SUMMARY OF FINANCIAL STATEMENTS [IFRS] (CONSOLIDATED)
Financial Results for the Fiscal Year Ended March 31, 2015

May 15, 2015

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

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Scheduled date of annual general meeting of shareholders: June 26, 2015
Scheduled date of securities report submission: June 26, 2015
Scheduled date of dividend payment commencement: June 29, 2015
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 2014 (April 1, 2014-March 31, 2015)

(1) Consolidated Operating Results

(Percentage figures represent changes from previous fiscal year)

	Revenue		Operating profit		Profit before income taxes		Net profit for the year		Profit attributable to owners of the Company	
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)
Fiscal 2014	1,777,824	5.1	(129,254)	—	(145,437)	—	(143,034)	—	(145,775)	—
Fiscal 2013	1,691,685	8.6	139,274	114.3	158,851	19.4	109,558	(27.3)	106,658	(28.2)

	Total comprehensive income for the year		Basic earnings per share	Diluted earnings per share	Return on equity attributable to owners of the Company	Ratio of profit before income taxes to total assets	Ratio of operating profit to revenue
	(¥ million)	(%)	(¥)	(¥)	(%)	(%)	(%)
Fiscal 2014	(180,860)	—	(185.37)	(185.37)	(6.3)	(3.3)	(7.3)
Fiscal 2013	343,666	6.3	135.10	134.95	4.5	3.7	8.2

(Reference) Share of profit on investments accounted for using the equity method:
Fiscal 2014 ¥1,337 million
Fiscal 2013 ¥1,000 million

(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 March 31, 2015	4,296,192	2,206,176	2,137,047	49.7	2,719.27
As of March 31, 2014	4,569,144	2,540,635	2,470,739	54.1	3,129.63

(3) Consolidated Cash Flows

	Net cash from operating activities (¥ million)	Net cash from (used in) investing activities (¥ million)	Net cash from (used in) financing activities (¥ million)	Cash and cash equivalents at end of period (¥ million)
Fiscal 2014	182,517	91,347	(300,998)	655,243
Fiscal 2013	148,720	(154,057)	96,502	666,048

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 2013	—	90.00	—	90.00	180.00	142,119	133.2	6.0
Fiscal 2014	—	90.00	—	90.00	180.00	142,124	—	6.2
Fiscal 2015 (Projection)	—	90.00	—	90.00	180.00		208.0	

3. Projected Consolidated Results for Fiscal 2015 (April 1, 2015-March 31, 2016)

(Percentage figures represent changes from previous fiscal year.)

	Revenue		Operating profit		Profit before income taxes		Net profit attributable to owners of the Company		Basic earnings per share
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥)
Fiscal 2015	1,820,000	2.4	105,000	—	115,000	—	68,000	—	86.53

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

(3) Number of shares outstanding (common stock)
1) Number of shares outstanding (including treasury stock) at term end:
March 31, 2015 789,923,595 shares
March 31, 2014 789,680,595 shares
2) Number of shares of treasury stock at term end:
March 31, 2015 4,032,165 shares
March 31, 2014 212,853 shares
3) Average number of outstanding shares:
Fiscal 2014 786,391,395 shares
Fiscal 2013 789,464,621 shares

(Reference) Summary of Unconsolidated Results

Summary of Unconsolidated Results for Fiscal 2014 (April 1, 2014 – March 31, 2015)

(1) Unconsolidated Operating Results

(Percentage figures represent changes from previous fiscal year)

	Net sales		Operating income		Ordinary income	
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)
Fiscal 2014	776,222	(2.5)	110,066	(3.4)	239,509	14.1
Fiscal 2013	796,512	0.8	113,992	29.4	209,890	118.0

	Net income		Earnings per share	Fully diluted earnings per share
	(¥ million)	(%)	(¥)	(¥)
Fiscal 2014	60,714	(70.5)	77.20	77.10
Fiscal 2013	205,497	32.3	260.27	259.98

(2) Unconsolidated Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Shareholders' equity ratio (%)	Shareholders' equity per share (¥)
As of March, 2015	2,591,184	1,477,854	57.0	1,877.88
As of March, 2014	2,728,528	1,584,309	58.0	2,004.64

(Reference) Shareholders' equity As of March 31, 2015 ¥ 1,475,964 million
As of March 31, 2014 ¥ 1,582,763 million

* 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 FY2014 is scheduled to disclose on June 26, 2015 after completion of the audit.

*Note to ensure appropriate use of forecasts, and other noteworthy items

- Takeda has adopted International Financial Reporting Standards (IFRS), and the disclosure information in this document is based on IFRS.
- All forecasts in this document are based on information currently available to the management, and do not represent a promise or guarantee to achieve those forecasts. Various uncertain factors could cause actual results to differ, such as changes in the business environment and fluctuation of foreign exchange rates. If a significant event occurs that requires the forecasts to be revised, the Company will disclose it in a timely manner.
- For details of the financial forecast, and the management guidance indicators for actual business performance, please refer to "1. Results of Operations (1) Analysis of Consolidated Operating Results (Outlook for Fiscal 2015)" on page 12.
- Supplementary materials for the financial statements (databook, presentation materials for the earnings release conference to be held on May 15, 2015) and the audio of the conference including question-and-answer session will be promptly posted on the Company's website.
(Takeda Website):
http://www.takeda.com/investor-information/results/

Attachment Index

1. Results of Operations

(1) Analysis of Consolidated Operating Results

(Operating results for Fiscal 2014)

(i) Operating Results

Consolidated results (April 1, 2014 to March 31, 2015):

Billions of yen

	Amount	*Change over the previous year*	
Revenue	1,777.8	+86.1	+ 5.1%
R&D expenses	382.1	+40.5	+ 11.9%
Operating profit	- 129.3	- 268.5	- 192.8%
Net profit for the year (attributable to owners of the Company)	- 145.8	- 252.4	- 236.7%
EPS (yen)	- 185.37	- 320.47	- 237.2%
Core Earnings (Note)	288.3	- 25.9	- 8.2%
Core Net profit (Note)	176.7	- 33.5	- 15.9%
Core EPS (yen) (Note)	224.73	- 41.52	- 15.6%

(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.

[Revenue]

Consolidated revenue was ¥1,777.8 billion, an increase of ¥86.1 billion (+5.1%) compared to the previous year.

- In Japan, the sales of AZILVA (a drug for hypertension) and LOTRIGA (a drug for hyperlipidemia) significantly increased over the previous year. In the U.S., in addition to the increase in sales of VELCADE (a drug for multiple myeloma), ENTYVIO (a drug for ulcerative colitis and Crohn's disease) has experienced an outstanding sales uptake since its launch in 2014. Furthermore, the sales of ADCETRIS (a drug for lymphoma) continued to expand in Europe, and the depreciation of the yen also had a positive impact on revenue. On the other hand, there were also negative factors, including the penetration of generic products after the patent expiry of blockbuster products such as candesartan (Japan product name: BLOPRESS, a drug for hypertension) and lansoprazole (Japan product name: TAKEPRON, a drug for peptic ulcers), and the impact of the National Health Insurance price reduction in Japan.

In total, consolidated revenue increased by ¥86.1 billion.

Underlying revenue growth* increased by 2.8% compared to the previous year.

* 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 previous year	
Multiple myeloma / Velcade	152.7	+21.4	+16.3%
Hypertension / Candesartan (Japan product name: Blopress)	125.7	- 31.4	- 20.0%
Prostate cancer, breast cancer and endometriosis / Leuprorelin (Japan product name: Leuplin)	124.0	- 2.8	- 2.2%
Peptic ulcer / Pantoprazole	103.7	+ 0.1	+ 0.1%
Peptic ulcer / Lansoprazole (Japan product name: Takepron)	102.9	-16.8	-14.0%
Gout / Colcrys	58.8	+ 6.9	+ 13.3%
Type 2 diabetes / Pioglitazone (Japan product name: Actos)	31.0	- 5.7	- 15.6%

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

[Operating profit]

Consolidated operating loss was (¥129.3) billion, a decrease of ¥268.5 billion (-192.8%) compared to the previous year.

- Gross profit increased by ¥55.4 billion (+4.6%) due to revenue increase.
- Selling, general and administrative expenses increased by ¥56.4 billion (+10.1%) mainly due to the launch of new products in the U.S.
- R&D expenses increased by ¥40.5 billion (+11.9%) to ¥382.1 billion compared to the previous year.
- Amortization and impairment losses on intangible assets associated with products increased due to recognition of impairment loss for a product of ¥53.2 billion.
- Other operating income significantly increased mainly due to the reversal of a contingent consideration (Note) that varies with performance of the COLCRYS business of ¥53.8 billion and the gains on sales of property, plant and equipment of ¥32.8 billion.
  (Note) A fair value liability of estimated additional consideration based on future specific events to transfer to former owners of an acquired company.
- The company and its subsidiaries in the U.S. have reached agreement expected to resolve the vast majority of pioglitazone (U.S. brand name: ACTOS) product liability lawsuits pending in the U.S. against Takeda. Accordingly, Takeda recognized the provision of $2.7 billion (¥324.1 billion) for covering the settlement, for costs associated with court cases against plaintiffs who do not participate in the settlement, and for other related expenses. Takeda also recognized the insurance receivable of ¥50.0 billion which is anticipated to be covered by product liability insurance. In total, the net amount was booked as other operating expense.
- On an underlying basis, which excludes FX impacts and other factors, selling, general and administrative expenses increased by 5.4% (general and administrative expenses, excluding selling expenses, decreased by 0.7%) and R&D expenses increased by 1.0%.

[Net profit for the year (attributable to owners of the Company)]
Consolidated net loss for the year was (¥145.8) billion, a decrease of 252.4 billion (-236.7%) compared to the previous year.

- In addition to the decrease in operating profit, net financial income/expenses decreased mainly due to the decrease in gains on sales of financial assets compared to the previous year. Furthermore, tax expenses increased due to revaluation of a recoverability of deferred tax assets and a reduction of the effective tax rate in Japan. As a result, consolidated net profit for the year significantly decreased.
- Basic earnings per share was (¥185.37), a decrease of ¥320.47 (-237.2%) compared to the previous year.

[Core Earnings]
Core Earnings was ¥288.3 billion, a decrease of ¥25.9 billion (-8.2%) compared to the previous year.

- Core Net Profit* was ¥176.7 billion, a decrease of ¥33.5 billion (-15.9%) compared to the previous year.
- Core EPS was ¥224.73, a decrease of ¥41.52 (-15.6%) compared to the previous year.

* 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 year.

Details of major commercial initiatives during the reporting period, divided by therapeutic area, are as follows. For the details of R&D activities, please refer to section "Activities and Results of Research & Development" on page 8.

Gastroenterology (GI)

- In June 2014, Takeda launched ENTYVIO in the U.S. and Europe for the treatment of ulcerative colitis and Crohn's disease. 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 US and Canada to all global markets, except Japan and China.
- In February 2015, Takeda launched TAKECAB in Japan in co-promotion with Otsuka Pharmaceutical Company, Limited. TAKECAB is a new drug discovered and developed by Takeda that provides a fast-acting, strong and sustained effect for treating acid-related diseases.

Oncology

- In April 2014, Takeda launched ADCETRIS in Japan for the treatment of malignant lymphomas, a highly anticipated new treatment option for patients. Takeda is steadily increasing the number of countries where this treatment is available, including emerging markets.
- Multiple myeloma treatment VELCADE has grown to become Takeda's top selling product in FY2014.

Central Nervous System (CNS)

- Takeda is now focusing on achieving swift market penetration to quickly maximize the value of BRINTELLIX, a treatment for major depressive disorder. BRINTELLIX was in-licensed from Lundbeck and launched in 2014 in the U.S.

Cardiovascular and Metabolic (CVM)

- In June 2014, Takeda launched ZACRAS in Japan (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.
- In October 2014, Takeda launched CONTRAVE in the United States as a new treatment option for obesity. CONTRAVE was in-licensed from Orexigen.

(ii) Results by Segment

Revenue and operating profit by business segment (April 1, 2014 to March 31, 2015):

Billions of yen

Type of Business	Revenue		Operating profit	
	Amount	Change over the previous year	Amount	Change over the previous year
Ethical Drug	1,614.5	+85.4	-178.9	-291.0
<Japan>	<561.3>	< -20.8>		
<Overseas>	<1,053.2>	< +106.2>		
Consumer Healthcare	73.6	+0.7	17.2	+0.8
Other	89.7	-0.0	32.4	+21.7
Total	1,777.8	+86.1	-129.3	-268.5

[Ethical Drug Business]

Revenue in the Ethical Drug Business was ¥1,614.5 billion, an increase of ¥85.4 billion (+5.6%) compared to the previous year, and operating loss was (¥178.9) billion, a decrease of ¥291.0 billion (-259.6%) compared to the previous year.

- Revenue in Japan was ¥561.3 billion, a decrease of ¥20.8 billion (-3.6%) compared to the previous year. Contribution from sales increase of products launched in and after 2010 such as AZILVA, LOTRIGA 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 previous year	
Blopress (Hypertension)	94.6	- 31.2	- 24.8%
Leuplin (Prostate cancer, breast cancer and endometriosis)	57.6	- 6.9	- 10.7%
Takepron (Peptic ulcer)	52.5	- 15.1	- 22.3%
Azilva (Hypertension)	45.4	+ 20.1	+ 79.4%
Nesina (Type 2 diabetes)	38.4	+ 0.4	+ 1.0%
Vectibix (Cancer)	18.3	- 1.0	- 5.3%
Reminyl (Alzheimer's dementia)	13.9	+ 1.6	+ 13.2%
Lotriga (hyperlipidemia)	13.2	+ 7.9	+ 150.9%
Actos (Type 2 diabetes)	10.8	- 4.7	- 30.3%

- Revenue in overseas markets was ¥1,053.2 billion, an increase of ¥106.2 billion (+11.2%) compared to the previous year. In addition to the sales increase of VELCADE and DEXILANT in the U.S., 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 previous year	
Velcade (Multiple myeloma)	146.2	+ 16.3	+ 12.6%
Pantoprazole (Peptic ulcer)	103.7	+ 0.1	+ 0.1%
Leuprorelin (Prostate cancer, breast cancer and endometriosis)	66.4	+ 4.1	+ 6.6%
Dexilant (Acid reflux disease)	62.3	+ 12.0	+ 23.9%
Colcrys (Gout)	58.8	+ 6.9	+ 13.3%
Lansoprazole (Peptic ulcer)	50.4	- 1.7	- 3.2%
Candesartan (Hypertension)	31.1	- 0.2	- 0.5%
Entyvio (Ulcerative colitis and Crohn’s disease)	27.8	-	- %
Pioglitazone (Type 2 diabetes)	20.2	- 1.0	- 4.8%

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

[Consumer Healthcare Business]
Revenue in the Consumer Healthcare Business was ¥73.6 billion, an increase of ¥0.7 billion (+1.0%) compared to the previous year, mainly due to the increase in sales of ALINAMIN tablets (vitamin-containing products). Operating profit increased by ¥0.8 billion (+4.9%) to ¥17.2 billion mainly due to the improvement in gross profit margin.

[Other Business]
Revenue in the Other Business remained relatively flat compared to the previous year at ¥89.7 billion. Operating profit increased by ¥21.7 billion (+200.7%) to ¥32.4 billion mainly due to the gains on sales of property, plant and equipment.

(iii) Activities and Results of Research & Development

Takeda has aligned 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 and asset strategies to achieve a global leadership position in each area, and to meet the unmet medical needs of patients. In addition, Specialty Business Units have been established for Oncology and Vaccines, which 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 March 2015, a post hoc analysis of data from EXAMINE, a global cardiovascular safety outcomes trial of alogliptin, was published in *The Lancet*. In April 2015, the Endocrinologic and Metabolic Drugs Advisory Committee (EMDAC) of the FDA convened to review EXAMINE and voted that the use of alogliptin in patients with Type 2 diabetes has an acceptable CV risk profile.

- In May 2014, Takeda presented the results of five Phase III trials for TAKECAB (generic name: vonoprazan), for the treatment of acid-related diseases, at the poster session of Digestive Disease Week (DDW). In December 2014, Takeda received approval from the Japanese MHLW for TAKECAB. In March 2015, Takeda submitted a New Drug Application (NDA) to the Japanese MHLW for a single pack including TAKECAB for the eradication of *Helicobacter pylori*.

- 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 an 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 ZAFATEK (generic name: trelagliptin) for type 2 diabetes, at the 50th Annual Meeting of the European Association for the Study of Diabetes. In March 2015, Takeda received approval from the Japanese MHLW for ZAFATEK.

- In November 2014, Takeda was granted Breakthrough Therapy* status from the FDA for MLN9708 (generic name: ixazomib) for the treatment of relapsed or refractory systemic light-chain (AL) amyloidosis. This is the first proteasome inhibitor and first investigational therapy for AL amyloidosis to receive Breakthrough Therapy designation. In December 2014, the data used to support this designation was presented at the 56th American Society of Hematology (ASH) annual meeting. At the same meeting, Takeda also presented results from a Phase II study evaluating the safety and efficacy of oral, single-agent MLN9708 as maintenance therapy in patients with multiple myeloma (MM) who had received MLN9708, lenalidomide and dexamethasone as induction therapy.
  In February 2015, Takeda announced that the Phase III study of MLN9708 in patients with relapsed or refractory MM (TOURMALINE-MM1 study) achieved its primary endpoint of improving progression-free survival at the first interim analysis. In the trial, patients treated with investigational MLN9708 plus lenalidomide and dexamethasone lived without their disease worsening for a significantly longer time compared to patients who received placebo plus lenalidomide/dexamethasone. In May 2015, Takeda announced that it has started the Phase III study (TOURMALINE-MM4 study) in in patients with newly diagnosed multiple myeloma who have responded to initial therapy and have not undergone an autologous stem cell transplant.
  * Breakthrough Therapy designation is intended to expedite the development and review of new medicines to treat serious or life-threatening conditions.

- In May 2015, Takeda announced that it has decided to discontinue the Phase III trial of MLN8237 (generic name: alisertib), an inhibitor of Aurora A kinase, for patients with relapsed or refractory peripheral T-cell lymphoma (PTCL) following the results of a pre-specified interim analysis that indicated the study is unlikely to meet the primary endpoint over the standard-of-care in this treatment setting.

[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 January 2015, Takeda announced the start of Phase II/III and Phase III clinical trials of rasagiline 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. In December 2014, Takeda and Seattle Genetics presented this data at the 56th ASH annual meeting. Four-year overall survival (OS) data from the ADCETRIS pivotal Phase II clinical trial in relapsed or refractory systemic anaplastic large cell lymphoma (ALCL) was also presented at this meeting.

- In October 2014, Takeda and Intra-Cellular Therapies, Inc. of the U.S. announced an agreement to mutually terminate the license agreement covering Intra-Cellular Therapies' proprietary compound ITI-214 for the treatment of cognitive impairment associated with schizophrenia, and related PDE 1 inhibitors, and to return the rights for these compounds to Intra-Cellular Therapies.

- In November 2014, Takeda and Amgen of the U.S. announced top-line secondary endpoint results of overall survival (OS) from the Phase III TRINOVA-1 trial evaluating AMG386 (generic name: trebananib), which Takeda in-licensed from Amgen, plus paclitaxel, versus placebo plus paclitaxel in patients with recurrent ovarian cancer.

- In November 2014, Takeda and GE Healthcare of the U.K. announced an alliance agreement for research and development focusing on imaging modalities in the field of hepatic fibrosis, a key factor in the diagnosis and treatment of liver diseases. The collaborative effort aims to help develop therapeutic drugs as well as new diagnostic technologies for liver diseases.

- In December 2014, Takeda submitted an NDA to the Japanese MHLW for glatiramer acetate (generic name), which Takeda in-licensed from TEVA Pharmaceutical Industries Ltd. of Israel, for the relapse prevention of multiple sclerosis.

- In December 2014, Takeda and AMAG Pharmaceuticals of the U.S. announced an agreement to mutually terminate the development and commercialization agreement, for ferumoxytol (generic name), a treatment for iron deficiency anemia, in the European Union (EU) and other territories.

- In February 2015, Takeda announced the voluntary discontinuation of the development of TAK-361S, a four-component, combination Diptheria-Tetanus-acellular Pertussis (DTaP) and Sabin inactivated poliovirus

vaccine (sIPV).* This decision resulted from a vaccine portfolio prioritization process to ensure that Takeda's R&D resources are directed toward the highest-impact programs for public health.

* In 2008, Takeda entered into an agreement with Japan Poliomyelitis Research Institute (now The Research Foundation for Microbial Diseases of Osaka University) for sharing of seed viruses for the Sabin-inactivated poliovirus vaccine.

- In February 2015, Takeda announced that the Phase III study evaluating AMG 706 (generic name: motesanib), which Takeda in-licensed from Amgen of the U.S., did not meet the primary endpoint in patients with advanced non-squamous non-small cell lung cancer (MONET-A study). As a result, Takeda elected to terminate the MONET-A study.

- In March 2015, Takeda announced that it has transferred its license agreement with the Japan Health Sciences Foundation for worldwide patent rights of a human papillomavirus (HPV) vaccine to the Chemo-Sero-Therapeutic Research Institute ("Kaketsuken").

- In May 2015, Takeda announced that the license agreement for the joint development and exclusive commercialization in Europe of LATUDA (generic name: lurasidone), an atypical antipsychotic agent which Takeda in-licensed from Sumitomo Dainippon Pharma Co., Ltd. (Sumitomo Dainippon Pharma), will be terminated. The companies are starting discussions in an effort to finalize and execute a mutual agreement establishing a transition plan for the orderly transfer of all development and commercialization rights and activities with respect to LATUDA to Sumitomo Dainippon Pharma.

[Joint Research activities]

- In December 2014, Takeda and Monash University of Australia announced a strategic research alliance to develop new medicines to address significant unmet medical needs in gastroenterology.

- In February 2015, Takeda and Queen Mary University of London in the U.K. announced a research collaboration that aims to define new insights and develop novel therapies in gastroenterology.

- In April 2015, Takeda and Center for iPS Cell Research Application (CiRA) of Kyoto University entered 10-year collaboration on iPS cell research. Takeda and CiRA will work together to develop clinical applications of induced pluripotent stem cells in areas such as heart failure, diabetes mellitus, neurological disorders and cancer immunotherapy. The "Takeda-CiRA Joint Program for iPS Cell Applications" (T-CiRA) is designed to expedite multiple research projects for drug discovery and cell therapy using iPS cells.

- In April 2015, Takeda announced that it has signed an agreement to undertake collaborative research with Keio University School of Medicine and Niigata University at Takeda's Shonan Research Center regarding the search for and functional analysis of disease-related RNA-binding proteins.

- In April 2015, Takeda and the National Cancer Center (NCC) of Japan signed a partnership agreement with the goal to discover and develop anti-cancer agents. Takeda and the NCC have agreed to share information and hold regular discussions in order to collaborate and transition findings from basic research to clinical research and development activities.

[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.

- In March 2015, Takeda and ImmunoGen, Inc. of the U.S. announced that Takeda has licensed exclusive rights to use ImmunoGen's state-of-the art antibody-drug conjugate (ADC) technology.

(Outlook for Fiscal 2015)

Forecast

Billions of yen

	Amount	*Change over the previous year*	
Revenue	1,820.0	+ 42.2	+2.4%
R&D expenses	330.0	- 52.1	-13.6%
Operating profit	105.0	+ 234.3	- %
Profit before income taxes	115.0	+ 260.4	- %
Net profit for the year (attributable to owners of the Company)	68.0	+ 213.8	- %
EPS (yen)	86.53	+ 271.90	- %

Management Indicators – Underlying growth (*)

Revenue	Low single digit
Core Earnings	Higher than revenue growth
Core EPS	Higher than Core Earnings growth

(*) Please refer to the (Management indicators) on page 23.

[Revenue]
Consolidated revenue is expected to increase from the previous year. The sales decrease of leading products such as Candesartan and Lansoprazole will be absorbed by the growth of new products such as ENTYVIO in the U.S. and AZILVA in Japan, sales expansion in emerging markets, and the positive influence of exchange rate assumptions.

[Operating profit]
Consolidated operating profit is expected to significantly increase from the previous year. Despite an increase in expenses related to the launches of new products and the redesign of the global organizational structure, and the gains on sales of unused real estate is not planned in this year, R&D expenses are forecast to decline, and the previous year was negatively impacted by expenses related to ACTOS lawsuits in the U.S.

[Net profit for the year (attributable to owners of the Company)]
Consolidated net profit for the year is expected to significantly increase from the previous year. In addition to the increase in operating profit, the previous year was negatively impacted by a temporary increase in tax expenses due to the revaluation of recoverability of deferred tax assets and a reduction of the effective tax rate in Japan.

[Assumptions used in preparing the Outlook]
The foreign exchange rates assumptions for fiscal 2015 are US$1 = ¥120 and 1 Euro = ¥130.

[Forward looking statement]
All forecasts in this document are based on information currently available to the management, and do not represent a promise or guarantee to achieve those forecasts. Various uncertain factors could cause actual results to differ, such as changes in the business environment and fluctuation of foreign exchange rates. If a significant event occurs that requires the forecasts to be revised, the Company will disclose it in a timely manner.

(2) Analysis of Consolidated Financial Position

[Assets]

Total assets as of March 31, 2015 were ¥4,296.2 billion, a decrease of ¥273.0 billion compared to the previous fiscal year end.

In addition to the decrease in intangible assets due to the depreciation and impairment loss, other financial assets (current) decreased resulting from the redemption of bonds.

On the other hand, the company and its subsidiaries in U.S. are most likely to reach agreement to resolve the vast majority of ACTOS product liability lawsuits pending against Takeda. Accordingly, other financial assets (current) increased due to the insurance income which will be probably covered by the product liability insurance.

[Liabilities]

Total liabilities as of March 31, 2015, were ¥2,090.0 billion. Despite the redemption of bonds, total liabilities increased by ¥61.5 billion from the previous fiscal year end due to the provision made for the Actos litigation that includes settlement costs, legal fees and other associated costs that totaled ¥324.1 billion.

[Equity]

Total equity decreased by ¥334.5 billion from the previous fiscal year end to ¥2,206.2 billion as of March 31, 2015, due to the significant net loss recorded for the year, in addition to dividend payments.

The ratio of equity attributable to owners of the Company to total assets decreased by 4.3 pt. to 49.7% from the previous fiscal year end.

[Cash Flows]

Cash flow for the current fiscal year resulted in a net cash outflow of ¥10.8 billion.

Net cash inflow by operating activities was ¥182.5 billion, net cash inflow by investing activities was ¥91.3 billion, and net cash outflow by financing activities was ¥301.0 billion mainly due to redemption of bonds.

(3) Basic Policy for Profit Distribution and Dividends for Fiscal 2014 and 2015

(i) Basic Policy for Profit Distribution

In order to maximize the enterprise value of Takeda, we strive towards a sustainable improvement in earning capacity through essential investment in R&D and the steady implementation of our growth strategies. In addition, we are maintaining and strengthening our sound financial base under a flexible financial strategy, working to improve the efficiency of working capital through the optimization of the balance sheet and allocating generated free cash flow into investments for sustainable growth and the repayment of debt. Regarding the distribution of profits resulting from our sustainable increase in profitability, in fiscal year 2015 we will maintain the annual dividend of 180 yen per share. Moving forward, with an emphasis on return to shareholders, we strive to at least maintain the 180 yen annual dividend per share after fiscal year 2015.

(ii) Dividend for Fiscal 2014

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, 2015, which is the same amount as last year.

(iii) Dividend for Fiscal 2015

For the next fiscal year, Takeda plans to pay an annual dividend of ¥180 per share, a same amount as fiscal year 2014.

(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 2014.

(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 compensations.

(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 effects

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 reveal side effects that were not known 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 "precaution" 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. The company can potentially be liable for damages and liabilities if such events occur.

(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 revenue in fiscal 2014 amounted to ¥1,065.0 billion, which accounted for 59.9% of total consolidated revenue. Revenue in the U.S. was ¥426.1 billion, which accounted for 24.0% of total consolidated revenue. For this reason, the Takeda Group's business performance and financial standing are considerably affected by fluctuations in foreign exchange rates. Most of such risks are pure translation risks and as such cannot be mitigated.

(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 such acquisitions 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

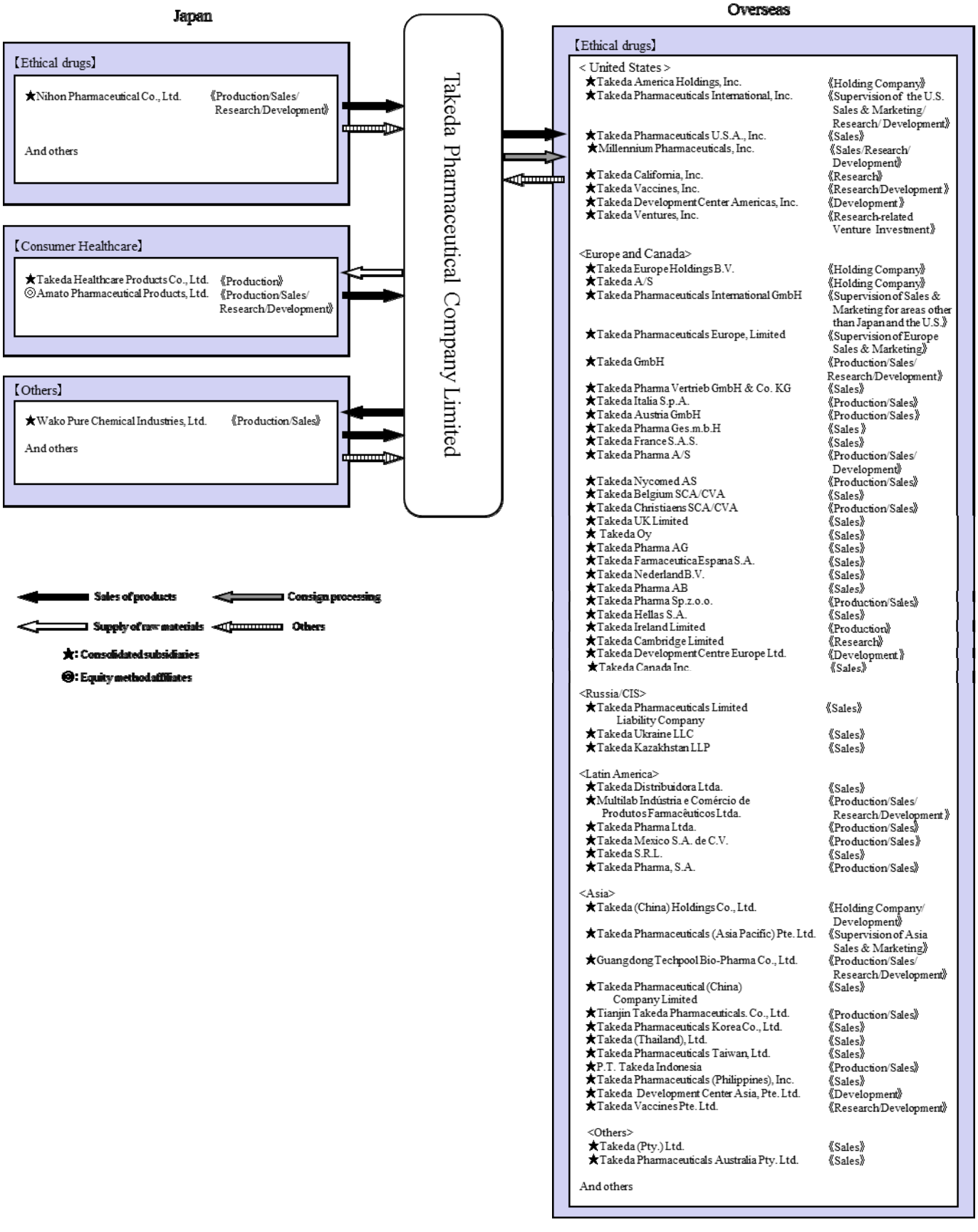
In parallel with rapid international expansion of its sales network, Takeda is strengthening its global supply chain. However, in the event of technical or legal / regulatory problems in Takeda’s production or distribution facilities, or other disruption due to natural disasters or accidental reasons, 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 158 companies, including the parent company submitting these consolidated financial statements, 138 consolidated subsidiaries and 19 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
United States	Takeda America Holdings, Inc.	New York, NY, U.S.A.	USD 1 thousand	Ethical Drugs	100.0*12	—	—
	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	—
	Millennium Pharmaceuticals, Inc.	Cambridge, MA, U.S.A.	USD 0.1	Ethical Drugs	*1,12 100.0 (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	—
	Takeda Vaccines, Inc.	Bozeman, MT, U.S.A.	USD 1	Ethical Drugs	100.0 *1 (100.0)	Handles drug research and development on behalf of Takeda	—
	Takeda Development Center Americas, Inc.	Deerfield, IL, U.S.A.	USD 1	Ethical Drugs	100.0*3 (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 and Canada	Takeda Europe Holdings B.V.	Amsterdam, Netherlands	EUR 280 million	Ethical Drugs	100.0 *12	—	—
	Takeda A/S	Roskilde, Denmark	EUR 113 thousand	Ethical Drugs	*11,12 100.0 (10.4)	—	—
	Takeda Pharmaceuticals International GmbH	Zurich, Switzerland	CHF 2 million	Ethical Drugs	100.0 *5 (100.0)	Purchases drugs from Takeda	—
	Takeda Pharmaceuticals Europe Limited	London, United Kingdom	GBP 4 million	Ethical Drugs	100.0 *2 (100.0)	—	—
	Takeda GmbH	Konstanz, Germany	EUR 11 million	Ethical Drugs	*5 100.0 (100.0)	Purchases drugs from Takeda	—
	Takeda Pharma Vertrieb GmbH & Co. KG	Berlin, Germany	EUR 1 million	Ethical Drugs	100.0 *6 (100.0)	—	—
	Takeda Italia S.p.A.	Rome, Italy	EUR11 million	Ethical Drugs	100.0 *6 (100.0)	Purchases drugs from Takeda	—
	Takeda Austria GmbH	Linz, Austria	EUR 15 million	Ethical Drugs	100.0 *6 (100.0)	—	—
	Takeda Pharma Ges.m.b.H	Vienna, Austria	EUR 600 thousand	Ethical Drugs	100.0 *10 (100.0)	—	—
	Takeda France S.A.S.	Paris, France	EUR 3 million	Ethical Drugs	100.0 *6 (100.0)	Purchases drugs from Takeda	—
	Takeda Pharma A/S	Roskilde, Denmark	Danish kroner 810 million	Ethical Drugs	*4,12 100.0 (100.0)	—	—
	Takeda Nycomed AS	Asker, Norway	Norwegian kroner 273 million	Ethical Drugs	100.0 *5 (100.0)	—	—
	Takeda Belgium SCA/CVA	Brussels, Belgium	EUR 436 thousand	Ethical Drugs	100.0 *9 (100.0)	—	—
	Takeda Christiaens SCA/CVA	Brussels, Belgium	EUR 6 million	Ethical Drugs	100.0 *9 (100.0)	—	—
	Takeda UK Limited	Buckinghamshire, United Kingdom	GBP 50 million	Ethical Drugs	100.0 *5 (100.0)	Purchases drugs from Takeda	—
	Takeda Oy	Helsinki, Finland	EUR 1 million	Ethical Drugs	100.0 *9 (100.0)	—	—
	Takeda Pharma AG	Pfäffikon, Switzerland	CHF 550 thousand	Ethical Drugs	100.0 *10 (100.0)	—	—
	Takeda Farmaceutica Espana S.A.	Madrid, Spain	EUR 1 million	Ethical Drugs	100.0 *6 (100.0)	Purchases drugs from Takeda	—

Area	Company name	Address	Capital (millions of yen)	Principal business	Voting shares owned (%)	Relationship	
						Business transactions	Other
Europe and Canada	Takeda Netherland B.V.	Hoofddorp, Netherlands	EUR 10 million	Ethical Drugs	100.0 *6 (100.0)	—	—
	Takeda Pharma AB	Solna, Sweden	Swedish kroner 2 million	Ethical Drugs	100.0 *9 (100.0)	—	—
	Takeda Pharma Sp.z.o.o.	Warsaw, Poland	Polish zlotys 191 million	Ethical Drugs	100.0*9 (100.0)	—	—
	Takeda Hellas S.A.	Athens, Greece	EUR 3 million	Ethical Drugs	100.0 *10 (100.0)	—	—
	Takeda Ireland Limited	Kilruddery, Ireland	EUR 396 million	Ethical Drugs	100.0 *12	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 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	—
	Takeda Canada Inc.	Oakville, Canada	CND 58 Million	Ethical Drugs	100.0 *6 (100.0)	Purchases drugs from Takeda	—
Russia/CIS	Takeda Pharmaceuticals Limited Liability Company	Moscow, Russia	Russian ruble 26 thousand	Ethical Drugs	100.0 *10 (100.0)	—	—
	Takeda Ukraine LLC	Kiev, Ukraine	Ukrainian hryvnia 52 thousand	Ethical Drugs	100.0 *10 (100.0)	—	—
	Takeda Kazakhstan LLP	Almaty, Kazakhstan	Kazakhstan Tenge 150 thousand	Ethical Drugs	100.0*10 (100.0)	—	—
Latin America	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	*5,12 100.0 (100.0)	—	—
	Takeda Pharma Ltda.	Sao Paulo, Brazil	BRL 24 million	Ethical Drugs	100.0 *6 (100.0)	—	—
	Takeda Mexico S.A. de C.V.	Naucalpan, Mexico	MXN 387 Million	Ethical Drugs	100.0 *10 (100.0)	Purchases drugs from Takeda	—
	Takeda S.R.L.	Caracas, Venezuela	Bolivar fuerte 2 thousand	Ethical Drugs	100.0 *9 (100.0)	—	—
	Takeda Pharma, S.A.	Buenos Aires, Argentina	ARS 98 Million	Ethical Drugs	100.0 *6 (100.0)	—	—
Asia	Takeda (China) Holdings Co., Ltd.	Shanghai, China	USD 75 million	Ethical Drugs	100.0	—	—
	Takeda Pharmaceuticals (Asia Pacific) Pte. Ltd.	Singapore	SGD 15 million	Ethical Drugs	100.0 (100.0)	Purchases drugs from Takeda	—
	Guangdong Techpool Bio-Pharma Co., Ltd.	Guangzhou, China	CNY 100 million	Ethical Drugs	51.3 *10 (51.3)	—	—
	Takeda Pharmaceutical (China) Company Limited	Taizhou, China	USD 62 million	Ethical Drugs	100.0 *7 (100.0)	—	—
	Tianjin Takeda Pharmaceuticals Co., Ltd.	Tianjin, China	USD 76 million	Ethical Drugs	100.0*12	Purchases drugs from Takeda	—
	Takeda Pharmaceuticals Korea Co., Ltd.	Seoul, Korea	KRW 2,000 million	Ethical Drugs	100.0 *8 (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 (100.0)	Purchases drugs from Takeda	—
	P.T. Takeda Indonesia	Jakarta, Indonesia	Rp 1,467 million	Ethical Drugs	70.0	Purchases drugs from Takeda	—
	Takeda Pharmaceuticals (Philippines), Inc.	Manila, Philippines	PHP 97 million	Ethical Drugs	100.0	Purchases drugs from Takeda	—

Area	Company name	Address	Capital (millions of yen)	Principal business	Voting shares owned (%)	Relationship	
						Business transactions	Other
Asia	Takeda Development Center Asia, Pte. Ltd.	Singapore	SGD 5 million	Ethical Drugs	100.0	Handle drug development on behalf of Takeda	—
	Takeda Vaccines Pte. Ltd.	Singapore	SGD 7 thousand	Ethical Drugs	100.0	—	—
Others	Takeda (Pty.) Ltd.	Johannesburg, South Africa	South African rand 1 million	Ethical Drugs	100.0 *6 (100.0)	—	—
	Takeda Pharmaceuticals Australia Pty. Ltd.	Sydney, Australia	AUD 451 thousand	Ethical Drugs	100.0 *6 (100.0)	—	—
Japan	Nihon Pharmaceutical Co., Ltd.	Chiyoda-ku, Tokyo, Japan	760	Ethical Drugs	87.5 (0.2)	Sells drugs, etc., to 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	—

(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 are directly owned by Takeda America Holdings, Inc., Takeda Europe Holdings B.V., 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. Company with *9 and *10 are indirectly owned by Takeda Pharma A/S and Takeda GmbH, respectively.
7. Company with *11 is directly owned by Takeda Pharmaceutical Company Limited (89.6%) and Takeda Europe Holdings B.V. (10.4%), respectively.
8. Company with *12 is qualified as specified subsidiaries.
9. In December 2014, Oy Leiras Takeda Pharmaceuticals Ab was renamed to Takeda Oy.

3. Management Policy

(Basic Management Policy)

Takeda places “Takeda-ism” (Integrity: Fairness, Honesty and Perseverance) at the heart of all its activities, with a deliberate focus, by order of priority, on the well-being of patients, the reinforcement of trust with society, its reputation and business performance.

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”, which has been summarized in the tagline “Better Health, Brighter Future”.

Takeda is patient and customer centric, and with a global organization fostering talent, a focused world class innovation engine, and attention to financial discipline, Takeda strives to be a best-in-class, agile company with sustainable, profitable growth in the years ahead.

(Medium to Long Term Management Strategy and Issues to be Addressed)

Fiscal Year 2014 was a pivotal year for the transformation of Takeda, with the successful launches of several new products including ENTYVIO for ulcerative colitis and Crohn's disease and TAKECAB for acid-related diseases, a redesign of its global organizational structure, and the progressive implementation of business process innovation. In the first two years of execution, Project Summit has already achieved more than half of its five-year (2013-2017) cost savings target of 120 billion yen.

These achievements have laid the foundation for Takeda to enter the next important phase of strategic execution from Fiscal Year 2015. Takeda expects organic revenue growth in the mid-term period, with its main growth drivers being Innovative Products in the United States and Value Brands (branded generics and OTC products) in Emerging Markets.

Over the next few years, ENTYVIO is expected to be a key contributor to sales growth, along with other recently launched products including TAKECAB, AZILVA for the treatment of hypertension, ZAFATEK for type 2 diabetes, BRINTELLIX for major depressive disorder and CONTRAVE for obesity, with later growth coming from pipeline assets including ixazomib for multiple myeloma. Takeda is facing some challenges, especially in 2015, such as increased generic penetration in Japan, but the company will realize profitable growth and creation of shareholder value through improved cost efficiency, its world-class R&D engine, and continued selective investment.

In September of 2014, 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. 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 in Emerging Markets.

Under the new organizational structure, the R&D organization has been realigned into four Therapeutic Area Units: Central Nervous System (CNS), Cardiovascular and Metabolic (CVM), Gastroenterology (GI), and Oncology. Additionally, five regional commercial divisions have been newly established as Business Units: Japan Pharma, the United States, Europe-Canada, Emerging Markets and Japan Consumer Healthcare, and two global Specialty Business Units have been set up: Oncology and Vaccines.

Japan

Takeda will maintain its leading position in Japan by maximizing the sales of new and key products including TAKECAB, launched in February 2015, ZAFATEK, approved in March 2015, AZILVA, and NESINA for the treatment of type 2 diabetes. The growth of these new products will progressively offset the headwinds of price pressure and increased generic penetration in Japan.

The United States

Takeda will actively invest in marketing in the U.S. in order to increase its market share through new products including ENTYVIO, BRINTELLIX, and CONTRAVE.

Europe and Canada

While maintaining and expanding existing products, Takeda will strengthen its specialty care business by focusing on new products including ENTYVIO, and ADCETRIS for the treatment of malignant lymphomas.

Emerging Markets

With its main focus on Russia, Brazil and China, Takeda's Emerging Market Business Unit will realize top-line growth at circa +10% by maximizing sales of its existing portfolio of high-quality Value Brands, and by continuing to successfully launch and penetrate the market with a diverse portfolio of new products including Innovative Products and vaccines that meet the increasing needs of each market.

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 is implementing measures to prevent recurrences of this kind of event in the future, including continuously 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.

(Management Indicators)

It is crucial to monitor the real performance of the business in order to enhance corporate value sustainably. Takeda believes that **"**underlying growth**"**, excluding the impact of foreign exchange and exceptional items such as product divestments, represents its real business performance. In accordance with this, Takeda regards underlying revenue growth, underlying Core Earnings* growth, and Core EPS* (which measures real business profitability) as important management indicators.

*Note: Core Earnings is calculated by excluding temporary items from operating profit such as impact from business combination accounting, amortization of intangible assets, and impairment loss of intangible assets. Core EPS is the per-share value of Core Net Profit, which is calculated by excluding items of the same nature as those excluded from Core Earnings, and also the tax impact which applies to those items.

For the dividend policy, please refer to the "1. (3) Basic Policy for Profit Distribution and Dividends for Fiscal 2014 and 2015".

4. Litigation and Other Legal Matters

(1) 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 TAP Pharmaceutical Products Inc.* in three state courts over lansoprazole (U.S. product name: Prevacid). In one case, 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 Takeda Pharmaceuticals U.S.A., Inc. (“TPUSA”) in January 2012. TAP marketed Prevacid before its merger with TPNA.

(2) 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 or other injuries as a result of taking products containing type 2 diabetes treatment pioglitazone (U.S. brand name: ACTOS) (hereafter, “ACTOS” is used to refer generally to Takeda products containing pioglitazone). 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 claim seeking compensation for bladder cancer has been filed in France, and a claim seeking compensation for bladder cancer has been filed in Germany.

Of the nine lawsuits tried to-date in the U.S. or state courts, five cases have resulted in judgments in favor of Takeda. Plaintiffs in those cases are challenging the 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, 2014, 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 and Eli Lilly appealed this judgment to the Fifth Circuit Court of Appeals.

In October 2014, 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, and the trial court thereafter entered judgment on this award. Takeda has appealed this judgment. In a separate trial in the same court in February 2015, the jury found in favor of the plaintiff and awarded $2.318 million in compensatory damages and $1.334 million in punitive damages. Takeda’s post-trial motions challenging the verdict are pending. In November 2014, the jury in a state court located in Berkeley County, West Virginia found in favor of Takeda on plaintiffs’ claims that Takeda failed to warn about the risks of bladder cancer or that ACTOS caused plaintiff’s bladder cancer. However, the jury found in

favor of plaintiffs on their claim for spoliation of evidence and awarded $155 thousand in compensatory damages. The trial court thereafter entered judgment on this award. Takeda has appealed this judgment.

In April of 2015, the Company and TPUSA reached agreement that is expected to resolve the vast majority of ACTOS product liability lawsuits pending against Takeda in the U.S., and this agreement was announced on April 29 (U.S. time April 28). The settlement would cover all bladder cancer claims pending in any U.S. court as of the date of settlement, and claimants with unfiled claims represented by counsel as of the date of settlement and within three days thereafter are also eligible to participate. The settlement will become effective if 95% of current litigants and claimants opt in, and once that threshold is achieved, Takeda agrees to pay $2.37 billion into a settlement fund. That figure will rise to $2.4 billion if 97% or more of the current litigants and claimants opt to participate in the settlement. Under the settlement, current litigants and claimants who meet prescribed criteria would receive payouts from the fund. In light of the settlement, the Fifth Circuit Court of Appeals entered an order dismissing the appeal in the *Allen* case without prejudice to reinstate the appeal within 180 days.

Takeda believes that the claims made in this litigation are without merit, and does not admit liability. Takeda believes that the company acted responsibly with regard to ACTOS. Takeda will continue to vigorously defend through all available legal means any cases that continue or are newly filed after the settlement.

Upon reaching agreement towards settlement, Takeda booked a $2.7 billion (324.1 billion yen) provision in the fourth quarter of fiscal year 2014 to cover the settlement, costs associated with defending the remaining cases and for other related litigation.

Takeda stands behind the substantial data that confirm a positive benefit/risk profile for ACTOS, which includes more than 14 years of clinical and patient experience with the product. Takeda’s decision to settle does not change the company’s continued commitment to ACTOS. ACTOS has been approved for use in 95 countries, including the U.S., Japan, several in Europe, Australia, Brazil, Canada and Russia, and continues to be available as a treatment option in the U.S. and other countries.

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

(3) Patent infringement litigation and administrative litigation regarding colchicine product
On September 30, 2014, the U.S. Food and Drug Administration (“FDA”) granted approval to Hikma Pharmaceuticals PLC (“Hikma”) for colchicine capsules, to be marketed under the name Mitigare. In response Takeda filed a patent infringement lawsuit against Hikma and Hikma subsidiaries in the District Court for the District of Delaware asserting that their colchicine product infringes several Takeda patents applicable to Colcrys, the first single-ingredient oral colchicine product approved by the FDA. Takeda also filed a request for a temporary restraining order (“TRO”) and a preliminary injunction prohibiting the launch of Mitigare. On October 9, the court granted a TRO pending its decision on Takeda’s motion for a preliminary injunction. On November 4, the court denied Takeda’s motion for a preliminary injunction. The court further ruled, however, that the TRO would remain in place, provided Takeda filed an immediate, expedited appeal. In response, Takeda filed a notice of appeal in the Federal Circuit Court of Appeals. On January 9, 2015, the Federal Circuit Court of Appeals affirmed the denial of the preliminary injunction, allowing Hikma to launch its product. Takeda intends to proceed with its patent infringement claims against Hikma in the trial court, where Takeda will seek a permanent injunction and damages, including lost profits caused by the launch of Hikma’s product.

In parallel, shortly after filing the patent infringement lawsuit in October 2014, Takeda filed a lawsuit against the FDA in the District Court for the District of Columbia seeking an order rescinding or staying approval of Mitigare. The lawsuit claims that the FDA violated the Administrative Procedure Act in approving Hikma's Mitigare. On January 9, 2015, the court denied Takeda’s claims. Takeda has appealed the court’s ruling.

5. Basic Approach to the Selection of Accounting Standards

Takeda has been applying International Financial Reporting Standards (IFRS) from the fiscal year ending March 31, 2014 (fiscal year 2013) for the aim to such as improve comparison of financial information with pharmaceutical companies in the U.S. and Europe, increase financing options, and allow Takeda to unify accounting procedures across the group.

6. Consolidated Financial Statements [IFRS]

(1) Consolidated Statement of Income

(Millions of yen)

	Note	Fiscal 2013 (From April 1, 2013 to March 31, 2014)	Fiscal 2014 (From April 1, 2014 to March 31, 2015)
Revenue		1,691,685	1,777,824
Cost of sales		(490,263)	(520,990)
Gross profit		1,201,422	1,256,834
Selling, general and administrative expenses	1	(556,210)	(612,613)
Research and development expenses		(341,560)	(382,096)
Amortization and impairment losses on intangible assets associated with products	2	(143,202)	(176,402)
Other operating income	3	23,861	107,181
Other operating expenses	3	(45,038)	(322,158)
Operating profit (loss)		139,274	(129,254)
Financial income	4	49,297	15,357
Financial expenses	4	(30,720)	(32,878)
Share of profit on investments accounted for using the equity method		1,000	1,337
Profit (Loss) before income taxes		158,851	(145,437)
Income taxes	5	(49,292)	2,403
Net profit (loss) for the year		109,558	(143,034)
Attributable to:			
Owners of the Company		106,658	(145,775)
Non-controlling interests		2,900	2,741
Net profit (loss) for the year		109,558	(145,034)
Earnings per share (yen)			
Basic earnings (loss) per share		135.10	(185.37)
Diluted earnings (loss) per share		134.95	(185.37)

(2) Consolidated Statement of Income and Other Comprehensive Income

(Millions of yen)

	Fiscal 2013 (From April 1, 2013 to March 31, 2014)	Fiscal 2014 (From April 1, 2014 to March 31, 2015)
Net profit (loss) for the year	109,558	(143,034)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit retirement plans	8,836	(4,532)
	8,836	(4,532)
Items that may be reclassified to profit or loss		
Exchange differences on translating foreign operations	230,774	(47,559)
Net changes on revaluation of available-for-sale financial assets	(3,789)	15,040
Cash flow hedges	(1,714)	(774)
	225,271	(33,293)
Total other comprehensive income, net of tax	234,107	(37,826)
Total comprehensive income for the year	343,666	(180,860)
Attributable to:		
Owners of the Company	339,158	(186,618)
Non-controlling interests	4,507	5,759
Total comprehensive income for the year	343,666	(180,860)

(3) Consolidated Statement of Financial Position

(Millions of yen)

	Fiscal 2013 (As of March 31, 2014)	Fiscal 2014 (As of March 31, 2015)
ASSETS		
Non-current assets		
Property, plant and equipment	542,253	526,162
Goodwill	814,671	821,911
Intangible assets	1,135,597	939,381
Investment property	32,083	30,218
Investments accounted for using the equity method	10,001	10,425
Other financial assets	192,806	241,323
Other non-current assets	40,772	52,192
Deferred tax assets	208,424	154,506
Total non-current assets	2,976,607	2,776,120
Current assets		
Inventories	254,329	262,354
Trade and other receivables	430,620	444,681
Other financial assets	184,981	61,275
Income tax recoverables	12,044	22,148
Other current assets	43,510	63,225
Cash and cash equivalents	666,048	652,148
Sub total	1,591,531	1,505,830
Assets held-for-sale	1,005	14,243
Total current assets	1,592,536	1,520,072
Total assets	4,569,144	4,296,192

(Millions of yen)

	Fiscal 2013 (As of March 31, 2014)	Fiscal 2014 (As of March 31, 2015)
LIABILITIES AND EQUITY		
LIABILITIES		
Non-current liabilities		
Bonds and loans	704,580	629,416
Other financial liabilities	110,129	70,105
Net defined benefit liabilities	76,497	91,686
Provisions	14,399	47,075
Other non-current liabilities	39,555	78,778
Deferred tax liabilities	280,595	156,132
Total non-current liabilities	1,225,755	1,073,191
Current liabilities		
Bonds and loans	155,404	99,965
Trade and other payables	184,900	170,782
Other financial liabilities	48,817	42,105
Income tax payables	52,332	41,071
Provisions	125,349	418,587
Other current liabilities	235,953	238,469
Sub total	802,754	1,010,978
Liability held-for-sale		5,846
Total current liabilities		1,016,824
Total liabilities	2,028,509	2,090,016
EQUITY		
Share capital	63,562	64,044
Capital surplus	39,866	59,575
Treasury shares	(621)	(18,203)
Retained earnings	1,901,307	1,601,326
Other components of equity	466,624	430,305
Equity attributable to owners of the Company	2,470,739	2,137,047
Non-controlling interests	69,896	69,129
Total equity	2,540,635	2,206,176
Total liabilities and equity	4,569,144	4,296,192

(4) Consolidated Statement of Changes in Equity

Fiscal 2013 (From April 1, 2013 to March 31, 2014)

(Millions of yen)

	Note	Equity attributable to owners of the Company					
						Other components of equity	
		Share capital	Capital surplus	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 year					106,658		
Other comprehensive income						229,068	(3,827)
Comprehensive income for the year		—	—	—	106,658	229,068	(3,827)
Issuances of new shares (Exercise of share options)		21	21				
Acquisitions of treasury shares				(37)			
Disposals of treasury shares			0	3			
Dividends					(142,119)		
Changes in the ownership interest in subsidiaries							
Transfers from other comprehensive income to retained earnings					8,973		
Share options			643				
Put options granted to non-controlling interests	1		(1,055)				
Total transactions with owners		21	(391)	(34)	(133,145)	—	—
As of March 31, 2014		63,562	39,866	(621)	1,901,307	406,151	60,771

	Note	Equity attributable to owners of the Company				Non-controlling interests	Total equity
		Other components of equity		Total	Total		
		Cash flow hedges	Remeasurement of defined benefit retirement plans				
As of April 1, 2013		1,416	—	243,097	2,274,103	64,183	2,338,286
Net profit for the year				—	106,658	2,900	109,558
Other comprehensive income		(1,714)	8,973	232,501	232,501	1,607	234,107
Comprehensive income for the year		(1,714)	8,973	232,501	339,158	4,507	343,666
Issuances of new shares (Exercise of share options)				—	42		42
Acquisitions of treasury shares				—	(37)		(37)
Disposals of treasury shares				—	3		3
Dividends				—	(142,119)	(1,148)	(143,267)
Changes in the ownership interest in subsidiaries				—	—	2,354	2,354
Transfers from other comprehensive income to retained earnings			(8,973)	(8,973)	—		—
Share options				—	643		643
Put options granted to non-controlling interests	1			—	(1,055)		(1,055)
Total transactions with owners		—	(8,973)	(8,973)	(142,523)	1,206	(141,317)
As of March 31, 2014		(298)	—	466,624	2,470,739	69,896	2,540,635

Fiscal 2014 (From April 1, 2014 to March 31, 2015)

(Millions of yen)

	Note	Equity attributable to owners of the Company					
						Other components of equity	
		Share capital	Capital surplus	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 (loss) for the year					(145,775)		
Other comprehensive income						(50,459)	14,914
Comprehensive income for the year		—	—	—	(145,775)	(50,459)	14,914
Issuances of new shares (Exercise of share options)		483	483				
Acquisitions of treasury shares				(17,587)			
Disposals of treasury shares			0	2			
Dividends					(141,781)		
Changes in the ownership interest in subsidiaries					(7,901)		
Transfers from other comprehensive income to retained earnings					(4,524)		
Share options			7,948	3			
Put options granted to non-controlling interests	1		11,277				
Total transactions with owners		483	19,708	(17,583)	(154,206)	—	—
As of March 31, 2015		64,044	59,575	(18,203)	1,601,326	355,692	75,685

	Note	Equity attributable to owners of the Company				Non-controlling interests	Total equity
		Other components of equity		Total	Total		
		Cash flow hedges	Remeasurement of defined benefit retirement plans				
As of April 1, 2014		(298)	—	466,624	2,470,739	69,896	2,540,635
Net profit (loss) for the year				—	(145,775)	2,741	(143,034)
Other comprehensive income		(774)	(4,524)	(40,843)	(40,843)	3,017	(37,826)
Comprehensive income for the year		(774)	(4,524)	(40,843)	(186,618)	5,759	(180,860)
Issuances of new shares (Exercise of share options)				—	965		965
Acquisitions of treasury shares				—	(17,587)		(17,587)
Disposals of treasury shares				—	2		2
Dividends				—	(141,781)	(2,446)	(144,227)
Changes in the ownership interest in subsidiaries				—	(7,901)	(4,079)	(11,980)
Transfers from other comprehensive income to retained earnings			4,524	4,524	—		—
Share options				—	7,951		7,951
Put options granted to non-controlling interests	1			—	11,277		11,277
Total transactions with owners		—	4,524	4,524	(147,073)	(6,525)	(153,598)
As of March 31, 2015		(1,073)	—	430,305	2,137,047	69,129	2,206,176

(5) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal 2013 (From April 1, 2013 to March 31, 2014)	Fiscal 2014 (From April 1, 2014 to March 31, 2015)
Cash flows from operating activities		
Net profit for the year	109,558	(143,034)
Depreciation, amortization and impairment losses	215,743	260,951
Loss (gain) on sale and disposal of property, plant and equipment (*1)	(5,544)	(32,309)
Loss (gain) on sale of investment securities	(40,465)	(8,891)
Income tax expenses	49,292	(2,403)
Decrease (increase) in trade and other receivables	(42,504)	(32,515)
Decrease (increase) in inventories	(16,919)	(14,548)
Increase (decrease) in trade and other payables	2,306	(7,082)
Increase (decrease) in provisions	3,988	316,471
Other	40,647	(80,020)
Sub total	316,103	256,619
Income taxes paid	(182,647)	(74,102)
Tax refunds and Interest on tax refunds received	15,264	—
Net cash from operating activities	148,720	182,517
Cash flows from investing activities		
Interest received	1,081	2,464
Dividends received	3,473	3,689
Payments into time deposits	(80,946)	(3,364)
Proceeds from withdrawal of time deposit	3,345	81,616
Payments for acquisition of property, plant and equipment	(50,108)	(48,232)
Proceeds from sale of property, plant and equipment (*)	13,366	33,903
Payments for acquisition of intangible assets	(28,411)	(60,486)
Payments for acquisition of investments	(60,740)	(207)
Proceeds from sale and redemption of investments	48,924	83,741
Payments for acquisition of subsidiaries' shares resulting in change in scope of consolidation	(3,342)	—
Other	(698)	(1,776)
Net cash from (used in) investing activities	(154,057)	91,347
Cash flows from financing activities		
Net increase (decrease) in short-term loans	(617)	(8)
Proceeds from long-term loans	130,000	—
Payments of long-term loans	(167)	(63)
Proceeds from issuance of bonds	119,681	—
Payments of bonds	—	(119,430)
Payments for purchase of treasury shares	(37)	(17,587)
Interest paid	(4,939)	(5,229)
Dividends paid	(142,133)	(141,637)
Payments for acquisition of subsidiaries' shares not resulting in change in scope of consolidation	—	(11,073)
Other	(5,287)	(5,971)
Net cash from (used in) financing activities	96,502	(300,998)
Net increase (decrease) in cash and cash equivalents	91,164	(27,134)
Cash and cash equivalents at the beginning of the year	545,580	666,048
Effect of exchange rate changes on cash and cash equivalents	29,303	16,329
Cash and cash equivalents at the end of the year (*2)	666,048	655,243

(*1) These include loss (gain) on sales or proceeds from sales of investment property and assets held-for-sale.
(*2) The balance at the end of Fiscal 2014 includes the cash and cash equivalents of 3,096 million yen which included in assets held-for-sale.

(6) Notes to Consolidated Financial Statements

(Notes regarding assumption of a going concern)

No events to be noted for this purpose.

(Important Items That Form the Basis of Preparing Consolidated Financial Statements)

1. Basis of Preparation

(1) Compliance with IFRS

The Company's consolidated financial statements, which satisfy all requirements concerning the "Specified Company" prescribed in Paragraph 2 of Article 1 of the Regulations Concerning Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (Ministry of Finance Regulation No.28, 1976 "Regulations for Consolidated Financial Statements",) are prepared in accordance with International Financial Reporting Standards (hereinafter referred to as the "IFRS") pursuant to the provision of Article 93 of the same regulations.

(2) Basis of Measurement

The consolidated financial statements have been prepared on a historical cost basis, except for the financial instruments measured at fair value, etc.

(3) Presentation Currency

The consolidated financial statements are presented in Japanese yen, which is the Company’s functional currency. All financial information presented in Japanese yen has been rounded to the nearest million.

2. Significant Accounting Policies

The significant accounting policies adopted for the 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 accounting standards and interpretations applied by the Companies effective from Fiscal 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 and interpretations do not have a material impact on the consolidated financial statements.

(Change in Presentation)

[Consolidated Statements of Cash Flows]

1. Regarding "Interest received", "Dividends received" and "Interest paid" which were classified as "Net cash provided by (used in) operating activities" in the fiscal 2013, to represent the actual realities of the cash flows management more appropriately, the Company changed the classification of "Interest received" and "Dividends received" to "Net cash provided by (used in) investing activities" and the classification of " Interest paid" to "Net cash provided by (used in) financing activities" effective from fiscal 2014 (April 1, 2014 to March 31, 2015).

As a result, ¥1,081 million of "Interest received" and ¥3,473 million of "Dividends received" which were classified as "Net cash provided by (used in) operating activities" on the consolidated statements of cash flows in the fiscal 2013 have been included in “Net cash provided by (used in) investing activities" and (¥4,939) million of "Interest paid" which was classified as "Net cash provided by (used in) operating activities" on the consolidated statements of cash flows in the fiscal 2013 has been included in “Net cash provided by (used in) financing activities".

2. Because the significance of the amount has increased, “Increase (decrease) in provisions” which was included in “Other” of “Net cash from operating activities” in the fiscal 2013, has been presented as a separate item from the fiscal 2014.
   As a result, ¥3,988 million that was recorded as “Other” of “Net cash from operating activities” on the consolidated statements of cash flows in the fiscal 2013 has been included in “Increase (decrease) in provisions.”

3. Because the significance of the amount has increased, “Payments for purchase of treasury shares” which was included in “Other” of “Net cash from (used in) financing activities” in the fiscal 2013, has been presented as a separate item from the fiscal 2014.
   As a result, (¥37) million that was recorded as “Other” of “Net cash from (used in) financing activities” on the consolidated statements of cash flows in the fiscal 2013 has been included in “Payments for purchase of treasury shares.”

(Notes to Consolidated Statement of Income)

1. Selling, general and administrative expenses

The major items in "Selling, general and administrative expenses" for each year were as follows:

(Millions of yen)

	Fiscal 2013 (From April 1, 2013 to March 31, 2014)	Fiscal 2014 (From April 1, 2014 to March 31, 2015)
Advertising and Sales promotion expenses	105,253	113,212
Salaries	133,631	139,998
Bonuses	40,665	42,964
Retirement benefit expenses	15,380	15,834

2. Amortization and impairment losses on intangible assets associated with products

It includes 53,181 million yen of "impairment losses" in the Ethical Drugs segment due to the decline in the initial expected profitability. The impairment losses were calculated by deducting recoverable amounts measured based on the value in use from the carrying amounts and the discount rates used for the calculation were 7.0% to 15.0%.

3. Other operating income and expenses

(1) Other operating income

(Millions of yen)

	Fiscal 2013 (From April 1, 2013 to March 31, 2014)	Fiscal 2014 (From April 1, 2014 to March 31, 2015)
Government grant income	2,630	3,149
Rental income	4,316	3,900
Gains on sales of property, plant and equipment, intangible assets and investment property	6,577	32,815
Royalty income on transfer of operations	4,721	6,504
Fair value adjustments of contingents considerations (Note)	—	51,324
Others	5,618	9,489
Total	23,861	107,181

(Note) It includes 53,841 million yen of the reversal of contingent consideration related to the acquisition of URL Pharma, Inc.

(2) Other operating expenses

(Millions of yen)

	Fiscal 2013 (From April 1, 2013 to March 31, 2014)	Fiscal 2014 (From April 1, 2014 to March 31, 2015)
Expenses directly attributable to rental income	5,022	2,241
Donations and contributions	3,220	1,489
Restructuring expenses (Note 1)	21,666	31,176
Loss on Actos litigation(Note 2)	—	274,056
Others	15,130	13,195
Total	45,038	322,158

(Note 1) Restructuring expenses are from reorganization, such as the consolidation of a number of sites and functions (including the potential merger or liquidation of subsidiaries) and the reduction of the workforce to build an efficient operating model. The major item in these expenses was the early retirement payments for the workforce.

(Note 2) The company and its subsidiaries in the U.S. have reached agreement expected to resolve the vast majority of ACTOS product liability lawsuits pending in the U.S. against Takeda. Accordingly, Takeda recognized the provision of $2.7 billion (¥324.1 billion) for covering the settlement, for costs associated with court cases against plaintiffs who do not participate in the settlement, and for other related expenses. Takeda also recognized the insurance receivable of ¥50.0 billion which is anticipated to be covered by product liability insurance. In total, the net amount was booked as other operating expense.

4. Financial Income and Expenses

(1) Financial Income

(Millions of yen)

	Fiscal 2013 (From April 1, 2013 to March 31, 2014)	Fiscal 2014 (From April 1, 2014 to March 31, 2015)
Interest income on	1,369	2,313
Dividends income	3,320	3,263
Gains on sales of available-for-sale financial assets	40,483	8,891
Gains on valuation of derivatives	4,103	—
Others	22	890
Total	49,297	15,357

(2) Financial Expenses

(Millions of yen)

	Fiscal 2013 (From April 1, 2013 to March 31, 2014)	Fiscal 2014 (From April 1, 2014 to March 31, 2015)
Interest expenses	4,888	5,796
Fair value adjustments of contingents considerations	11,003	16,213
Impairment losses on available-for-sale financial assets	825	1,635
Losses on valuation of derivatives	—	2,731
Foreign exchange Losses	11,750	1,143
Others	2,252	5,341
Total	30,720	32,878

5. Income Taxes

It includes the increase of 42,703 million yen due to a reassessment of the recoverability of a deferred tax asset for R&D tax credits as the result of Takeda adopting a tax method which allows for R&D expenditures to be expensed in the year incurred.

(Notes to Consolidated Statement of Financial Position)

(Millions of yen)

	Fiscal 2013 (As of March 31, 2014)	Fiscal 2014 (As of March 31, 2015)
1. Accumulated depreciation on assets		
Property, plant and equipment	625,430	650,913
Investment property	38,424	37,142
2. Pledged assets		
Assets pledged as collateral (Note)	1,889	2,129
Secured liabilities (Note)	1,250	1,250
3.Allowance for doubtful receivables directly deducted from trade and other receivables		
Trade and other receivables	4,430	3,234
Other financial assets	117	43

(Note) Assets pledged as collateral and secured liabilities as of March 31, 2015 are included in assets for held for sale and liabilities related to assets held for sale, respectively.

4. Contingent liabilities

Guarantees

The amount of guarantees as of March 31, 2014 and March 31, 2015 was 683 million yen and 550 million yen, respectively. Those are all related to the transactions with financial institutions and are not recognized as financial liabilities in the consolidated financial position because the possibility of loss from guarantees is remote.

(Notes to Consolidated Statement of Changes in Equity)

1. Put Options Granted to Non-controlling Interests

The put options granted to non-controlling interests by an overseas subsidiary are measured at present value and recognized as financial liability, and the same amount is deducted from capital surplus. As of March 31, 2015, the balance has become zero due to the exercise of all put options.

(Segment Information)

1. Reportable Segments

The Companies manage the business by product/service type. The Company or its subsidiaries serving as the headquarters of each business creates comprehensive product/service strategies for the Japanese and overseas markets and implement such business activities in accordance with the strategies.

The Company categorizes Ethical Drugs, Consumer Healthcare and Other as its three reportable segments. Financial data is available separately for each of these segments and the financial results for all reportable segments are periodically reviewed by the Company's Board of Directors in order to make decisions on the proper allocation of business resources and to evaluate the business performance of the respective segments. The Ethical Drugs 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. Profit by reportable segment is calculated based on operating profit.

Fiscal 2013 (April 1, 2013 to March 31, 2014)

(Millions of yen)

	Reportable Segments			Total	Consolidated financial statements
	Ethical Drugs	Consumer Healthcare	Other		
Revenue (Note 1, 2)	1,529,073	72,857	89,755	1,691,685	1,691,685
Operating profit	112,101	16,382	10,790	139,274	139,274
			Financial income		49,297
			Financial expenses		(30,720)
			Share of profit (loss) on investments accounted for using the equity method		1,000
			Profit before income taxes		158,851

Other material items

(Millions of yen)

	Reportable Segments			Total	Consolidated financial statements
	Ethical Drugs	Consumer Healthcare	Other		
Depreciation and amortization	182,082	705	5,415	188,203	188,203
Impairment losses	24,616	—	2,924	27,539	27,539

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

(Millions of yen)

	Reportable Segments			Total	Consolidated financial statements
	Ethical Drugs	Consumer Healthcare	Other		
Revenue (Note 1, 2)	1,614,509	73,579	89,736	1,777,824	1,777,824
Operating profit	(178,884)	17,189	32,441	(129,254)	(129,254)
			Financial income		15,357
			Financial expenses		(32,878)
			Share of profit (loss) on investments accounted for using the equity method		1,337
			Profit before income taxes		(145,437)

Other material items

(Millions of yen)

	Reportable Segments			Total	Consolidated financial statements
	Ethical Drugs	Consumer Healthcare	Other		
Depreciation and amortization	186,468	497	5,549	192,515	192,515
Impairment losses	68,437	—	—	68,437	68,437

(Note 1) Details of revenue were as follows:

(Millions of yen)

	Fiscal 2013 (April 1, 2013 to March 31, 2014)	Fiscal 2014 (April 1, 2014 to March 31, 2015)
Sales of goods	1,605,424	1,690,296
Royalty and service revenue	86,261	87,528
Total	1,691,685	1,777,824

(Note 2) Effective from fiscal 2014 (April 1, 2014 to March 31, 2015), the Company changed the management structure to focus on sales to outside customers and discontinued to represent the revenue classification, i.e. "Sales to outside customers" and "Intersegment sales and transfers." As a result, only "Revenue" which means "Sales to outside customers" is shown in the table. For fair comparison over the same period last year, the amounts reported in the same period of last year were modified according to the new classification.

2. Geographic Information

(1) Revenue

(Millions of yen)

	Japan	United States	Europe and Canada	Russia /CIS	Latin America	Asia	Others	Total
Fiscal 2013 (April 1, 2013 to March 31,2014)	733,882	352,065	320,015	89,571	81,245	85,371	29,536	1,691,685
Fiscal 2014 (April 1, 2014 to March 31,2015)	712,813	426,129	325,285	81,321	85,374	111,412	35,489	1,777,824

(Note) 1. Revenue is classified into countries or regions based on the customer location.
2. Effective from fiscal 2014 (April 1, 2014 to March 31, 2015), the Company changed the regional classification to ensure consistency with its global organizational structure (previous "North America" was divided into "United States" and "Canada", and "Canada" and previous "Europe" were integrated into "Europe and Canada"). For fair comparison purpose, the amounts for the same period of the previous year were modified according to the new classification.
3. "Others" region includes Middle East, Oceania and Africa.

(2) Non-current assets

(Millions of yen)

	Japan	United States	Europe and others	Total
Fiscal 2013 (As of March 31, 2014)	519,578	690,301	1,319,695	2,529,574
Fiscal 2014 (As of March 31, 2015)	502,621	710,907	1,107,310	2,320,839

(Note) Financial instruments, deferred tax assets and retirement benefits assets are excluded.
Goodwill and intangible assets related to the acquisition of Nycomed, which are impracticable to allocate to each country, are included in "Europe and others." The amount was 1,152,959 million yen and 950,294 million yen as of March 31, 2014 and March 31, 2015, respectively.

3. Information by Major Customers

The major customer, sales amount which the Company sold to the customer exceeds 10% of the consolidation revenue, was as follows:

(Millions of yen)

	Reportable Segments	Fiscal 2013 (April 1, 2013 to March 31, 2014)	Fiscal 2014 (April 1, 2014 to March 31, 2015)
Medipal Holdings Corporation and the Group	Ethical Drugs and Consumer Healthcare	270,575	259,673

(Production, Orders and Sales)

1. Production

(Millions of yen)

	Fiscal 2013 (April 1, 2013 to March 31, 2014)		Fiscal 2014 (April 1, 2014 to March 31, 2015)	
Ethical Drugs	731,221	90.1%	696,966	87.2%
Consumer Healthcare	40,505	5.0%	45,376	5.7%
Other	40,285	5.0%	57,277	7.2%
Total	812,010	100.0%	799,619	100.0%

(*) The amounts don't include the consumption taxes.

2. Purchases

(Millions of yen)

	Fiscal 2013 (April 1, 2013 to March 31, 2014)		Fiscal 2014 (April 1, 2014 to March 31, 2015)	
Ethical Drugs	190,687	82.8%	172,431	79.6%
Consumer Healthcare	18,306	7.9%	19,417	9.0%
Other	21,442	9.3%	24,696	11.4%
Total	230,435	100.0%	216,544	100.0%

(*) The amounts don't include the consumption taxes.

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 2013 (April 1, 2013 to March 31, 2014)		Fiscal 2014 (April 1, 2014 to March 31, 2015)	
Ethical Drugs	1,529,073	90.4%	1,614,509	90.8%
[Japan]	[582,103]	[34.4%]	[561,323]	[31.6%]
[Overseas]	[946,970]	[56.0%]	[1,053,186]	[59.2%]
Consumer Healthcare	72,857	4.3%	73,579	4.1%
Other	89,755	5.3%	89,736	5.0%
Consolidated statement of income	1,691,685	100.0%	1,777,824	100.0%
[Royalty Income in Total]	[77,420]	[4.6%]	[56,774]	[3.2%]

(*) The amounts show the sales revenue to external customers and don't include the consumption taxes.

(Earnings Per Share)

(Millions of yen)

	Fiscal 2013 (April 1, 2013 to March 31, 2014)	Fiscal 2014 (April 1, 2014 to March 31, 2015)
Net profit for the year attributable to ordinary shareholders of the Company		
Net profit (loss) attributable to owners of the Company (millions of yen)	106,658	(145,775)
Net profit not attributable to ordinary shareholders of the Company (millions of yen)	—	—
Net profit (loss) used for calculation of the basic earnings per share (millions of yen)	106,658	(145,775)
Weighted average number of shares during the year (thousands of shares)	789,465	786,391
Dilutive effect (thousands of shares)	875	—
Weighted average number of diluted shares during the year (thousands of shares)	790,340	786,391
Earnings (losses) per share		
Basic (yen)	135.10	(185.37)
Diluted (yen)	134.95	(185.37)

(Note) For fiscal 2014, the dilutive shares don't have dilutive effects because losses per share attributable to owners of the Company would decrease by exercise of share options, etc.

(Significant Subsequent Events)

No events to be noted for this purpose.

7. Other

Change in Officers (as of June 26, 2015)

1. Nominee as new director

   Andrew Plump, M.D., Ph.D.
   (currently, Corporate Officer and Chief Medical and Scientific Officer Designate)

2. Nominees as new corporate auditor

   Yasuhiko Yamanaka
   (currently, Managing Director, Special Missions)

3. Retiring director

   Yasuhiko Yamanaka
   (currently, Managing Director, Special Missions)

   Tadataka (Tachi) Yamada M.D.
   (currently, Director and Chief Medical and Scientific Officer)

4. Retiring corporate auditor

   Teruo Sakurada
   (currently, Corporate Auditor)