Summary of Financial Statements for the Six Month Period Ended September 30, 2014 (IFRS, Consolidated)

October 30, 2014

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

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Scheduled date of securities report submission: November 14, 2014
Scheduled date of dividend payment commencement: December 1, 2014
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 Financial Results for the Six Month Period Ended September 30, 2014 (April 1 to September 30, 2014)

(1) Consolidated Operating Results (year to date)

(Percentage figures represent changes over the same period of the previous year)

	Revenue		Operating profit		Profit before tax		Net profit for the period		Net profit attributable to owners of the Company	
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)
Six month period ended September 30, 2014	851,352	2.8	116,695	6.2	113,135	(5.9)	63,154	(21.6)	61,437	(22.0)
Six month period ended September 30, 2013	828,051	—	109,929	—	120,226	—	80,535	—	78,748	—

	Total comprehensive income for the period		Basic earnings per share	Diluted earnings per share
	(¥ million)	(%)	(¥)	(¥)
Six month period ended September 30, 2014	78,048	(63.5)	78.07	77.95
Six month period ended September 30, 2013	214,109	—	99.75	99.65

(2) Consolidated Financial Position

	Total assets (¥ million)	Total equity (¥ million)	Equity attributable to owners of the Company (¥ million)	Ratio of equity attributable to owners of the Company to total assets (%)	Equity attributable to owners of the Company per share (¥)
As of September 30, 2014	4,571,807	2,530,932	2,463,880	53.9	3,135.87
As of March 31, 2014	4,569,144	2,540,635	2,470,739	54.1	3,129.63

2. Dividends

	Annual dividends per share (¥)				
	1st quarter end	2nd quarter end	3rd quarter end	Year-end	Total
Fiscal 2013	—	90.00	—	90.00	180.00
Fiscal 2014	—	90.00			
Fiscal 2014 (Projection)			—	90.00	180.00

(Note) Modifications in the dividend projection from the latest announcement: None

3. Forecasts for Consolidated Operation Results for Fiscal 2014 (April 1, 2014-March 31, 2015)

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

	Revenue		Operating profit		Profit before tax		Net profit attributable to owners of the Company		Basic earnings per share
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥)
Fiscal 2014	1,725,000	2.0	150,000	7.7	140,000	(11.9)	85,000	(20.3)	107.67

(Note) Modifications in forecasts of consolidated operating results from the latest announcement: None

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 and changes in accounting estimates
1) Changes in accounting policies required by IFRS : Yes
2) Changes in accounting policies other than 1) : No
3) Changes in accounting estimates : No
(Note) For details, refer to "2. Additional Information in Summary" in Page 15.

(3) Number of shares outstanding (common stock)
1) Number of shares outstanding (including treasury stock) at term end:

September 30, 2014	789,735,495 shares
March 31, 2014	789,680,595 shares

2) Number of shares of treasury stock at term end:

September 30, 2014	4,027,677 shares
March 31, 2014	212,853 shares

3) Average number of outstanding shares (for the six month period ended September 30):

September 30, 2014	786,906,005 shares
September 30, 2013	789,460,709 shares

* Implementation status about the audit

- This summary of financial statements is exempt from quarterly review procedures required by Financial Instruments and Exchange Act. A part of quarterly review for securities report based on Financial Instruments and Exchange Act has not completed at the time of disclosure of this summary of financial statements. The securities report for the six month period ended September 30, 2014 is scheduled to be disclosed on November 14, 2014 after completion of the quarterly review.

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

- Takeda has adopted International Financial Reporting Standards (IFRS) from the FY2013 ended March 31, 2014 and the disclosure information in this material is based on IFRS. According to this adoption, the previous year's information is also based on IFRS.
- 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. Qualitative Information for the Six Month Period Ended September 30, 2014 (3) Outlook for Fiscal 2014" on page 13.
- Supplementary materials for the financial statements, Data Book and presentation materials for the earnings release conference which is scheduled on October 30, 2014 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. Qualitative Information for the Six Month Period Ended September 30, 2014

(1) Consolidated Operating Results

(i) Overview

Takeda Pharmaceutical Company Limited ("Takeda", "the Company"), as a global pharmaceutical company, has formulated "Vision 2020" to articulate the aspiration of where the Company wants to be in the year 2020. This vision determines the Company's long-term objective to pursue innovative medicines as well as high-quality branded generics, life-saving vaccines, and OTC medicines - to help as many people as possible, as soon as possible.

In September of this year, under the leadership of Chairman of the Board & Chief Executive Officer (CEO) and President & Chief Operating Officer (COO), Takeda announced a redesign of its global organizational structure to focus on and leverage its growth drivers and to operate more efficiently and competitively as a global company. Placing a patient and customer centric mindset as the top priority, Takeda aims to clearly define accountability and ownership, and simplify the organization. Through these changes, Takeda will realize its goal of becoming a more agile, best-in-class pharmaceutical company, able to capitalize on growth opportunities across the globe.

The organization reflects the company mid- term growth drivers which are new global innovative products, especially in the fields of Gastroenterology (GI) and Oncology as well as Value Brands (e.g. branded generics) in emerging markets.

Under the new organizational structure, the R&D organization will be realigned into four Therapeutic Area Units, namely Central Nervous System (CNS), Cardiovascular and Metabolic (CVM), Gastroenterology (GI) and Oncology. Additionally, all regional commercial divisions will be redefined into the five newly established Regional Business Units of Japan Pharma, Emerging Markets, United States, Europe-Canada, and Japan Consumer Healthcare, and two global Specialty Business Units will be newly established in Oncology and Vaccines.

<Commercial Initiatives>

Details of major commercial initiatives during the reporting period, divided by therapeutic area, are as follows;

Central Nervous System (CNS)

- In Japan, Takeda is progressing with new partnering initiatives, and in October 2014 commenced co-promotion activities with Meiji Seika Pharma for the insomnia treatment ROZEREM.
- BRINTELLIX, a treatment for major depressive disorder, and atypical antipsychotic LATUDA, were approved last year in the U.S. and Europe, respectively, and Takeda is now focusing on achieving swift market penetration to quickly maximize the value of these new products.

Cardiovascular and Metabolic (CVM)

- In Japan, in June 2014, Takeda launched ZACRAS (a fixed-dose combination of anti-hypertensive treatment AZILVA and the calcium channel blocker amlodipine), a treatment for hypertension that is anticipated to provide a strong and sustained anti-hypertensive effect, improving control of blood pressure levels, and the aspirin/lansoprazole combination TAKELDA (a fixed-dose combination of gastric ulcer treatment TAKEPRON and the antiplatelet low-dose aspirin).
- In May 2014, Takeda received approval in Japan for changes in the indication of NESINA for type 2 diabetes, enabling concomitant therapy with all the oral anti-diabetic agents and insulin.
- In June 2014, Takeda entered into an agreement with Sanofi to build a collaborative system within Japan in the field of diabetes awareness and education.
- In the U.S., in October 2014, Takeda launched CONTRAVE as a new treatment option to meet the needs of patients with obesity.

Gastroenterology (GI)

- In the U.S., in June 2014, Takeda launched ENTYVIO for the treatment of ulcerative colitis and Crohn's disease, and the Company has also commenced the marketing of ENTYVIO in Europe. ENTYVIO is a groundbreaking new product that offers a new treatment option to patients with inflammatory bowel disease who have failed to respond to treatment with existing products, and it is anticipated to be a blockbuster global product for Takeda.
- In October 2014, Takeda entered into a global license, development, commercialization and supply agreement for lubiprostone (U.S. product name: AMITIZA) with Sucampo Pharmaceuticals. Through this agreement, Takeda expanded its exclusive rights beyond the U.S. and Canada to all global markets, except Japan and China.

Oncology

- In Japan, in April 2014, Takeda launched ADCETRIS for the treatment of malignant lymphomas, a highly anticipated new treatment option for patients. The Company is steadily increasing the number of countries in which this treatment is now available, including in emerging markets.

<R&D Initiatives>

Takeda is committed to addressing the unmet medical needs of people worldwide through increased R&D productivity and the discovery and delivery of innovative healthcare solutions.

- In the short term, Takeda is striving to ensure the steady approval of Phase III programs. In Gastroenterology, the approval of ENTYVIO in the U.S. and Europe within the same month for ulcerative colitis and Crohn's disease is an example of a significant success in this area.
- In the medium term, Takeda will progress the early-stage portfolio as quickly as possible, and also focus on in-licensing new assets and exploring additional indications for existing compounds. In Oncology, in August 2014, multiple myeloma treatment VELCADE was approved in the U.S. for the additional indication of retreatment of patients who had previously responded to VELCADE, and in October 2014, it was also approved in the U.S. for the additional indication for use in previously untreated patients with mantle cell lymphoma (MCL).
- In the long term, Takeda will invest in cutting-edge science and technology to further invigorate drug discovery research, and strengthen alliances with research organizations and consortiums. Examples of long term initiatives include the Takeda's partnership with MacroGenics, a company with expertise in complex diseases such as auto-immune disorders, and the strategic investment Takeda has made in BioMotiv, which will leverage the strengths of both organizations to identify and develop pioneering medical innovations in the therapeutic areas of Immunology/Inflammatory and Cardiovascular and Metabolic diseases.

For further details of R&D activities including the progression of clinical trials, please refer to section (v) "Activities and Results of Research & Development" on page 11.

With the corporate philosophy of "Takeda-ism" (Integrity: Fairness, Honesty and Perseverance) developed over its long history of more than 230 years at the core of its operations, Takeda strives to strengthen corporate governance, further ensure compliance* with laws and regulations governing its operations and conducts operations as a globally integrated company, according to the corporate mission to "strive towards better health for people worldwide through leading innovation in medicine."

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*With regards to the issues surrounding the CASE-J study of anti-hypertensive treatment BLOPRESS, Takeda has fully cooperated with a third-party investigation. As a result of the investigation, it did not find any indications that Takeda was involved in "accessing the research data," "data falsification or fabrication," nor had "direct involvement in the statistical analysis work." However, it was confirmed that there were multiple incidences of involvement and encouragement by Takeda employees in the investigator-led clinical research study, raising suspicions about the fairness and independence of this study.

Based on the results of this investigation, Takeda has implemented internal disciplinary actions, and has strengthened its internal review system for promotional materials by adding new members to review materials from both a legal and medical perspective. Additionally, Takeda has strengthened its system for the screening and evaluation of donations. Takeda will continuously implement measures to prevent recurrences of this kind of event in the future, including ensuring transparency through clarifying the role of each department and strengthening each department's checking systems, as well as thoroughly ensuring that Takeda employees are completely uninvolved in investigator-led clinical research related to Takeda products.

The promotional activities by Takeda related to this case were deemed in violation of the Japan Pharmaceutical Manufacturers Association's (JPMA's) "Prescription Drugs Promotion Code". As a consequence, Takeda received notice of sanctions imposed by the JPMA that Takeda's activities as Vice President of the JPMA would be temporarily suspended for six months from April 2014, and an additional sanction has tentatively extended this suspension by a further six months.

<Reference> Major products launched in and after 2010

[Japan]

Launched in 2010	
Nesina	a drug for type 2 diabetes, generic name: alogliptin
Unisia	a drug for treatment of hypertension: a fixed dose combination of Blopress and a calcium channel blocker (amlodipine)
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 a biguanide (metformin)
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 and metronidazole
Launched in 2011	
Reminyl	a drug for Alzheimer's dementia, generic name: galantamine, licensed from Janssen and jointly marketed with the licensor
Sonias	a drug for type 2 diabetes: a fixed dose combination of Actos and a sulfonylurea (glimepiride)
Liovel	a drug for type 2 diabetes: a fixed dose combination of Nesina and Actos
Launched in 2012	
Azilva	a drug for treatment of hypertension, generic name: azilsartan
Launched in 2013	
Lotriga	a drug for treatment of hyperlipidemia, generic name: omega-3-acid ethyl esters 90
Launched in April 2014	
Adcetris	a drug for treatment of malignant lymphoma, generic name: brentuximab vedotin
Launched in June 2014	
Takelda	a fixed dose combination of Takepron and low-dose aspirin
Zacras	a drug for treatment of hypertension: a fixed dose combination of Azilva and amlodipine

[North America]

<U.S.A.>

Launched in 2010	
Actoplus met XR	a drug for type 2 diabetes: a fixed dose combination of Actos and a biguanide (metformin extended- release)
Launched in 2011	
Edarbi	a drug for treatment of hypertension, generic name: azilsartan medoxomil
Launched in 2012	
Edarbyclor	a drug for treatment of hypertension, a fixed dose combination of Edarbi and thiazide diuretic (chlorthalidone)
Launched in 2013	
Nesina	a drug for type 2 diabetes, generic name: alogliptin
Kazano	a drug for type 2 diabetes: a fixed dose combination of Nesina and a biguanide (metformin)
Oseni	a drug for type 2 diabetes: a fixed dose combination of Nesina and Actos
Launched in January 2014	
Brintellix	a drug for treatment of major depressive disorder, generic name: vortioxetine
Launched in June 2014	
Entyvio	a drug for the treatment of ulcerative colitis and Crohn's disease, generic name: vedolizumab
Launched in October 2014	
Contrave	a drug for the treatment of obesity: a fixed dose combination of naltrexone and bupropion extended-release

<Canada>

Launched in 2010	
Dexilant	a drug for acid 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 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 2012	
Edarbi	a drug for treatment of hypertension, generic name: azilsartan medoxomil
Rienso	a drug for treatment of iron deficiency anaemia, generic name: ferumoxytol
Adcetris	a drug for treatment of malignant lymphoma, generic name: brentuximab vedotin
Launched in 2013	
Latuda	an atypical antipsychotic, generic name: lurasidone hydrochloride
Vipidia	a drug for type 2 diabetes, generic name: alogliptin
Vipdomet	a drug for type 2 diabetes: a fixed dose combination of Vipidia and a biguanide (metformin)
Incresync	a drug for type 2 diabetes: a fixed dose combination of Vipidia and Actos

Launched in July 2014	
Dexilant	a drug for acid reflux disease, generic name: dexlansoprazole
Entyvio	a drug for the treatment of ulcerative colitis and Crohn's disease, generic name: vedolizumab

[Emerging markets]

<Brazil>

Launched in 2011	
Daxas	a drug for chronic obstructive pulmonary disease, generic name: roflumilast

<Russia>

Launched in 2012	
Daxas	a drug for chronic obstructive pulmonary disease, generic name: roflumilast

<Mexico>

Launched in 2011	
Dexilant	a drug for acid reflux disease, generic name: dexlansoprazole
Mepact	a drug for non-metastatic osteosarcoma, generic name: mifamurtide
Launched in 2012	
Edarbi	a drug for treatment of hypertension, generic name: azilsartan medoxomil
Launched in 2013	
Daxas	a drug for chronic obstructive pulmonary disease, generic name: roflumilast
Edarbyclor	a drug for treatment of hypertension, a fixed dose combination of Edarbi and thiazide diuretic (chlorthalidone)
Launched in January 2014	
Adcetris	a drug for treatment of malignant lymphoma, generic name: brentuximab vedotin
Launched in April 2014	
Nesina	a drug for type 2 diabetes, generic name: alogliptin
Launched in October 2014	
Oseni	a drug for type 2 diabetes: a fixed dose combination of Nesina and Actos

<China>

Launched in 2013	
Nesina	a drug for type 2 diabetes, generic name: alogliptin

(ii) Operating Results

Consolidated results (April 1 to September 30, 2014):

Billions of yen

	Amount	*Change over the same period of the previous year*	
Revenue	851.4	+23.3	+ 2.8%
Operating profit	116.7	+6.8	+6.2%
Net profit for the period (attributable to owners of the Company)	61.4	- 17.3	- 22.0%
Core Earnings (Note)	169.3	-12.7	- 7.0%
Core EPS (yen) (Note)	131.84	- 19.31	- 12.8%

(Note) Core Earnings is calculated by deducting any temporary factors such as impacts from business combination accounting and amortization/impairment losses of intangible assets etc. from operating profit. Also, Core EPS is earnings per share based on Core Net Profit that is calculated by deducting any temporary factors that have the similar factors listed above and tax effects on them from Net profit for the period.

[Revenue]

Consolidated revenue was ¥851.4 billion, an increase of ¥23.3 billion (+2.8%) compared to the same period of the previous year.

- In Japan, in addition to the significant increase in sales of AZILVA (a drug for hypertension) by 155.9%, the sales of NESINA (a drug for Type 2 diabetes) increased steadily. In the U.S., in addition to the increase in sales of VELCADE (a drug for multiple myeloma) and COLCRYS (a drug for hyperuricemia and gout), the sales of BRINTELLIX (a drug for major depressive disorder) and ENTYVIO (a drug for ulcerative colitis and Crohn's disease) which were launched in 2014 had a smooth launch. Furthermore, the sales of ADCETRIS (a drug for lymphoma) continued to expand in Europe, and the sales contribution of PANTOPRAZOLE (a drug for peptic ulcer) continued to perform strongly in emerging markets including Asia. Such positive factors and the yen's depreciation absorbed the decrease in sales mainly due to the penetration of generic products after the patent expiry of blockbuster products such as CANDESARTAN (a drug for hypertension) and LANSOPRAZOLE (a drug for peptic ulcer), and the National Health Insurance price reduction in Japan.

In total, consolidated revenue increased by ¥23.3 billion.

Underlying revenue growth (Note) increased by 1.7% compared to the same period of the previous year.

(Note) Underlying revenue growth: Constant currency and without divestments

- Consolidated revenue of Takeda's major ethical drugs:

Billions of yen

Indications / Product Name	Amount	Change over the same period of the previous year	
Multiple myeloma / Velcade	72.8	+ 8.6	+13.3%
Hypertension / Candesartan (Japan product name: Blopress)	72.5	- 11.0	-13.1%
Prostate cancer, breast cancer and endometriosis / Leuprorelin (Japan product name: Leuplin)	61.3	- 4.1	- 6.2%
Peptic ulcer / Pantoprazole	50.6	+ 2.4	+4.9%
Peptic ulcer / Lansoprazole (Japan product name: Takepron)	50.1	-10.6	-17.4%
Hyperuricemia and gout / Colcrys	29.8	+ 4.0	+15.7%
Type 2 diabetes / Pioglitazone (Japan product name: Actos)	18.3	- 1.8	-8.9%

(Note) Revenue amount includes royalty income and service income.

[Operating profit]
Consolidated operating profit was ¥116.7 billion, an increase of ¥6.8 billion (+6.2%) compared to the same period of the previous year.

- Gross profit increased by ¥14.4 billion (+2.4%) due to revenue increase. While selling, general and administrative expenses increased by ¥22.6 billion (+8.7%) mainly due to the launch of new products in the U.S., other operating income increased by ¥27.7 billion (+250.0%) mainly due to the gains on sales of property, plant and equipment. As a result, operating profit increased.
- R&D expenses increased by ¥0.6 billion (+0.4%) to ¥156.5 billion compared to the same period of the previous year.
- On an underlying basis, which excluding FX impacts and others, selling, general and administrative expenses increased by 3.8% (general and administrative expenses, excluded selling expenses, decreased by 5.0%) and R&D expenses decreased by 2.7%, respectively.
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[Net profit for the period (attributable to owners of the Company)]
Consolidated net profit for the period was ¥61.4billion, a decrease of ¥17.3 billion (-22.0%) compared to the same period of the previous year.

- The increase in operating profit could not fully absorb the negative factors such as unfavorable impact of net financial income/expenses mainly due to the decrease in gains on sales of financial assets compared to the same period of the previous year. As a result, consolidated net profit for the period decreased.
- Basic earnings per share was ¥78.07, a decrease of ¥21.67 (-21.7%) compared to the same period of the previous year.

[Core Earnings]
Core Earnings was ¥169.3 billion, a decrease of ¥12.7 billion (-7.0%) compared to the same period of the previous year.

- Core Net Profit (Note) was ¥103.7 billion, a decrease of ¥15.6 billion (-13.1%) compared to the same period of the previous year.
- Core EPS was ¥131.84, a decrease of ¥19.31 (-12.8%) compared to the same period of the previous year.

(Note) Core Net Profit is calculated by deducting any temporary factors such as impacts from business combination accounting and amortization/impairment losses of intangible assets etc. and tax effects on them from Net profit for the period.

(iii) Results by Segment

Revenue and operating profit by business segment (April 1 to September 30, 2014):

Billions of yen

Type of Business	Revenue		Operating profit	
	Amount	Change over the same period of the previous year	Amount	Change over the same period of the previous year
Ethical Drug	770.1	+21.4	80.4	-11.0
<Japan>	<283.2>	< -7.7>		
<Overseas>	<486.9>	<+29.1>		
Consumer Healthcare	37.7	+0.9	11.3	+0.8
Other	43.6	+1.0	25.0	+17.0
Total	851.4	+23.3	116.7	+6.8

[Ethical Drug Business]
Revenue in the Ethical Drug Business was ¥770.1 billion, an increase of ¥21.4 billion (+2.9%) compared to the same period of the previous year, and operating profit was ¥80.4 billion, a decrease of ¥11.0 billion (-12.1%) mainly due to the increase in selling expenses related to the launch of new products in the U.S.

- Revenue in Japan was ¥283.2 billion, a decrease of ¥7.7 billion (-2.7%) compared to the same period of the previous year. Contribution from sales increase of products launched in and after 2010 such as AZILVA and NESINA could not fully absorb the decrease in sales mainly due to the National Health Insurance price reduction and the penetration of generic products.

The following table shows revenue results of major products in Japan:

Billions of yen

Product Name (Indications)	Amount	Change over the same period of the previous year	
Blopress (Hypertension)	56.2	-9.4	-14.3%
Leuplin (Prostate cancer, breast cancer and endometriosis)	29.7	-4.1	-12.0%
Takepron (Peptic ulcer)	27.5	-7.7	-21.9%
Azilva (Hypertension)	20.3	+12.4	+155.9%
Nesina (Type 2 diabetes)	19.6	+1.7	+9.7%
Vectibix (Cancer)	9.2	-0.3	-3.5%
Actos (Type 2 diabetes)	5.8	-2.5	-30.2%

- Revenue in overseas markets was ¥486.9 billion, an increase of ¥29.1 billion (+6.4%) compared to the same period of the previous year. In addition to the sales increase of VELCADE, COLCRYS and DEXILANT in the U.S. and PANTOPRAZOLE in emerging markets including Asia, contribution from new products such as BRINTELLIX and ENTYVIO, and the yen's depreciation could fully absorb the decrease in sales due to the penetration of generic products.

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

Billions of yen

Product Name (Indications)	Amount	Change over the same period of the previous year	
Velcade (Multiple myeloma)	69.8	+6.2	+9.7%
Pantoprazole (Peptic ulcer)	50.6	+2.4	+4.9%
Leuprorelin (Prostate cancer, breast cancer and endometriosis)	31.6	-0.0	-0.0%
Colcrys (Hyperuricemia and gout)	29.8	+4.0	+15.7%
Dexilant (Acid reflux disease)	27.2	+3.6	+15.3%
Lansoprazole (Peptic ulcer)	22.7	-2.9	-11.3%
Candesartan (Hypertension)	16.2	-1.6	-8.9%
Pioglitazone (Type 2 diabetes)	12.5	+0.7	+6.3%

(Note) Revenue amount includes royalty income and service income.

[Consumer Healthcare Business]
Revenue in the Consumer Healthcare Business was ¥37.7 billion, an increase of ¥0.9 billion (+2.6%) compared to the same period of the previous year, mainly due to the increase in sales of ALINAMIN tablets (vitamin-

containing products). Operating profit increased by ¥0.8 billion (+7.8%) to ¥11.3 billion mainly due to the increase in gross profit margin.

[Other Business]
Revenue in the Other Business was ¥43.6 billion, an increase of ¥1.0 billion (+2.2%) compared to the same period of the previous year. Operating profit increased by ¥17.0 billion (+210.3%) to ¥25.0 billion mainly due to the gains on sales of property, plant and equipment.

(iv) Basic Policy for Profit Distribution and Dividends for Fiscal 2014

1) Basic Policy for Profit Distribution

In order to maximize the enterprise value of the Takeda group, we are taking initiatives to further improve cash efficiency, and to maintain and enhance our strong and sound financial base which will support our mid-range growth strategy. With regard to profit distribution in accordance with steady implementation of the mid-range growth strategy, we are committed to our policy of maintaining annual dividends of ¥180 per share for fiscal years 2014 and 2015. With an emphasis on return to shareholders, we will also strive for a "stable dividend" for the future.

2) Dividend for Fiscal 2014

For the six months ended September 30, 2014, the Company will pay an interim dividend of ¥90 per share. Further, a ¥90 per share dividend is planned for the fiscal year-end. Accordingly, total annual dividends paid to shareholders in the current fiscal year are planned as ¥180 per share, the same amount as the previous fiscal year.

(v) Activities and Results of Research & Development

By April 2015, Takeda will realign its research and development functions into the four Therapeutic Area Units (TAUs) of Central Nervous System, Cardiovascular/Metabolic, Gastroenterology, and Oncology to further promote therapeutic area strategy and asset strategies as well as to achieve a global leadership position in each area and to meet unmet medical needs of patients, In addition, Specialty Business Units will be established for Oncology and Vaccines, which will include operational and commercial functions.
Major events from R&D activities during the reporting period are as follows;

[In-house R&D activities]
- In May 2014, Takeda received approval from the U.S. Food and Drug Administration (FDA) for ENTYVIO (generic name: vedolizumab) for the treatment of ulcerative colitis (UC) and Crohn’s disease (CD). Also in May 2014, Takeda received approval from the European Commission (EC) for ENTYVIO.

- In May 2014, Takeda received approval from the Japanese Ministry of Health, Labour and Welfare (MHLW) for an application for changes to the indication of type 2 diabetes treatment NESINA (generic name: alogliptin). The newly approved indication is "Type 2 Diabetes", which includes the previously unapproved indication of concomitant therapy with a rapid-acting insulin-secretion stimulating agent. The "Type 2 Diabetes" indication now allows concomitant therapy of NESINA with all the oral anti-diabetic agents and insulin.

- In May 2014, Takeda presented the results of five Phase III trials for TAK-438 (generic name: vonoprazan) for acid-related diseases, at the poster session of Digestive Disease Week (DDW).

- In June 2014, Takeda decided to terminate the global development program for TAK-700 (generic name: orteronel) for prostate cancer. The decision followed the results of two Phase III clinical trials in which TAK-700 failed to meet the primary endpoint of improved overall survival, and also after consideration of the availability of other therapies in this indication.

- In August 2014, Takeda received approval from the FDA for an additional indication of VELCADE (generic name: bortezomib) for the retreatment of adult patients with multiple myeloma (MM) who had previously responded to VELCADE therapy and relapsed at least six months following completion of prior VELCADE treatment. In addition, in October 2014, Takeda received approval from the FDA for an additonal indication of VELCADE for use in previously untreated patients with mantle cell lymphoma (MCL).

- In August 2014, Takeda submitted the data of the post-marketing commitment, a 10-year epidemiology study, to regulatory authorities including the FDA, the European Medicines Agency (EMA) and the Japanese MHLW / Pharmaceuticals and Medical Devices Agency (PMDA) for pioglitazone containing medicines, including ACTOS (generic name: pioglitazone). This study was conducted by the University of Pennsylvania and Division of Research at Kaiser Permanente Northern California (KPNC) and findings demonstrate that there is no statistically significant increased risk of bladder cancer among patients ever exposed to pioglitazone.

- In September 2014, Takeda submitted a New Drug Application (NDA) to the Japanese MHLW for LEUPLIN (generic name: leuprorelin) 6 month depot, a treatment for prostate cancer and premenopausal breast cancer.

- In September 2014, Takeda presented the results of a Phase III trial for SYR-472 (generic name: trelagliptin) for type 2 diabetes, at the 50th Annual Meeting of the European Association for the Study of Diabetes.

[Alliance activities]

- In April 2014, Takeda and Teva Pharmaceutical Industries Ltd. of Israel announced an agreement allowing Takeda to commercialize rasagiline (generic name), Teva’s innovative treatment for Parkinson’s disease, in Japan. Under the terms of the agreement, Takeda will develop rasagiline for the Japanese market and submit a NDA for registration of the product in Japan.

- In May 2014, Takeda and MacroGenics, Inc. of the U.S. concluded an option agreement for the development and commercialization of MGD010, a product candidate for the treatment of autoimmune diseases. In September 2014, the companies entered into a further agreement to develop and commercialize up to four additional product candidates.

- In June 2014, Takeda and H. Lundbeck A/S (Lundbeck) of Denmark announced results of a study of BRINTELLIX (generic name: vortioxetine), a treatment for major depressive disorder (MDD) which Takeda has in-licensed from Lundbeck, on sexual functioning in MDD patients experiencing treatment-emergent sexual dysfunction at the American Society of Clinical Psychopharmacology Annual Meeting. Also in June 2014, Takeda and Lundbeck announced data evaluating the effect of BRINTELLIX on aspects of cognitive function at the International College of Neuropsychopharmacology World Congress.

- In June 2014, Takeda and Affymax, Inc. of the U.S. decided that based on the findings of a detailed investigation into postmarketing reports of serious hypersensitivity reactions and discussion between the companies, the product collaboration and license agreement for chronic kidney disease related anemia treatment OMONTYS (generic name: peginesatide) would be terminated, and Takeda would work with the FDA to withdraw the OMONTYS NDA. The agreement was terminated in September 2014.

- In July2014, Takeda and Zinfandel Pharmaceuticals of the U.S. presented several data including an update of the Phase III TOMMORROW study* of AD-4833 (generic name: pioglitazone)/TOMM40 at the Alzheimer's Association International Conference.
  *This clinical trial is investigating a biomarker risk assignment algorithm (including the TOMM40 genotype) to predict risk of mild cognitive impairment (MCI) due to Alzheimer's disease (AD) within a five year period and to evaluate the efficacy of the investigational low dose AD-4833 in delaying the onset of MCI due to AD in cognitively normal individuals at high risk as determined by the risk assignment algorithm.

- In September 2014, Takeda obtained approval from the Japanese MHLW for Fomepizole Intravenous Infusion 1.5g "TAKEDA" (generic name: fomepizole), which Takeda in-licensed from Paladin Labs Inc. of Canada, for the treatment of ethylene glycol and methanol poisonings.

- In September 2014, Takeda and Seattle Genetics, Inc. of the U.S. announced results from the Phase III trial (AETHERA trial) for ADCETRIS (generic name: brentuximab vedotin), a treatment for malignant lymphoma which Takeda in-licensed from Seattle Genetics, as consolidation therapy immediately following an autologous stem cell transplantation in patients with Hodgkin lymphoma.

[Improvement and Reinforcement of R&D organization]
- In April 2014, Takeda was selected as a recipient of a supplemental subsidy from the Japanese government to support investments associated with the development and production of pandemic influenza vaccines.

- In September 2014, Takeda made a strategic investment in BioMotiv of the U.S., and the companies decided to form a partnership that will leverage the strengths of both organizations to identify and develop pioneering medical innovations.

(2) Consolidated Financial Position

[Assets]
Total assets as of September 30, 2014 were ¥4,571.8 billion, an increase of ¥2.7 billion compared to the previous fiscal year end.

[Liabilities]
Total liabilities as of September 30, 2014 were ¥2,040.9 billion, an increase of ¥12.4 billion compared to the previous fiscal year end.

[Equity]
Total equity as of September 30, 2014 was ¥2,530.9 billion, a decrease of ¥9.7 billion compared to the previous fiscal year end mainly due to the dividend payments, despite the increase in exchange differences on translation of foreign operations caused by the yen's depreciation against the U.S. dollar as of September 30, 2014, in addition to net profit for the period.
The ratio of equity attributable to owners of the Company to total assets decreased by 0.2 pt. to 53.9% from the previous fiscal year end.

(3) Outlook for Fiscal 2014

The outlook for consolidated results for the full year of fiscal 2014 has not been changed from the previous forecast (announced at the first quarter of fiscal 2014 financial results announcement on August1, 2014) as follows, considering the current results and foreign exchange rates.

[Full year consolidated forecasts for Fiscal 2014 (April 1, 2014 to March 31, 2015)]

Billions of yen

Revenue	1,725.0 billion yen
R&D expenses	350.0 billion yen
Operating profit	150.0 billion yen
Net profit for the year (attributable to owners of the Company)	85.0 billion yen
EPS	107.67 yen
Core Earnings (Note)	280.0 billion yen
Core Net Profit (Note)	180.0 billion yen
Core EPS (Note)	228.01 yen

(Note) Core Earnings is calculated by deducting any temporary factors such as impacts from business combination accounting and amortization/impairment losses of intangible assets etc. from operating profit. Also, Core EPS is earnings per share based on Core Net Profit that is calculated by deducting any temporary factors that have the similar factors listed above and tax effects on them from Net profit for the year/period.

[Assumptions used in preparing the Outlook]
The foreign exchange rates assumptions for fiscal 2014 are US$1 = ¥105 and 1 Euro = ¥140

[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.

(4) Litigation

Product liability litigation regarding pioglitazone-containing products

The Company, Takeda Pharmaceuticals U.S.A., Inc. (“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. (“Eli Lilly”) is a defendant in many of these lawsuits. Also, proposed personal injury class action lawsuits have been filed in Canada; a lawsuit seeking compensation for bladder cancer has been filed in France.
The Company is vigorously defending these lawsuits.

Of the seven lawsuits tried to-date in the U.S. or state courts in 2013 and 2014, five cases have resulted in verdicts or judgments in favor of Takeda. Plaintiffs in those cases are challenging the verdicts or judgments in post-trial motions or appeals.

In 2014, the first trial was conducted in the federal multi district litigation (“MDL”)*, in the case of Terrence Allen, et al. v. TPNA, et al. On April 7, 2014, the jury reached a verdict in favor of plaintiffs and awarded $1,475 thousand in compensatory damages against Takeda defendants and Eli Lilly, allocating liability 75% to Takeda defendants and 25% to Eli Lilly. The jury also assessed $6 billion in punitive damages against Takeda defendants and $3 billion in punitive damages against Eli Lilly. In June, Takeda and Eli Lilly filed post-trial motions challenging the verdict. In August, the court denied the post-trial motion for judgment in favor of Takeda and Eli Lilly and in September, entered a judgment on the jury verdict mentioned above. The compensatory damages award was reduced from $1,475 thousand to $1,270 thousand under New York law as the result of this judgment. On October 27, the court

ruled on the post-trial motion to reduce the punitive damage award, entering an amended judgment to reduce the punitive damage award against Takeda defendants to $27.65 million and against Eli Lilly to $9.22 million.

In October, the jury in a state court located in Philadelphia County, Pennsylvania, found in favor of the plaintiff and awarded $2,050 thousand in compensatory damages.

Takeda intends to challenge these adverse outcomes through all available means, including post-trial motions and appeals.
Many additional state court trials are scheduled to take place during the remainder of 2014 and 2015, and the Company is vigorously and appropriately defending them, as well.

* An MDL consolidates similar cases filed in federal courts under one federal jurisdiction primarily for pre-trial and discovery purposes.

2. Additional Information in Summary

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in consolidation scope):

No applicable event occurred during the period.

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

The significant accounting policies adopted for the condensed interim consolidated financial statements are the same as those for the fiscal year ended March 31, 2014 with the exception of the items described below.
The Companies calculated income taxes for the six month period ended September 30, 2014, based on the estimated average annual effective tax rate.

(Changes in accounting policies)
The accounting standards applied by the Companies effective from the first quarter ended June 30, 2014 are as follows.

IFRS		Description of new standards, interpretations and amendments
IAS 32	Financial Instruments: Presentation	Presentation of offsetting financial assets and financial liabilities
IAS 39	Financial Instruments: Recognition and Measurement	Amendment to novation of derivatives and continuation of hedge accounting
IFRS 10	Consolidated Financial Statements	Amendment to definition of investment entity and accounting treatment for the investments
IFRS 12	Disclosure of Interests in Other Entities	New disclosure requirements related to the amendment to IFRS 10
IFRIC 21	Levies	Clarification of the accounting for levies

The above standards do not have a material impact on the condensed interim consolidated financial statements.

3. Condensed Interim Consolidated Financial Statements [IFRS]

(1) Condensed Interim Consolidated Statement of Income

(Millions of yen)

	Six month period ended September 30, 2013	Six month period ended September 30, 2014
Revenue	828,051	851,352
Cost of sales	(238,052)	(246,987)
Gross profit	589,999	604,365
Selling, general and administrative expenses	(260,561)	(283,150)
Research and development expenses	(155,883)	(156,519)
Amortization and impairment losses on intangible assets associated with products	(58,634)	(63,221)
Other operating income	11,061	38,716
Other operating expenses	(16,053)	(23,497)
Operating profit	109,929	116,695
Finance income	22,174	10,106
Finance expenses	(12,357)	(14,729)
Share of profit of associates accounted for using the equity method	480	1,064
Profit before tax	120,226	113,135
Income tax expenses	(39,690)	(49,982)
Net profit for the period	80,535	63,154
Attributable to:		
Owners of the Company	78,748	61,437
Non-controlling interests	1,787	1,717
Net profit for the period	80,535	63,154
Earnings per share (yen)		
Basic earnings per share	99.75	78.07
Diluted earnings per share	99.65	77.95

(2) Condensed Interim Consolidated Statement of Income and Other Comprehensive Income

(Millions of yen)

	Six month period ended September 30, 2013	Six month period ended September 30, 2014
Net profit for the period	80,535	63,154
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	1,477	(4,634)
	1,477	(4,634)
Items that may be reclassified to subsequently to profit or loss		
Exchange differences on translating foreign operations	126,249	19,001
Net changes on revaluation of available-for-sale financial assets	7,916	1,817
Cash flow hedges	(2,068)	(1,290)
	132,097	19,528
Other comprehensive income, net of tax	133,574	14,894
Total comprehensive income for the period	214,109	78,048
Attributable to:		
Owners of the Company	211,734	75,220
Non-controlling interests	2,375	2,828
Total comprehensive income for the period	214,109	78,048

(3) Condensed Interim Consolidated Statement of Financial Position

(Millions of yen)

	As of March 31, 2014	As of September 30, 2014
ASSETS		
Non-current assets		
Property, plant and equipment	542,253	535,266
Goodwill	814,671	821,515
Intangible assets	1,135,597	1,099,174
Investment property	32,083	30,403
Investments accounted for using the equity method	10,001	10,543
Other financial assets	192,806	204,458
Other non-current assets	40,772	39,086
Deferred tax assets	208,424	197,714
Total non-current assets	2,976,607	2,938,159
Current assets		
Inventories	254,329	277,415
Trade and other receivables	430,620	455,230
Other financial assets	184,981	159,908
Income taxes recoverables	12,044	6,549
Other current assets	43,510	51,347
Cash and cash equivalents	666,048	681,453
Subtotal	1,591,531	1,631,903
Assets held for sale	1,005	1,746
Total current assets	1,592,536	1,633,648
Total assets	4,569,144	4,571,807

(Millions of yen)

	As of March 31, 2014	As of September 30, 2014
LIABILITIES AND EQUITY		
LIABILITIES		
Non-current liabilities		
Bonds and loans	704,580	714,761
Other financial liabilities	110,129	116,893
Net defined benefit liabilities	76,497	83,163
Provisions	14,399	12,503
Other non-current liabilities	39,555	68,171
Deferred tax liabilities	280,595	266,221
Total non-current liabilities	1,225,755	1,261,713
Current liabilities		
Bonds and loans	155,404	165,397
Trade and other payables	184,900	155,223
Other financial liabilities	48,817	51,390
Income taxes payables	52,332	80,101
Provisions	125,349	127,541
Other current liabilities	235,953	199,510
Total current liabilities	802,754	779,162
Total liabilities	2,028,509	2,040,875
EQUITY		
Share capital	63,562	63,659
Share premium	39,866	54,207
Treasury shares	(621)	(18,178)
Retained earnings	1,901,307	1,879,162
Other components of equity	466,624	485,029
Equity attributable to owners of the Company	2,470,739	2,463,880
Non-controlling interests	69,896	67,052
Total equity	2,540,635	2,530,932
Total liabilities and equity	4,569,144	4,571,807

(4) Condensed Interim Consolidated Statement of Changes in Equity

Six month period ended September 30, 2013 (From April 1 to September 30, 2013)

(Millions of yen)

	Equity attributable to owners of the Company					
					Other components of equity	
	Share capital	Share premium	Treasury shares	Retained earnings	Exchange differences on translating foreign operations	Net changes on revaluation of available-for-sale financial assets
As of April 1, 2013	63,541	40,257	(587)	1,927,795	177,083	64,598
Net profit for the period				78,748		
Other comprehensive income					125,698	7,880
Comprehensive income for the period	—	—	—	78,748	125,698	7,880
Issuances of new shares	21	21				
Acquisitions of treasury shares			(17)			
Disposals of treasury shares			2			
Dividends				(71,059)		
Changes in the ownership interest in subsidiaries						
Transfers from other comprehensive income to retained earnings				1,477		
Share-based payment transactions		273				
Put options written on non-controlling interests		(372)				
Total transactions with owners	21	(78)	(15)	(69,582)	—	—
As of September 30, 2013	63,562	40,179	(602)	1,936,960	302,781	72,478

	Equity attributable to owners of the Company				Non-controlling interests	Total equity
	Other components of equity			Total		
	Cash flow hedges	Remeasurements of defined benefit plans	Total			
As of April 1, 2013	1,416	—	243,097	2,274,103	64,183	2,338,286
Net profit for the period			—	78,748	1,787	80,535
Other comprehensive income	(2,068)	1,477	132,987	132,987	587	133,574
Comprehensive income for the period	(2,068)	1,477	132,987	211,734	2,375	214,109
Issuances of new shares			—	42		42
Acquisitions of treasury shares			—	(17)		(17)
Disposals of treasury shares			—	2		2
Dividends			—	(71,059)	(658)	(71,717)
Changes in the ownership interest in subsidiaries			—	—		—
Transfers from other comprehensive income to retained earnings		(1,477)	(1,477)	—		—
Share-based payment transactions			—	273		273
Put options written on non-controlling interests			—	(372)		(372)
Total transactions with the owners	—	(1,477)	(1,477)	(71,131)	(658)	(71,789)
As of September 30, 2013	(652)	—	374,607	2,414,706	65,900	2,480,606

Six month period ended September 30, 2014 (From April 1 to September 30, 2014)

(Millions of yen)

	Equity attributable to owners of the Company					
					Other components of equity	
	Share capital	Share premium	Treasury shares	Retained earnings	Exchange differences on translating foreign operations	Net changes on revaluation of available-for-sale financial assets
As of April 1, 2014	63,562	39,866	(621)	1,901,307	406,151	60,771
Net profit for the period				61,437		
Other comprehensive income					17,933	1,762
Comprehensive income for the period	—	—	—	61,437	17,933	1,762
Issuances of new shares	97	97				
Acquisitions of treasury shares			(17,558)			
Disposals of treasury shares		(0)	1			
Dividends				(71,060)		
Changes in the ownership interest in subsidiaries				(7,901)		
Transfers from other comprehensive income to retained earnings				(4,622)		
Share-based payment transactions		2,967				
Put options written on non-controlling interests		11,277				
Total transactions with the owners	97	14,341	(17,557)	(83,582)	—	—
As of September 30, 2014	63,659	54,207	(18,178)	1,879,162	424,084	62,533

	Equity attributable to owners of the Company				Non-controlling interests	Total equity
	Other components of equity			Total		
	Cash flow hedges	Remeasurements of defined benefit plans	Total			
As of April 1, 2014	(298)	—	466,624	2,470,739	69,896	2,540,635
Net profit for the period			—	61,437	1,717	63,154
Other comprehensive income	(1,290)	(4,622)	13,784	13,784	1,111	14,894
Comprehensive income for the period	(1,290)	(4,622)	13,784	75,220	2,828	78,048
Issuances of new shares			—	194		194
Acquisitions of treasury shares			—	(17,558)		(17,558)
Disposals of treasury shares			—	1		1
Dividends			—	(71,060)	(1,592)	(72,651)
Changes in the ownership interest in subsidiaries			—	(7,901)	(4,079)	(11,980)
Transfers from other comprehensive income to retained earnings		4,622	4,622	—		—
Share-based payment transactions			—	2,967		2,967
Put options written on non-controlling interests			—	11,277		11,277
Total transactions with the owners	—	4,622	4,622	(82,079)	(5,671)	(87,750)
As of September 30, 2014	(1,588)	—	485,029	2,463,880	67,052	2,530,932

(5) Notes to Condensed Interim Consolidated Financial Statements

(Going Concern Assumption)

Six month period ended September 30, 2014 (April 1 to September 30, 2014)

No events to be noted for this purpose.

(Significant Changes in Equity Attributable to Owners of the Company)

Six month period ended September 30, 2014 (April 1 to September 30, 2014)

No events to be noted for this purpose.

(Segment Information)

1. Revenues and operating profit by reportable segment and other information

Six month period ended September 30, 2013 (April 1 to September 30, 2013)

(Millions of yen)

	Reportable Segments			Total	Condensed interim consolidated financial statements
	Ethical Drugs	Consumer Healthcare	Other		
Revenues	748,722	36,724	42,605	828,051	828,051
Operating profit	91,375	10,480	8,074	109,929	109,929
			Finance income		22,174
			Finance expenses		(12,357)
			Share of profit of associates accounted for using the equity method		480
			Profit before tax		120,226

Six month period ended September 30, 2014 (April 1 to September 30, 2014)

(Millions of yen)

	Reportable Segments			Total	Condensed interim consolidated financial statements
	Ethical Drugs	Consumer Healthcare	Other		
Revenues	770,132	37,665	43,556	851,352	851,352
Operating profit	80,353	11,293	25,049	116,695	116,695
			Finance income		10,106
			Finance expenses		(14,729)
			Share of profit of associates accounted for using the equity method		1,064
			Profit before tax		113,135

2. Geographic Information

Revenues

(Millions of yen)

	Japan	North America		Europe	Russia /CIS	Latin America	Asia	Others	Total
			(United States)						
Six month period ended September 30, 2013	365,396	180,185	169,039	147,890	41,285	38,181	40,303	14,813	828,051
Six month period ended September 30, 2014	359,335	197,615	185,812	144,767	38,027	41,170	51,245	19,193	851,352

(Note) Revenue is classified into countries or regions based on the customer location.
"Other" region includes Middle East, Oceania and Africa.

(Breakdown of Revenues)

Six month period ended September 30, 2013 (April 1 to September 30, 2013)

(Millions of yen)

Ethical Drugs			Consumer healthcare	Other	Condensed interim consolidated statement of income	[Royalties]
(Japan)	(Overseas)	Subtotal				
290,960	457,762	748,722	36,724	42,605	828,051	[37,514]

Six month period ended September 30, 2014 (April 1 to September 30, 2014)

(Millions of yen)

Ethical Drugs			Consumer healthcare	Other	Condensed interim consolidated statement of income	[Royalties]
(Japan)	(Overseas)	Subtotal				
283,229	486,903	770,132	37,665	43,556	851,352	[28,540]

(Contingent liabilities)

1. Litigation

The Company, Takeda Pharmaceuticals U.S.A. Inc. ("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. ("Eli Lilly") is a defendant in many of these lawsuits. Also, proposed personal injury class action lawsuits have been filed in Canada, and a lawsuit seeking compensation for bladder cancer has been filed in France.

Of the seven lawsuits tried to-date in the U.S. or state courts in 2013 and 2014, five cases have resulted in verdicts or judgments in favor of Takeda. Plaintiffs in those cases are challenging the verdicts or judgments in post-trial motions or appeals. In the case of Terrence Allen, et al. v. Takeda Pharmaceuticals North America, Inc. (the existing "TPUSA"), et al, No. 6:12-cv-00064, the jury found in favor of the plaintiffs and awarded $1,475 thousand in compensatory damages. The allocation of liability was 75% to Takeda defendants and 25% to Eli Lilly. The jury also awarded $6 billion in punitive damages against Takeda defendants and $3 billion in punitive damages against co-defendant, Eli Lilly. The trial began on February 3rd in the United States District Court for the Western District Louisiana. In June, Takeda and Eli Lilly filed post-trial motions challenging the verdict. In August, the court denied the post-trial motion for judgment in favor of Takeda and Eli Lilly and in September, entered a judgment on the jury verdict mentioned above. The compensatory damages award was reduced from $1,475 thousand to $1,270 thousand under New York law as the result of this judgment. On October 27, the court ruled on the post-trial motion to reduce the punitive damage award, entering an amended judgment to reduce the punitive damage award against Takeda defendants to $27.65 million and against Eli Lilly to $9.22 million.

Takeda defendants believe a damage award as of any amount is not justified based on the evidence presented in this trial and intend to vigorously challenge this outcome through an appeal. While we are aware that this case is also subject to similar uncertainties inherent to lawsuits, we have not disclosed the range of potential loss arising from those uncertainties in accordance with paragraph 92 of IAS 37 ("Provisions, Contingent Liabilities and Contingent Assets".)

(Significant Subsequent Events)

No applicable event occurred during the period.