciliation of ending balance of cash and cash equivalents with balance of "Cash and deposits" on consolidated balance sheets.

(Millions of yen)

	Fiscal 2011	Fiscal 2012
Cash and deposits	214,885	289,613
Time deposits with maturities exceeding three months	(628)	(2,125)
Securities redeemable within three months	239,990	258,092
Cash and cash equivalents	454,247	545,580

(Segment Information)

1. Overview of business segments

The Company manages its businesses by product/service type. The Company (or its subsidiary), serving as the headquarters of each business segment, creates comprehensive product/service strategies for the Japanese and overseas markets and implements such business activities in accordance with such strategies.

The Company categorizes Ethical Drug, Consumer Healthcare and Other as three business segments. Since financial data are available separately for each of these segments, the segments are also used for reporting purposes. The financial results for all business segments are periodically reviewed by the Company's board of directors, in order to make decisions on proper allocation of business resources and to evaluate the business performances of the respective segments.

The Ethical Drug segment includes the manufacture and sale of ethical drugs. The Consumer Healthcare segment includes the manufacture and sale of OTC drugs and quasi-drugs. The Other segment includes the manufacture and sale of reagents, clinical diagnostics, chemical products and other businesses.

2. Method of calculating sales and profit (loss), identifiable assets/liabilities and other items by business segment

Accounting method for business segment reported is based on the accounting method in previous fiscal year and presentations on "Changes in Significant Accounting policies in the Preparation of Consolidated Financial Statements".

Profit by business segment reported are calculated based on operating income.

Intersegment sales are recognized based on the market price and etc.

3. Information on sales and profit (loss), identifiable assets/liabilities and other items by business segment

Fiscal 2011 (April 1, 2011 - March 31, 2012)

Millions of yen

	Business Segments			Total	Adjustments	Amount reported on consolidated financial statements
	Ethical Drug	Consumer Healthcare	Other			
Net sales						
Sales to outside customers	1,358,802	61,689	93,053	1,513,545	(4,613)	1,508,932
Intersegment sales and transfers	3,202	192	6,737	10,130	(10,130)	—
Total	1,362,005	61,881	99,789	1,523,675	(14,743)	1,508,932
Segment profit	243,754	11,816	11,705	267,275	(2,248)	265,027
Segment assets	2,786,775	29,094	171,857	2,987,727	589,304	3,577,030
Other items						
Depreciation	121,682	826	4,912	127,421	(569)	126,852
Amortization of goodwill	22,108	—	119	22,227	—	22,227
Investment to equity-method affiliates	3,263	3,110	1,931	8,304	—	8,304
Increase of property, plant and equipment and intangible assets	1,249,089	720	5,379	1,255,188	—	1,255,188

Fiscal 2012 (April 1, 2012 - March 31, 2013)

Millions of yen

	Business Segments			Total	Adjustments	Amount reported on consolidated financial statements
	Ethical Drug	Consumer Healthcare	Other			
Net sales						
Sales to outside customers	1,401,746	66,875	93,059	1,561,680	(4,413)	1,557,267
Intersegment sales and transfers	2,997	378	6,501	9,877	(9,877)	—
Total	1,404,743	67,253	99,561	1,571,556	(14,289)	1,557,267
Segment profit	99,016	13,159	12,407	124,581	(2,076)	122,505
Segment assets	3,100,755	32,836	171,031	3,304,622	650,976	3,955,599
Other items						
Depreciation	160,054	792	5,193	166,039	(527)	165,512
Amortization of goodwill	34,438	—	5	34,443	—	34,443
Investment to equity-method affiliates	3,858	3,293	2,052	9,202	—	9,202
Increase of property, plant and equipment and intangible assets	275,555	728	7,036	283,318	—	283,318

4. Major items for adjustments

Millions of yen

Net sales	Fiscal 2011	Fiscal 2012
Segment total	1,523,675	1,571,556
Rent income by the real estate subsidiary (Note1)	(4,613)	(4,413)
Elimination of intersegment transactions	(10,130)	(9,877)
Reported on consolidated financial statements	1,508,932	1,557,267

Millions of yen

Profit	Fiscal 2011	Fiscal 2012
Segment total	267,275	124,581
Rent income by the real estate subsidiary (Note1)	(2,452)	(2,333)
Adjustments to inventories	16	58
Elimination of intersegment transactions	188	198
Reported on consolidated financial statements	265,027	122,505

Millions of yen

Assets	Fiscal 2011	Fiscal 2012
Segment total	2,987,727	3,304,622
Company-wide assets (Note2)	594,142	656,242
Elimination of intersegment transactions	(4,839)	(5,266)
Reported on consolidated financial statements	3,577,030	3,955,599

(Note1) It represents Rent income by the real estate subsidiary which is transferred to Non-operating profit/loss.

(Note2) Company-wide assets consist of surplus operating funds (cash, deposits and marketable securities) in TPC group and long-term investments (investment securities) related to the parent company and holding companies in the United States and others. But in the long-term investments (investment securities), the assets related to the investments to maintain business relationship for each segment aren't included in the Company-wide assets.

[Relative information]

1. Information regarding regions
Fiscal 2011 (April 1, 2011 - March 31, 2012)

(1)Net sales

Millions of yen

Japan	Americas			Europe		Asia	Other	Total
		United States	Latin America		Russia /CIS			
733,438	464,399	419,489	30,208	258,020	30,954	38,054	15,020	1,508,932

(2)Tangible noncurrent assets

Millions of yen

Japan	Americas	Other	Total
362,788	33,618	92,296	488,702

Fiscal 2012 (April 1, 2012 - March 31, 2013)

(1)Net sales

Millions of yen

Japan	Americas			Europe		Asia	Other	Total
		United States	Latin America		Russia /CIS			
734,510	423,546	343,955	62,922	314,842	68,339	60,087	24,283	1,557,267

(2)Tangible noncurrent assets

Millions of yen

Japan	Americas	Other	Total
369,041	34,950	107,110	511,101

2. Information by major clients

Millions of yen

	Fiscal 2011	Fiscal 2012	Related business segment
Mediceo Co., Ltd.	272,284	254,204	Ethical Drug

[Information on impairment loss in noncurrent assets by business segment]

Fiscal 2011 (April 1, 2011 - March 31, 2012)

Millions of yen

	Business Segments			Total	Adjustments	Amount reported on consolidated financial statements
	Ethical Drug	Consumer Healthcare	Other			
Impairment loss	33	—	201	234	—	234

Fiscal 2012 (April 1, 2012 - March 31, 2013)

Millions of yen

	Business Segments			Total	Adjustments	Amount reported on consolidated financial statements
	Ethical Drug	Consumer Healthcare	Other			
Impairment loss	43,648	—	—	43,648	—	43,648

(Note) As described in the "Notes to Consolidated Statements of Income", the company recognized impairment loss for Patent rights that is included in Ethical Drug segment as ¥4,294 million other than the above amount.

[Information on amortization of goodwill and unamortized balance by business segment]

Fiscal 2011 (April 1, 2011 - March 31, 2012)

Millions of yen

	Business Segments			Total	Adjustments	Amount reported on consolidated financial statements
	Ethical Drug	Consumer Healthcare	Other			
Amortization of goodwill	22,108	—	119	22,227	—	22,227
Balance at end of period	582,243	—	14	582,257	—	582,257

Fiscal 2012 (April 1, 2012 - March 31, 2013)

Millions of yen

	Business Segments			Total	Adjustments	Amount reported on consolidated financial statements
	Ethical Drug	Consumer Healthcare	Other			
Amortization of goodwill	34,438	—	5	34,443	—	34,443
Balance at end of period	675,344	—	9	675,353	—	675,353

[Information on negative goodwill by business segment]

Fiscal 2011 (April 1, 2011 - March 31, 2012)
No events to be noted for this purpose.

Fiscal 2012(April 1, 2012 - March 31, 2013)
No events to be noted for this purpose.

(Tax Effect Accounting)

1. Major components of deferred tax assets and liabilities

(Millions of yen)

	Fiscal 2011	Fiscal 2012
(Deferred tax assets)		
Reserve for employees' bonuses	11,688	21,504
Research and development costs	98,317	113,579
Enterprise tax	2,010	9,021
Inventories	10,826	13,857
Accrued expenses	36,140	35,839
Unrealized profit on inventory	13,207	12,789
Tax credits primarily for research and development costs	58,603	52,084
Reserve for employees' retirement benefits	8,706	9,104
Patent rights	35,826	32,878
Sales rights	10,162	9,020
Tax credit for net operating losses	39,821	42,574
Other	58,372	40,013
Deferred tax assets - subtotal	383,678	392,262
Valuation allowance	(57,267)	(45,520)
Total deferred tax assets	326,411	346,743
(Deferred tax liabilities)		
Prepaid pension costs	(9,769)	(10,050)
Unrealized gains on available-for-sale securities	(49,418)	(43,718)
Undistributed earnings of foreign subsidiaries and affiliates	(11,797)	(13,481)
Reserve for reduction of noncurrent assets	(29,460)	(28,017)
Tax effects from business combination of intangible assets	(275,024)	(301,095)
Other	(11,740)	(13,151)
Total deferred tax liabilities	(387,209)	(409,512)
Net deferred tax assets (liabilities)	(60,798)	(62,770)
(Note) "Net deferred tax assets (liabilities)" are included in the below items in the consolidated balance sheet.		
Current assets ----Deferred tax assets	221,230	240,149
Noncurrent assets----Deferred tax assets	20,232	21,228
Current liabilities ----Others	(502)	(2,014)
Noncurrent liabilities----Deferred tax liabilities	(301,758)	(322,133)

2. The effective income tax rates of the companies after application of deferred tax accounting differ from the statutory tax rate for the following reasons:

(%)

	Fiscal 2011	Fiscal 2012
Domestic statutory tax rate	40.6	38.0
(Adjustments)		
Expenses not deductible for tax purposes	3.3	6.7
Increase or decrease in valuation allowance	7.1	2.9
Dividend income and other items permanently nontaxable	(1.8)	(0.4)
Tax credits primarily for research and development costs	(10.8)	(25.8)
Tax effect from advance pricing agreement for transfer price taxation	—	5.1
Refund for past paid taxes	—	(43.9)
Amortization of goodwill	3.4	9.9
Increase or decrease in tax effect related to the undistributed profits of overseas subsidiaries	0.4	1.3
Tax effect from change in tax rate by tax reform, etc.	7.3	1.4
Difference from consolidated subsidiaries in legally effective tax rate	0.0	1.6
Other	0.1	0.3
Effective tax rate after application of deferred tax accounting	49.6	(3.0)

(Retirement Benefits)

1. Description of retirement benefits plan adopted
The Company and its consolidated subsidiaries have adopted a corporate pension fund plan and a lump-sum retirement payment plan as its defined benefit system. In addition, the Company and its consolidated subsidiaries have also adopted a defined contribution pension plan.

2. Retirement benefit obligation

(Millions of yen)

	Fiscal 2011	Fiscal 2012
(1) Projected benefit obligation (Note)	(263,691)	(266,806)
(2) Pension value of plan assets	235,655	250,407
(3) Funded status ((1)+(2))	(28,036)	(16,399)
(4) Unrecognized actuarial gains and losses	757	(14,868)
(5) Unrecognized prior service cost	(110)	(47)
(6) Net liability ((3)+(4)+(5))	(27,389)	(31,315)
(7) Prepaid pension costs	27,041	28,839
(8) Reserve for employees' retirement benefits ((6)-(7))	(54,430)	(60,153)

(Note) Some consolidated subsidiaries have adopted simplified methods in the calculating of their pension benefit liabilities.

3. Retirement benefit costs

(Millions of yen)

	Fiscal 2011	Fiscal 2012
(1) Service cost (Note)	5,303	7,177
(2) Interest cost	5,386	6,333
(3) Expected return on plan assets	(4,792)	(4,929)
(4) Recognized actuarial gains and losses	9,093	1,081
(5) Amortization of prior service cost	(2,155)	(61)
(6) Net retirement benefit costs ((1)+(2)+(3)+(4)+(5))	12,834	9,602
(7) Contributions paid to the defined-contribution pension	1,830	3,491
(8) Total ((6)+(7))	14,664	13,093

(Note)
1. The portion of cost for seconded employees which is borne by the companies at which such employees work is deducted.
2. The service cost includes retirement benefit costs of consolidated subsidiaries that adopt simplified methods.

4. Items related to basis of calculation of retirement benefit obligation

	Fiscal 2011	Fiscal 2012
(1) Method of the projected benefits allocation to each fiscal year	Mainly Straight-line method	Mainly Straight-line method
(2) Discount rate	1.0% - 3.9%	1.0% - 3.2%
(3) Expected rate of return on plan assets	1.5% - 3.6%	1.5% - 3.1%
(4) Recognition period of prior service cost	Generally five years (using the straight-line method over a fixed number of years within the average remaining years of service when obligations arise)	Same as in the left column
(5) Recognition period of actuarial gains and losses	Generally five years (expensed from the period of occurrence, mainly using the straight-line method over a fixed number of years within the average remaining years of service when obligations arise)	Same as in the left column

(Business combination)

1. Overview of the business combination
(1) Corporate Name and its main business
Corporate Name: URL Pharma, Inc.
Main business: Production, marketing, research and development of pharmaceutical products

(2) Purpose of the acquisition
The Company's wholly-owned subsidiary, Takeda pharmaceuticals U.S.A., Inc. (TPUSA) is currently selling *Uloric* (generic name; febuxostat) for gout treatment in adults. The completion of this acquisition will allow it to provide multiple treatment options to manage acute and chronic gout in the U.S. through the addition of URL Pharma, Inc. (URL Pharma)'s leading product *Colcrys* (generic name; colchicines), used to treat and prevent gout flares, to its product portfolio. This acquisition will strengthen TPUSA's offerings in the gout treatment drug market. With expected continued growth of *Colcrys*, the acquisition will contribute to the Company's revenues, operating income and cash flow beginning in FY 2013.

(3) Date of completion of business combination
June 1st, 2012 (U.S. time)

(4) Legal form of business combination
Share purchase in exchange for cash payment by Takeda America Holdings, Inc. (TAH), the Company's wholly-owned subsidiary.

(5) Name of the company after the business combination
URL Pharma, Inc.

(6) Percentage of total shares
100%

(7) Main reason to decide the acquiring company
TAH acquires 100% portion of voting rights of URL Pharma and becomes the acquiring company by itself.

2. Period when operating results of the acquired company are included in the Company's consolidated financial statements
From June 1st, 2012 to March 31st, 2013
(Note) Colcrys business, the main business of URL Pharma, was taken over by TPUSA in October, 2012 and the operating results until March 31st, 2013 was included in the consolidation results. Meanwhile, due to the sale of URL Pharma's shares on February 5th 2013, the operating results of other Non-Colcrys generic business after the sale was not included in the consolidation results.

3. The breakdown of acquisition cost of the acquired company

Cash payment for acquisition		$ 848,769	thousand
Contingent consideration	(Fair value)	$ 527,313	
Total acquisition cost		$ 1,376,082	

(Note) "Contingent consideration (Fair value)" is the acquisition-date fair value of future performance-based royalties that recognized in accordance with U.S. GAAP by the acquiring company, TAH. Contingent consideration will be measured at fair value every period, and resulting fair value fluctuation will be recognized as gain or loss. In addition, Contingent consideration will be reversed when it is paid.

4. Goodwill recognized, reason of incurred goodwill, and method and period of amortization
(1) Goodwill recognized at the date of the business combination
$ 432,542 thousand

(2) Reason of incurred goodwill
As the acquisition costs exceeded the net amount allocated to assets acquired and liabilities assumed, the exceeded amount is recognized as goodwill.

(3) Method and period of amortization
Straight-line method for 16 years

5. Assets and liabilities assumed as of the acquisition date

Current assets	$ 278,841 thousand
Non-current assets	$ 1,679,616
Total assets	$ 1,958,457
Current liabilities	$ 140,006 thousand
Non-current liabilities	$ 442,369
Total liabilities	$ 582,375

The purchase price has been allocated to intangible assets other than goodwill in the amount of $1,156,400 thousand, and the intangible assets are amortized over the estimated useful life.

6. Estimated impact on consolidated financial results if the business combination had been completed at the beginning of the fiscal year
The approximate amount of the effect has been omitted because it is not material.

(Production, Orders and Sales)

1. Production

(Millions of yen)

	Fiscal 2011		Fiscal 2012	
Ethical Drug	691,761	90.6	700,992	90.3
Consumer Healthcare	31,696	4.2	38,343	4.9
Other Businesses	39,968	5.2	37,269	4.8
Total	763,425	100.0	776,604	100.0

2. Purchases

(Millions of yen)

	Fiscal 2011		Fiscal 2012	
Ethical Drug	174,830	83.1	185,303	82.1
Consumer Healthcare	14,493	6.9	19,069	8.4
Other Businesses	21,028	10.0	21,318	9.4
Total	210,351	100.0	225,690	100.0

3. Conditions of Orders
The Takeda Group carries out production according to production plans, which are based primarily on marketing plans. Order production is carried out at certain businesses, but is not significant in the total amount of orders.

4. Sales

(Millions of yen)

	Fiscal 2011		Fiscal 2012	
Ethical Drug	1,358,802	90.0%	1,401,746	90.0%
[Japan]	[592,242]	[39.2%]	[588,429]	[37.8%]
[Overseas]	[766,560]	[50.8%]	[813,317]	[52.2%]
Consumer Healthcare	61,689	4.1%	66,875	4.3%
Other	93,053	6.2%	93,059	6.0%
Adjustments	(4,613)	(0.3%)	(4,413)	(0.3%)
Amount reported on consolidated statement of income	1,508,932	100.0%	1,557,267	100.0%
[Royalty Income in Total]	[42,477]	[2.8%]	[45,190]	[2.9%]

(Per Share Information)

1. Net assets per share

Fiscal 2011	Fiscal 2012
2,548.53 yen	2,734.79 yen

(Note) Net assets per share were calculated on the basis of the following data.

Item	Fiscal 2011	Fiscal 2012
Total net assets on consolidated balance sheet (million yen)	2,071,866	2,223,359
Net assets attributable to common stock (million yen)	2,011,841	2,159,006
Main item of differences (million yen)		
Stock acquisition right	504	934
Minority interests	59,522	63,418
Number of shares of common stock outstanding (thousand shares)	789,666	789,666
Number of shares of common stock as treasury stock (thousand shares)	252	206
Number of shares of common stock used as basis for calculation of net assets per share (thousand shares)	789,414	789,460

2. Earnings per share

Fiscal 2011 (April 1, 2011 - March 31, 2012)		Fiscal 2012 (April 1, 2012 - March 31, 2013)	
Earnings per share	157.29 yen	Earnings per share	166.25 yen
Fully diluted earnings per share	157.26 yen	Fully diluted earnings per share	166.21 yen

(Note) Earnings per share were calculated on the basis of the following data.

Item	Fiscal 2011	Fiscal 2012
Earnings per share		
Net income on consolidated statement of income (million yen)	124,162	131,244
Amounts not attributable to common stock (million yen)	—	—
Net income attributable to common stock (million yen)	124,162	131,244
Average number of shares of common stock during the period (thousand shares)	789,399	789,437
Fully diluted earnings per share		
Adjustment to net income (million yen)	—	—
Increase in number of common stocks (thousand shares)	135	196

(Significant Subsequent Events)

Fiscal 2012 (April 1, 2012 - March 31, 2013)

No events to be noted for this purpose.

5. Other

Change in Officers (as of June 26, 2013)

1. Nominees as new director

   Shinji Honda

   (currently, Corporate Officer, Senior Vice President, Corporate Strategy Department)

2. Nominees as new corporate auditor

   Shiro Kuniya (Attorney)
   Shiro Kuniya qualifies as an outside corporate auditor.

3. Retiring directors

   Toyoji Yoshida

   (currently, Managing Director and Internal Control and Special Missions assigned by President)

   Deborah Dunsire, M.D.

   (currently, Director)

4. Retiring corporate auditor

   Tadashi Ishikawa

   (currently, Outside Corporate Auditor)

5. Nominees as new substitute corporate auditor

   Katsushi Kudoda (certified public accountant)
   Katsushi Kudoda qualifies as an outside corporate auditor.