Summary of Financial Statements for the Six Month Period Ended September 30, 2013 (Japan GAAP, Consolidated)

October 31, 2013

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

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

Scheduled date of securities report submission: November 14, 2013
Scheduled date of dividend payment commencement: December 2, 2013
Supplementary materials for the quarterly financial statements: Yes
Presentation to explain for the quarterly financial statements: Yes

(Millions of yen, rounded to the nearest million)

1. Consolidated Financial Results for the Six Month Period Ended September 30, 2013 (April 1 to September 30, 2013)

(1) Consolidated Operating Results (year to date)

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

	Net sales		Operating income		Ordinary income		Net income	
	(¥ million)	change (%)	(¥ million)	change (%)	(¥ million)	change (%)	(¥ million)	change (%)
Six month period ended September 30, 2013	828,343	5.3	99,976	(7.9)	96,740	(14.5)	64,705	(46.0)
Six month period ended September 30, 2012	786,936	12.0	108,576	(48.6)	113,099	(46.0)	119,790	(11.7)

(Note) Comprehensive income Six month period ended September 30, 2013 ¥ 195,644 million (－%)
Six month period ended September 30, 2012 ¥ (18,969) million (－%)

	Earnings per share (¥)	Fully diluted earnings per share (¥)
Six month period ended September 30, 2013	81.96	81.88
Six month period ended September 30, 2012	151.74	151.71

(2) Consolidated Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Shareholders' equity ratio (%)	Shareholders' equity per share (¥)
As of September 30, 2013	4,253,216	2,347,168	53.6	2,889.49
As of March 31, 2013	3,955,599	2,223,359	54.6	2,734.79

(Reference) Shareholders' equity As of September 30, 2013 ¥ 2,281,167 million
As of March 31, 2013 ¥ 2,159,006 million

2. Dividends

	Annual dividend per share (¥)				
	1st quarter end	2nd quarter end	3rd quarter end	Year-end	Total
Fiscal 2012	—	90.0	—	90.0	180.0
Fiscal 2013	—	90.0			
Fiscal 2013 (Projection)			—	90.0	180.0

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

3. Forecasts for Consolidated Operation Results for Fiscal 2013 (April 1, 2013 to March 31, 2014)

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

	Net sales		Operating income		Ordinary income		Net income		Earnings per share
	(¥ million)	change (%)	(¥ million)	change (%)	(¥ million)	change (%)	(¥ million)	change (%)	(¥)
Fiscal 2013	1,680,000	7.9	140,000	14.3	125,000	10.5	95,000	(27.6)	120.34

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

Additional Information

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

(2) Adoption of special accounting treatments for quarterly consolidated financial statements: Yes
(Note) For details, refer to "2. Additional Information in Summary" in Page 14.

(3) Changes in accounting policies, changes in accounting estimates and restatements
1) Changes in accounting policies due to revisions of accounting standards, etc. : No
2) Changes in accounting policies other than 1) : No
3) Changes in accounting estimates : No
4) Restatements : No

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

Septembers 30, 2013	789,680,595 shares
March 31, 2013	789,666,095 shares

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

September 30, 2013	209,006 shares
March 31, 2013	205,831 shares

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

September 30, 2013	789,460,709 shares
September 30, 2012	789,422,792 shares

* Implementation status about the quarterly review

- This summary of financial statements is exempt from quarterly review procedures required by Financial Instruments and Exchange Act. A part of quarterly review for securities report based on Financial Instruments and Exchange Act has not finished at the time of disclosure of this summary of financial statements. The securities report for the six month period ended September 30, 2013 is scheduled to be disclosed on November 14, 2013 after completion of the quarterly review.

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

- Our operations are exposed to various risks at present and in the future, such as changes in the business environment and fluctuation of foreign exchange rates. All forecasts in this presentation are based on information currently available to the management, and various factors could cause actual results to differ. We will disclose necessary information in a timely manner when our management believes there will be significant impacts to our consolidated results due to changes in the business environment or other events.
- Regarding the assumptions made and the items to be considered in the financial forecasts, please refer to "1. Qualitative Information for the Six Month Period Ended September 30, 2013 (3) Outlook for Fiscal 2013" on Page 13.
- Takeda has decided to voluntarily adopt International Financial Reporting Standards (IFRS) from the year-end earnings announcement of Fiscal 2013. For details, and for estimated consolidated financial results for the six month period ended September 2013 calculated under IFRS reflecting the major differences between Japanese Generally Accepted Accounting Principles and IFRS accounting, please refer to pages 32 and 33 of the quarterly supplementary material, "Consolidated financial results for the 6 month period ended September 30, 2013."
- Supplementary materials for the financial statement, presentation materials for the earnings release conference which is scheduled on October 31, 2013 and video of the conference including question-and-answer session will be promptly posted on the Company's website.
(Website of the Company)
http://www.takeda.com/investor-information/results/

Attachment Index

1.Qualitative Information for the Six Month Period Ended September, 2013

(1) Consolidated Operating Results

(i) Overview

While the U.S. economy continues to experience a mild recovery, Europe has not yet fully recovered from economic stagnation in the wake of the debt crisis and emerging markets are experiencing a slowing down of economic growth, resulting in a global economy that remains unpredictable. Meanwhile, in Japan domestic demand is stable and the economy is gradually recovering with the support of the Japanese government's fiscal policies and monetary easing by the Bank of Japan.

In the global pharmaceutical market, particularly in developed countries, sales growth has slowed due to factors including blockbuster products being replaced by generics after patent expiry, and increasingly severe policies to constrain healthcare expenditures arising from government financial reforms. In the area of Research & Development, companies have been facing challenges in innovative drug discovery and technological breakthroughs as well as increasingly stringent regulatory criteria for new drug approvals. However, there are high expectations for new products that address currently unmet medical needs, and the practical application of iPS cell technology.

In light of these circumstances, Takeda Pharmaceutical Company Limited ("Takeda", "the Company"), as a global company, formulated "Vision 2020" this spring to articulate our aspiration of where we want the Company to be in the year 2020. The objective of Takeda's business is to "pursue innovative medicines as well as high-quality branded generics, life-saving vaccines, and OTC medicines - to help as many people as we can, as soon as we can."

To realize Vision 2020, Takeda initiated a Mid-Range Growth Strategy starting from fiscal 2013 that is further deepening and expanding previous strategies, centered around the core principles of "Globalization," "Diversity" and "Innovation." In particular, Takeda will focus on reinforcing the Company's R&D pipeline; executing strategic investments to strengthen our overseas business infrastructure, mainly in emerging countries; and continuing to build a robust and efficient operating model suitable for a global pharmaceutical company.

<Commercial Initiatives>

In developed countries, Takeda is promoting a shift in product portfolio towards new products, while in emerging markets, in addition to launching new in-house products, Takeda aims to acquire and promote diverse portfolios tailored to local needs in order to achieve sales growth that exceeds the market growth in each region.

In the U.S., Takeda is striving to maximize the sales of new products for the treatment of type 2 diabetes which were launched in June 2013: NESINA (a dipeptidyl peptidase-4 inhibitor (DPP-4i)), KAZANO (a fixed-dose combination of NESINA and metformin), and OSENI (a fixed-dose combination of NESINA and the thiazolidinedione (TZD) ACTOS) which is the first product in the U.S. to include both a DPP-4i and TZD in a single tablet. In September 2013, Takeda entered into an exclusive out-license agreement with a subsidiary of Arbor Pharmaceuticals, LLC ("Arbor") for the development and commercialization in the U.S. of EDARBI and EDARBYCLOR for the treatment of hypertension. This is an opportunity to capture the value of these products in the U.S. through Arbor, while positioning Takeda to optimize commercial resources to support recent and anticipated new product launches.

In Europe, Takeda has finished the consolidation of commercial subsidiaries in overlapping areas with legacy Nycomed, and furthermore, the Company is promoting strategic measures to improve efficiency through the consolidation of manufacturing and R&D facilities, achieving cost reduction synergies. In addition, the sales of ADCETRIS for the treatment of lymphoma are significantly expanding. In June 2013, Takeda presented interim data

from a clinical trial evaluating ADCETRIS in pediatric patients diagnosed with CD30-positive relapsed or refractory Hodgkin lymphoma (HL) or relapsed or refractory systemic anaplastic large cell lymphoma (sALCL) which showed high efficacy for reduction in tumor volume.
In Japan, Takeda is striving to maximize the sales of strategic products such as the NESINA family for the treatment of type 2 diabetes and AZILVA for the treatment of hypertension. In particular, prescriptions for AZILVA are increasing after the restriction on long-term prescriptions was lifted in May 2013.

<R&D Initiatives>

Takeda is committed to the discovery and delivery of innovative solutions addressing unmet medical needs of patients through R&D investment. Based on this core value, Takeda is striving to make the rich late-stage pipeline successful towards new drug approvals. Major R&D achievements in this fiscal year by region are as follows:
In the U.S. in June 2013, Takeda submitted a Biologics License Application for MLN0002 (generic name: vedolizumab) for the treatment of Crohn's disease and ulcerative colitis, which was granted a Priority Review status for ulcerative colitis from the U.S. Food and Drug Administration (FDA) in September. Furthermore, in September 2013, Takeda obtained FDA approval for BRINTELLIX for the treatment of major depressive disorder (MDD).
In Europe, Takeda obtained approval of the Marketing Authorization Application by Swissmedic for atypical antipsychotic medication lurasidone hydrochloride in August 2013, and began marketing it in September. Also in September 2013, Takeda was granted Marketing Authorization by the European Commission for VIPIDIA*, VIPDOMET**, and INCRESYNC***.
In China in July 2013, Takeda obtained an Import Drug License from the China Food and Drug Administration for NESINA for the treatment of type 2 diabetes.
In Japan in September 2013, Takeda obtained the New Drug Application approval from the Japanese Ministry of Health, Labour and Welfare for OBLEAN for the treatment of obesity with certain complications.

In the vaccine business, Takeda acquired Inviragen, Inc. of the U.S. in May 2013 with its pipeline assets including a vaccine for dengue fever. In September 2013, Takeda submitted a New Drug Application in Japan for TAK-816, a vaccine against infections caused by Haemophilus influenzae type b (Hib).

Moving forward, Takeda will continue striving to further enhance R&D productivity with improved cost effectiveness, not only through internal R&D efforts but also through business development initiatives such as alliance activities or joint researches with external partners.

For further details of R&D activities, please refer to section (v) "Activities and Results of Research & Development" on page 10.

* Japan and U.S. product name: NESINA, ** U.S. product name: KAZANO, *** Japan product name: LIOVEL, U.S. product name: OSENI.

Based on the corporate philosophy of "Takeda-ism" (Integrity: Fairness, Honesty and Perseverance) developed over its long corporate history of more than 230 years, Takeda strives to ensure compliance with laws and regulations governing its operations, and conducts activities according to the corporate mission to "strive towards better health for people worldwide through leading innovation in medicine."

<Reference> Major products launched in and after 2010

[Japan]

Launched in 2010	
Nesina	a drug for type 2 diabetes, generic name: alogliptin benzoate
Unisia	a drug for treatment of hypertension: a fixed dose combination of Blopress and a calcium channel blocker (amlodipine besilate)
Vectibix	a cancer drug, generic name: panitumumab
Rozerem	an insomnia drug, generic name: ramelteon
Metact	a drug for type 2 diabetes: a fixed dose combination of Actos and a biguanide (metformin hydrochloride)
Actos OD (orally-disintegrating tablets)	a drug for type 2 diabetes
Lampion pack	a drug for secondary eradication of Helicobacter Pylori: a single pack containing Takepron, amoxicillin hydrate and metronidazole
Launched in 2011	
Reminyl	a drug for Alzheimer's dementia, generic name: galantamine hydrobromide, licensed from Janssen and jointly marketed with the licensor
Sonias	a drug for type 2 diabetes: a fixed dose combination of Actos and a sulfonylurea (glimepiride)
Liovel	a drug for type 2 diabetes: a fixed dose combination of Nesina and Actos
Launched in 2012	
Azilva	a drug for treatment of hypertension, generic name: azilsartan
Launched in January 2013	
Lotriga	a drug for treatment of hyperlipidemia, generic name: omega-3-acid ethyl esters 90

[North America]

<U.S.A.>

Launched in 2010	
Actoplus met XR	a drug for type 2 diabetes: a fixed dose combination of Actos and a biguanide (metformin extended- release)
Launched in 2011	
Edarbi	a drug for treatment of hypertension, generic name: azilsartan medoxomil
Launched in 2012	
Edarbyclor	a drug for treatment of hypertension, a fixed dose combination of Edarbi and a thiazide diuretic (chlorthalidone)
Launched in June 2013	
Nesina	a drug for type 2 diabetes, generic name: alogliptin benzoate
Kazano	a drug for type 2 diabetes: a fixed dose combination of Nesina and a biguanide (metformin hydrochloride)
Oseni	a drug for type 2 diabetes: a fixed dose combination of Nesina and Actos

<Canada>

Launched in 2010	
Dexilant	a drug for acid reflux disease, generic name: dexlansoprazole
Uloric	a drug for hyperuricemia for patients with chronic gout, generic name: febuxostat
Launched in 2011	
Daxas	a drug for chronic obstructive pulmonary disease, generic name: roflumilast
Launched in 2012	
Feraheme	a drug for treatment of iron deficiency anaemia, generic name: ferumoxytol

[Europe]

Launched in 2010	
Mepact	a drug for non-metastatic osteosarcoma, generic name: mifamurtide
Launched in 2012	
Edarbi	a drug for treatment of hypertension, generic name: azilsartan medoxomil
Rienso	a drug for treatment of iron deficiency anaemia, generic name: ferumoxytol
Adcetris	a drug for treatment of relapsed/refractory CD30 positive Hodgkin lymphoma and relapsed/refractory systemic anaplastic large cell lymphoma, generic name: brentuximab vedotin
Launched in September 2013	
Latuda	an atypical antipsychotic, generic name: lurasidone hydrochloride

[Emerging markets]

<Brazil>

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

<Russia>

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

<Mexico>

Launched in 2011	
Dexilant	a drug for acid reflux disease, generic name: dexlansoprazole
Mepact	a drug for non-metastatic osteosarcoma, generic name: mifamurtide
Launched in 2012	
Edarbi	a drug for treatment of hypertension, generic name: azilsartan medoxomil
Launched in January 2013	
Daxas	a drug for chronic obstructive pulmonary disease, generic name: roflumilast
Launched in March 2013	
Edarbyclor	a drug for treatment of hypertension, a fixed dose combination of Edarbi and a thiazide diuretic (chlorthalidone)

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(ii) Operating Results

Consolidated results (April 1 to September 30, 2013):

Billions of yen

	Amount	*Change over the same period of the previous year*	
Net Sales	828.3	+ 41.4	[+5.3%]
Operating Income	100.0	-8.6	[-7.9%]
Ordinary Income	96.7	-16.4	[-14.5%]
Net Income	64.7	-55.1	[-46.0%]

[Net Sales]

Over the six month period ended September 30, 2013, consolidated net sales were ¥828.3 billion, an increase of ¥41.4 billion (5.3%) compared to the same period of the previous year.

- In Japan, the sales of AZILVA (a drug for hypertension) launched in 2012 and NESINA (a drug for type 2 diabetes) increased. In the U.S, in addition to the sales contribution of COLCRYS (a drug for hyperuricemia and gout) which was acquired with the URL acquisition in June 2012, the sales of VELCADE (a drug for multiple myeloma) and DEXILANT (a drug for acid reflux disease) increased. Furthermore, the sales of ADCETRIS (a drug for lymphoma) significantly expanded in Europe, and sales in emerging markets including Asia also increased mainly due to the sales contribution of PANTOPRAZOLE (a drug for peptic ulcer). Such positive factors and the yen's depreciation (positive impact: ¥78.0 billion) absorbed the drastic decrease in sales of ACTOS (a drug for type 2 diabetes) in the U.S. (¥ -72.0 billion) due to the penetration of generic products after the patent expiry.

  In total, consolidated net sales increased by ¥41.4 billion.

- Consolidated sales of Takeda's major ethical drugs:

Billions of yen

Indications / Product Name	Amount	Change over the same period of the previous year
Hypertension / Candesartan (Japan product name: Blopress)	82.3	-6.9 [-7.7%]
Prostate cancer, breast cancer and endometriosis / Leuprorelin (Japan product name: Leuplin)	64.1	+6.8 [+11.8%]
Peptic ulcer / Lansoprazole (Japan product name: Takepron)	59.9	+4.0 [+7.2%]
Peptic ulcer / Pantoprazole	47.9	+11.1 [+30.2%]
Multiple myeloma / Velcade (U.S. sales)	47.4	+11.6 [+32.6%]
Hyperuricemia and gout / Colcrys (U.S. sales)	25.7	+13.4 [+108.0%] (see Note below)
Type 2 diabetes / Pioglitazone (Japan product name: Actos)	20.0	-72.0 [-78.3%]

(Note) As for Colcrys which was acquired with the URL acquisition in June 2012, the comparative sales amount before the acquisition (from April to May 2012) is not included.

[Operating Income]

Consolidated operating income was ¥100.0 billion, a decrease of ¥8.6 billion (7.9%) compared to the same period of the previous year.

- Gross profit increased by ¥26.2 billion (4.6%) due to sales increase, while selling, general and administrative expenses increased by ¥34.8 billion (7.5%) compared to the same period of the previous year mainly due to the yen's depreciation (negative impact: ¥67.9 billion). As a result, operating income decreased.
- R&D expenses were ¥155.2 billion, an increase of ¥0.5 billion (0.3%) compared to the same period of the previous year.
- Selling, general and administrative expenses, excluding R&D expenses increased by ¥34.3 billion (11.1%) to ¥341.9 billion compared to the same period of the previous year mainly due to the yen's depreciation, despite cost saving by the effect of restructuring in overseas subsidiaries.
- Operating income excluding special factors (see Note below) was ¥175.3 billion, a decrease of ¥2.4 billion (1.4%) compared to the same period of the previous year.

  (Note) Operating income excluding special factors is calculated by deducting any special factors such as amortization of goodwill and intangible assets due to business acquisitions from operating income.

[Ordinary Income]

Consolidated ordinary income was ¥96.7 billion, a decrease of ¥16.4 billion (14.5%) compared to the same period of the previous year.

- In addition to the decrease in operating income, non-operating income and loss resulted unfavorably by ¥7.8 billion compared to the same period of the previous year mainly due to the increase in loss from foreign exchange. As a result, ordinary income decreased.

[Net Income]

Consolidated net income was ¥64.7 billion, a decrease of ¥55.1 billion (46.0%) compared to the same period of the previous year.

- In addition to the decrease in ordinary income, the tax refunds of ¥52.8 billion (including interest) relating to the correction for transfer pricing taxation were included in the same period of the previous year. As a result, consolidated net income decreased.
- Earnings per share ("EPS") was ¥81.96, a decrease of ¥69.78 (46.0%) compared to the same period of the previous year.
- Net income excluding extraordinary income (loss) and special factors (see Note below) was ¥121.4 billion, an increase of ¥3.2 billion (2.7%) compared to the same period of the previous year, and EPS based on this income was ¥153.80, an increase of ¥4.01 (2.7%) compared to the same period of the previous year.

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

(iii) Results by Segment

Sales and operating income by business segment (April 1 to September 30, 2013):

Billions of yen

Type of Business	Net sales		Operating income	
	Amount	Change over the same period of the previous year	Amount	Change over the same period of the previous year
Ethical Drug	748.7	+38.3	83.7	-11.7
<Japan>	<290.9>	< -5.3>		
<Overseas>	<457.8>	<+43.7>		
Consumer Healthcare	36.7	+3.1	10.5	+2.0
Other	45.0	-0.2	6.6	+0.8
Total	828.3	+41.4	100.0	-8.6

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

[Ethical Drug Business]

Net sales in the Ethical Drug Business were ¥748.7 billion, an increase of ¥38.3 billion (5.4%) compared to the same period of the previous year, while operating income was ¥83.7 billion, a decrease of ¥11.7 billion (12.3%).

- Net sales in Japan were ¥290.9 billion, a decrease of ¥5.3 billion (1.8%) compared to the same period of the previous year. Contribution from sales increase of products launched in and after 2010 such as NESINA and AZILVA could not fully absorb the drop in sales of ACTOS and BLOPRESS, and the distribution sales decline due to the expiration of distribution agreement for some products.

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

Billions of yen

Product Name (Indications)	Amount	Change over the same period of the previous year
Blopress (Hypertension)	65.6	-1.7 [-2.5%]
Takepron (Peptic ulcer)	35.1	+0.4 [+1.1%]
Leuplin (Prostate cancer, breast cancer and endometriosis)	33.8	+0.8 [+2.5%]
Nesina (Type 2 diabetes)	17.9	+2.5 [+16.7%]
Vectibix (Cancer)	9.6	-0.0 [-0.4%]
Actos (Type 2 diabetes)	8.3	-1.9 [-18.2%]
Azilva (Hypertension)	8.0	+6.0 [+312.4%]

- Sales in overseas markets were ¥457.8 billion, an increase of ¥43.7 billion (10.5%) compared to the same period of the previous year. The sales of COLCRYS accompanied by the URL acquisition and the sales expansion in emerging markets including Asia contributed to the sales increase. Such positive factors and the yen's depreciation absorbed the significant decline in sales of Pioglitazone and Candesartan due to the market entry of generic products in U.S. and Europe.

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

Billions of yen

Product Name (Indications)	Amount	Change over the same period of the previous year
Pantoprazole (Peptic ulcer)	47.9	+11.1 [+30.2%]
Velcade (Multiple myeloma)	47.4	+11.6 [+32.6%]
Leuprorelin (Prostate cancer, breast cancer and endometriosis)	30.4	+5.9 [+24.3%]
Colcrys (Hyperuricemia and gout)	25.7	+13.4 [+108.0%] (see Note below)
Lansoprazole (Peptic ulcer)	24.8	+3.7 [+17.4%]
Dexilant (Acid reflux disease)	23.6	+8.5 [+56.1%]
Candesartan (Hypertension)	16.7	-5.2 [-23.7%]
Pioglitazone (Type 2 diabetes)	11.6	-70.2 [-85.8%]

(Note) As for Colcrys which was acquired with the URL acquisition in June 2012, the comparative sales amount before the acquisition (from April to May 2012) is not included.

[Consumer Healthcare Business]

Net sales in the Consumer Healthcare Business were ¥36.7 billion, an increase of ¥3.1 billion (9.3%) compared to the same period of the previous year, mainly due to the increase in sales of ALINAMIN tablets (vitamin-containing products) and Benza medicines (combination cold remedies). Operating income increased by ¥2.0 billion (24.1%) to ¥10.5 billion mainly due to the increase in gross profit accompanied by sales growth.

[Other Business]

Net sales in the Other Business were ¥45.0 billion, a decrease of ¥0.2 billion (0.5%) compared to the same period of the previous year, while operating income increased by ¥0.8 billion (13.6%) to ¥6.6 billion mainly due to the decrease in expenses.

(iv) Basic Policy for Profit Distribution and Dividends for Fiscal 2013

1) Basic Policy for Profit Distribution

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

2) Dividend for Fiscal 2013

For the six months ended September 30, 2013, the Company will pay an interim dividend of ¥90 per share. Further, a ¥90 per share dividend is planned for the fiscal year-end. Accordingly, total annual dividends paid to shareholders in the current fiscal year are planned as ¥180 per share, the same amount as the previous fiscal year.

(v) Activities and Results of Research & Development

Takeda has made steady progress in improving R&D productivity with the R&D strategy taking on two key initiatives, "*Quality of Thought*" and "*Operational Excellence*", to build on the four guiding R&D principles of operation: "*Urgency*", "*Innovation*", "*Measurement*" and "*Partnership*". Based on our strengths and the latest unmet medical needs, Takeda has 6 core therapeutic areas of Cardiovascular & Metabolic, Oncology, Central Nervous System, Immunology & Respiratory, General Medicine and Vaccine, with focused resource investment towards leading innovation. Takeda continues efforts to further enhance R&D productivity by focusing on the pipeline in the core therapeutic areas with specific strategies for the short-, mid- and long-term (leveraging the advantage of a rich late-stage pipeline, filling the gap in the mid-stage portfolio, and strengthening research competiveness & productivity, respectively). In line with our R&D strategy as well as for building a more robust and efficient operating model in R&D, in May 2013, the oncology R&D functions were integrated into the CMSO organization from our 100% subsidiary Millennium Pharmaceuticals, Inc.
Major achievements from R&D activities during the reporting period are as follows;

[In-house R&D activities]

- In April 2013, Takeda submitted a New Drug Application (NDA) for the fixed-dose combination (FDC) of AZILVA (generic name: azilsartan) and amlodipine besylate to the Japanese Ministry of Health, Labour and Welfare.

- In May 2013, Takeda presented results of a Phase III clinical trial evaluating the safety and efficacy of TAK-875 (generic name: fasiglifam) in Japanese patients with type 2 diabetes at the 56th Annual Meeting of the Japan Diabetes Society.

- In June 2013, Takeda presented results of a Phase I clinical trial evaluating single agent MLN9708 (generic name: ixazomib citrate) in patients with relapsed and/or refractory multiple myeloma (MM), at the annual meeting of the American Society of Clinical Oncology (ASCO).

- In June 2013, Takeda submitted a Biologics License Application (BLA) to the U.S. Food and Drug Administration (FDA) for MLN0002 (generic name: vedolizumab) for the treatment of adults with moderately to severely active Crohn's disease (CD) and ulcerative colitis (UC), and in September 2013, the FDA granted Priority Review status for MLN0002 for the treatment of adults with moderately to severely active UC.
  In August 2013, results of Phase III clinical trials evaluating MLN0002 were published in the *New England Journal of Medicine*.

- In July 2013, Takeda unblinded the ELM-PC 5 (Evaluation of the Lyase inhibitor orteronel in Metastatic Prostate Cancer 5) (C21005) Phase III study of TAK-700 (generic name: orteronel) in patients with metastatic, castration-resistant prostate cancer that had progressed during or following chemotherapy based on the recommendation of the independent data monitoring committee.

- In July 2013, Takeda received a positive opinion from the Committee for Medical Products for Human Use (CHMP) of the European Medicines Agency (EMA) for VIPIDIA (generic name: alogliptin), VIPDOMET, an FDC of VIPIDIA and metformin, and INCRESYNC, an FDC of VIPIDIA and pioglitazone, for the treatment of type 2 diabetes. In September 2013, the European Commission (EC) granted Marketing Authorization for these products.
  In July 2013, Takeda obtained an Import Drug License (IDL) from the China Food and Drug Administration (CFDA) for NESINA (generic name: alogliptin) for the treatment of type 2 diabetes.
  In September 2013, Takeda presented results of the EXAMINE cardiovascular safety outcomes trial for alogliptin at the European Society of Cardiology (ESC) Congress. These data were also published in the *New England Journal of Medicine*.

- In October 2013, Takeda presented results of a Phase I/II study of its intramuscular bivalent (GI/GII) norovirus vaccine candidate in healthy adult volunteers at Infectious Disease Week 2013.

[Alliance activities]

- In May 2013, Takeda and H. Lundbeck A/S (Lundbeck) presented results of Phase III clinical trials evaluating BRINTELLIX (generic name: vortioxetine), which Takeda in-licensed from Lundbeck of Denmark, in adult patients with major depressive disorder (MDD), at the 166th American Psychiatric Association Annual Meeting (APA). In September 2013, Takeda obtained approval from the FDA for BRINTELLIX for the treatment of adult patients with MDD.

- In June 2013, Takeda presented interim data from a Phase I portion of Phase I/II clinical trials evaluating ADCETRIS (generic name: brentuximab vedotin), which Takeda in-licensed from Seattle Genetics, Inc. of the U.S., in pediatric patients diagnosed with CD30-positive relapsed or refractory Hodgkin lymphoma (HL) or relapsed or refractory systemic anaplastic large cell lymphoma (sALCL), at ASCO.

- In July 2013, Takeda withdrew the European Marketing Authorization Application (MAA) submitted in February 2012 for peginesatide, which Takeda in-licensed from Affymax, Inc. of the U.S., intended to be used for treatment of symptomatic anaemia associated with chronic kidney disease in adult patients undergoing dialysis.

- In July 2013, Takeda and Zinfandel Pharmaceuticals, Inc. of the U.S. presented new data on the performance characteristics of a genetics-based biomarker risk assignment algorithm including TOMM40 to identify the risk of developing mild cognitive impairment due to Alzheimer's disease, at the Alzheimer's Association International Conference (AAIC). In August 2013, Takeda initiated a Phase III clinical trial, TOMMORROW, for AD-4833 (generic name: pioglitazone)/TOMM40.

- In August 2013, Takeda obtained approval of the MAA by Swissmedic in Switzerland for atypical antipsychotic medication lurasidone hydrochloride (generic name), which Takeda in-licensed from Dainippon Sumitomo Pharma Co., Ltd. of Japan, for the treatment of patients with schizophrenia.

- In September 2013, Takeda obtained approval from the Japanese Ministry of Health, Labour and Welfare for OBLEAN (generic name: cetilistat), which Takeda in-licensed from Norgine BV of the Netherlands, for the treatment of obesity with complications.

- In September 2013, Takeda submitted an NDA to the Japanese Ministry of Health, Labour and Welfare for Haemophilus influenzae type b vaccine TAK-816, which Takeda in-licensed from Novartis of Switzerland.

[Joint Research activities]

- In September 2013, Takeda executed a collaboration agreement with Tri-Institutional Therapeutics Discovery Institute, Inc. (Tri-I TDI), and Memorial Sloan-Kettering Cancer Center, The Rockefeller University, and Weill Cornell Medical College as they formed Tri-TDI. Tri-I TDI's focus is on the early stages of developing compounds that make possible all-important “proof of concept”* studies. They increase the likelihood that targeting a specific biologic pathway can favorably alter the course of a disease.
  *Verification of safety and efficacy of compounds

[Improvement and Reinforcement of R&D organization]

- In May 2013, Takeda acquired Inviragen, Inc. of the U.S. to advance the Company’s commitment to vaccines and global health.

- In August 2013, Takeda concluded the agreement with its wholly-owned subsidiary, Takeda Bio Development Center Limited ("Takeda Bio"), to transfer the current business to Takeda, to enhance oncology development functions in Japan. After the completion of the transfer scheduled in April 2014, Takeda Bio will be dissolved.

(2) Consolidated Financial Position

[Assets]

Total assets as of September 30, 2013 were ¥4,253.2 billion, an increase of ¥297.6 billion compared to the previous fiscal year end. Current assets increased by ¥257.9 billion mainly due to the increase in quick assets accompanied by the fundraising through bonds and loans. Noncurrent assets increased by ¥39.7 billion mainly due to the increase in foreign assets resulting from yen's depreciation and an increase in intangible assets including goodwill accompanied by the acquisition of Inviragen, Inc.

[Liabilities]

Total liabilities as of September 30, 2013 were ¥1,906.0 billion, an increase of ¥173.8 billion compared to the previous fiscal year end. Noncurrent liabilities increased by ¥240.5 billion mainly due to the fundraising through bonds and loans, while current liabilities decreased by ¥66.6 billion mainly due to the payments of income taxes.

[Net Assets]

Total net assets as of September 30, 2013 were ¥2,347.2 billion, an increase of ¥123.8 billion compared to the previous fiscal year end, which despite dividend payments, was mainly due to the increase in foreign currency translation adjustment caused by the yen's depreciation in addition to net income. The shareholders' equity ratio decreased by 0.9 pt. to 53.6% from the previous fiscal year end.

(3) Outlook for Fiscal 2013

The outlook for consolidated results for the full year of fiscal 2013 has not been changed from the previous forecast (announced at the first quarter of fiscal 2013 financial results announcement on July 31, 2013) as follows, considering the current results and foreign exchange rates.

[Full-year consolidated forecasts (April 1, 2013 to March 31, 2014)]

Billions of yen

	Net Sales	Operating income	Ordinary income	Net income
Fiscal 2013	1,680.0	140.0	125.0	95.0

[Assumptions for the Forecast]

The average of foreign exchange rates for the full year of fiscal 2013 are assumed to be US$1 = ¥99 and Euro1 = ¥129.

[Forward looking statements]

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

2. Additional Information in Summary

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

No applicable event occurred during the period.

(2) Adoption of special accounting treatments for quarterly consolidated financial statements

(i) Calculation of tax expenses

The effective tax rate expected to be imposed on pretax net income (after tax effect accounting) applicable to the tax year in which this reporting period is included was estimated based on reasonable assumptions. Then, tax expenses for the six month period ended September 30, 2013 were calculated by multiplying the pretax net income for the reporting period by the estimated effective tax rate.

(3) Changes in accounting policies, changes in accounting estimates and restatements

No applicable event occurred during the period.

3. Consolidated Financial Statements for the Six Month Period Ended September 30, 2013

(1) Consolidated Balance Sheets

Millions of yen

	As of March 31, 2013	As of September 30, 2013
ASSETS		
Current assets		
Cash and deposits	289,613	352,579
Notes and accounts receivable	345,532	385,959
Marketable securities	258,092	366,557
Merchandise and products	108,328	106,837
Work in process	65,168	70,212
Raw materials and supplies	56,035	61,485
Deferred tax assets	240,149	238,412
Other current assets	95,330	134,746
Allowance for doubtful receivables	(3,166)	(3,838)
Total current assets	1,455,081	1,712,950
Noncurrent assets		
Tangible assets	511,101	503,051
Intangible assets		
Goodwill	675,353	707,466
Patent rights	363,057	355,496
Sales rights	582,869	615,563
Other intangible assets	68,456	83,891
Total intangible assets	1,689,735	1,762,416
Investments and other assets		
Investment securities	176,702	179,989
Other assets	123,047	94,926
Allowance for doubtful receivables	(67)	(116)
Total investments and other assets	299,682	274,799
Total noncurrent assets	2,500,518	2,540,266
Total Assets	3,955,599	4,253,216

Millions of yen

	As of March 31, 2013	As of September 30, 2013
LIABILITIES		
Current liabilities		
Notes and accounts payable	118,692	107,887
Short-term loans	1,795	1,332
Income taxes payable	113,430	50,289
Reserve for employees' bonuses	72,338	45,523
Other reserves	10,928	11,521
Other current liabilities	296,449	330,436
Total current liabilities	613,632	546,986
Noncurrent liabilities		
Bond	428,830	548,830
Long-term loans	111,329	241,255
Deferred tax liabilities	322,133	320,266
Reserve for employees' retirement benefits	60,153	66,802
Other reserves	19,842	21,960
Other noncurrent liabilities	176,320	159,948
Total noncurrent liabilities	1,118,608	1,359,062
Total liabilities	1,732,240	1,906,048
NET ASSETS		
Shareholders' equity		
Common stock	63,541	63,562
Capital surplus	39,381	39,030
Retained earnings	2,243,113	2,236,713
Treasury stock	(587)	(602)
Total shareholders' equity	2,345,449	2,338,703
Accumulated other comprehensive income		
Unrealized gains/losses on available-for-sale securities	77,960	83,381
Deferred gains/losses on derivatives under hedge accounting	—	(392)
Foreign currency translation adjustments	(264,403)	(140,525)
Total accumulated other comprehensive income	(186,443)	(57,536)
Stock acquisition rights	934	1,207
Minority interests	63,418	64,793
Total net assets	2,223,359	2,347,168
Total liabilities and net assets	3,955,599	4,253,216

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

Consolidated Statements of Income

Millions of yen

	Six month period ended September 30, 2012	Six month period ended September 30, 2013
Net sales	786,936	828,343
Cost of sales	216,060	231,309
Gross profit	570,876	597,034
Selling, general and administrative expenses		
R&D expenses	154,677	155,172
Other	307,623	341,886
Total selling, general and administrative expenses	462,300	497,058
Operating income	108,576	99,976
Non-operating income		
Interest income	493	436
Dividend income	2,218	1,784
Gains from foreign exchange	1,087	—
Equity in earnings of affiliates	494	479
Gains on transfer of operation	3,933	4,159
Other non-operating income	5,220	8,103
Total non-operating income	13,446	14,960
Non-operating expenses		
Interest expenses	1,548	1,910
Donations and contributions	589	493
Losses from foreign exchange	—	2,861
Fair value adjustment of contingent consideration	2,269	5,187
Other non-operating expenses	4,517	7,746
Total non-operating expenses	8,923	18,197
Ordinary income	113,099	96,740
Extraordinary income		
Gains on sales of investment securities	17,034	21,585
Interest on tax refund	11,593	—
Total extraordinary income	28,627	21,585
Extraordinary loss		
Restructuring costs	11,406	10,029
Total extraordinary loss	11,406	10,029
Income before income taxes and minority interests	130,320	108,296
Income taxes	54,703	41,850
Refund for past paid taxes	(45,622)	—
Total income taxes	9,080	41,850
Income before minority interests	121,239	66,446
Minority interests	1,449	1,741
Net income	119,790	64,705

Consolidated Statements of Comprehensive Income

Millions of yen

	Six month period ended September 30, 2012	Six month period ended September 30, 2013
Income before minority interests	121,239	66,446
Other comprehensive income		
Unrealized gains/losses on available-for-sale securities	(15,573)	5,427
Deferred gains/losses on derivatives under hedge accounting	252	(392)
Foreign currency translation adjustments	(124,879)	124,256
Share of other comprehensive income of affiliates accounted for using equity method	(9)	(93)
Total other comprehensive income	(140,208)	129,198
Comprehensive income	(18,969)	195,644
[Comprehensive income attributable to]		
Comprehensive income attributable to owners of the parent	(20,293)	193,612
Comprehensive income attributable to minority interests	1,324	2,032

(3) Consolidated Statements of Cash Flows

Millions of yen

	Six month period ended September 30, 2012	Six month period ended September 30, 2013
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	130,320	108,296
Depreciation and amortization	80,341	86,745
Amortization of goodwill	16,114	21,251
Interest and dividend income	(2,711)	(2,220)
Interest expenses	1,548	1,910
Equity in losses (earnings) of affiliates	(428)	(431)
Loss (gain) on sales and disposal of property, plant and equipment	424	252
Loss (gain) on sales of investment securities	(17,034)	(21,585)
Interest on tax refund	(11,593)	—
Decrease (increase) in notes and accounts receivable	5,806	(32,827)
Decrease (increase) in inventories	(8,396)	(3,948)
Increase (decrease) in notes and accounts payable	(6,650)	(13,936)
Other	(34,314)	(54,686)
Sub total	153,427	88,820
Interest and dividends received	2,670	2,182
Interest paid	(1,561)	(2,158)
Income tax paid	(31,348)	(111,150)
Tax refund and Interest on tax refund received	57,191	15,199
Net cash provided by (used in) operating activities	180,379	(7,106)
Net cash provided by (used in) investing activities		
Payments for deposit of funds into time deposits	(11)	(1,297)
Proceeds from redemption of time deposits	523	2,009
Payments for purchases of property, plant and equipment	(44,363)	(25,598)
Proceeds from sales of property, plant and equipment	788	4,536
Payments for purchase of intangible assets	(8,100)	(8,671)
Payments for purchases of investment securities	(423)	(493)
Proceeds from sales and redemption of investment securities	240	24,057
Payments for acquisition of subsidiaries' shares, resulting in consolidation scope change	(77,492)	(3,342)
Other	(1,392)	(2,532)
Net cash provided by (used in) investing activities	(130,230)	(11,331)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans	(243,170)	(494)
Proceeds from long-term loans payable	300	130,000
Repayment of long-term debts	(75)	(87)
Proceeds from issuance of bonds	237,976	119,681
Payments for treasury stock	(9)	(17)
Dividends paid	(71,092)	(71,044)
Other	(1,840)	(1,946)
Net cash provided by (used in) financing activities	(77,910)	176,093
Effect of exchange rate changes on cash and cash equivalents	(17,095)	14,439
Net increase (decrease) in cash and cash equivalents	(44,855)	172,096
Cash and cash equivalents, beginning of period	454,247	545,580
Cash and cash equivalents, end of period	409,392	717,677

(4) Notes to Consolidated Financial Statements

(Note regarding going concern assumptions)

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

No events to be noted for this purpose

(Note regarding significant changes in shareholders' equity)

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

No events to be noted for this purpose

(Segment Information)

1. Net sales and profit by business segment

Six month period ended September 30, 2012 (April 1 to September 30, 2012)

Millions of yen

	Business Segments			Total	Adjustments	Amount reported on statement of income
	Ethical Drug	Consumer Healthcare	Other			
Net sales						
Sales to outside customers	710,389	33,595	45,208	789,192	(2,256)	786,936
Intersegment sales and transfers	1,583	186	3,223	4,992	(4,992)	—
Total	711,972	33,781	48,431	794,184	(7,248)	786,936
Segment profit	95,345	8,448	5,821	109,614	(1,038)	108,576

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

Millions of yen

	Business Segments			Total	Adjustments	Amount reported on statement of income
	Ethical Drug	Consumer Healthcare	Other			
Net sales						
Sales to outside customers	748,709	36,724	44,984	830,417	(2,074)	828,343
Intersegment sales and transfers	1,533	714	3,169	5,415	(5,415)	—
Total	750,242	37,438	48,153	835,832	(7,490)	828,343
Segment profit	83,653	10,486	6,610	100,749	(773)	99,976

(Note)Segment profit equals operating income on each segment.

2. Information regarding regions

Net sales

Six month period ended September 30, 2012 (April 1 to September 30, 2012)

Millions of yen

Japan	North America		Europe	Russia /CIS	Latin America	Asia	Other	Total
		United States						
368,251	201,820	193,789	118,139	29,517	29,432	28,868	10,909	786,936

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

Millions of yen

Japan	North America		Europe	Russia /CIS	Latin America	Asia	Other	Total
		United States						
365,687	180,185	169,039	147,890	41,285	38,181	40,303	14,813	828,343

(Note)

1. "Net Sales" is classified into countries or regions based on the customer location.
2. Effective from the six month period ended September 30, 2013, the Company changed the regional classification for the purpose of providing more detailed sales information (previous “Americas" was divided into “North America” and “Latin America” and previous "Europe" was divided into "Europe" and "Russia/CIS"). 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.
3. “Other” region includes Middle East, Oceania and Africa.

(Sales Results (Sales to outside customers))

Six month period ended September 30, 2012 (April 1 to September 30, 2012)

Millions of yen

Ethical Drug			Consumer Healthcare	Other	Adjustments	Amount reported on statement of income	[Royalties]
(Japan)	(Overseas)	Subtotal					
296,279	414,110	710,389	33,595	45,208	(2,256)	786,936	[20,389]

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

Millions of yen

Ethical Drug			Consumer healthcare	Other	Adjustments	Amount reported on statement of income	[Royalties]
(Japan)	(Overseas)	Subtotal					
290,947	457,762	748,709	36,724	44,984	(2,074)	828,343	[37,514]