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

August 1, 2014

Takeda Pharmaceutical Company Limited

Stock exchange listings: Tokyo, Nagoya, Fukuoka, Sapporo

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

Scheduled date of securities report submission: August 11, 2014
Scheduled date of dividend payment commencement: —
Supplementary materials for the financial statements: Yes
Presentation to explain for the financial statements: Yes

(Millions of yen, rounded to the nearest million)

1. Consolidated Financial Results for the Three Month Period Ended June 30, 2014 (April 1 to June 30, 2014)

(1) Consolidated Operating Results (year to date)

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

	Revenue		Operating profit		Profit before tax		Net profit for the period		Net profit attributable to owners of the Company	
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)
Three month period ended June 30, 2014	411,148	0.2	63,689	11.3	59,989	7.4	34,310	(6.2)	33,399	(7.1)
Three month period ended June 30, 2013	410,312	—	57,225	—	55,836	—	36,593	—	35,944	—

	Total comprehensive income for the period		Basic earnings per share	Diluted earnings per share
	(¥ million)	(%)	(¥)	(¥)
Three month period ended June 30, 2014	1,633	(98.8)	42.40	42.36
Three month period ended June 30, 2013	135,819	—	45.53	45.48

(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 June 30, 2014	4,437,328	2,453,998	2,388,581	53.8	3,038.95
As of March 31, 2014	4,569,144	2,540,635	2,470,739	54.1	3,129.63

2. Dividends

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

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

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

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

	Revenue		Operating profit		Profit before tax		Net profit attributable to owners of the Company		Basic earnings per share
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥)
First half year	845,000	—	90,000	—	85,000	—	50,000	—	63.33
Fiscal 2014	1,725,000	2.0	150,000	7.7	140,000	(11.9)	85,000	(20.3)	107.67

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

Additional Information

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

(2) Changes in accounting policies and changes in accounting estimates
1) Changes in accounting policies required by IFRS : Yes
2) Changes in accounting policies other than 1) : No
3) Changes in accounting estimates : No
(Note) For details, refer to "2. Additional Information in Summary" in Page 13.

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

June 30, 2014	789,680,595 shares
March 31, 2014	789,680,595 shares

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

June 30, 2014	3,692,281 shares
March 31, 2014	212,853 shares

3) Average number of outstanding shares (for the three month period ended June 30):

June 30, 2014	787,728,067 shares
June 30, 2013	789,459,453 shares

* Implementation status about the audit

- This summary of financial statements is exempt from quarterly review procedures required by Financial Instruments and Exchange Act. A part of quarterly review for securities report based on Financial Instruments and Exchange Act has not completed at the time of disclosure of this summary of financial statements. The securities report for the three month period ended June 30, 2014 is scheduled to be disclosed on August 11, 2014 after completion of the quarterly review.

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

- Takeda has adopted International Financial Reporting Standards (IFRS) from the FY2013 ended March 31, 2014 and the disclosure information in this material is based on IFRS. According to this adoption, the previous year's information is also based on IFRS.
- Our operations are exposed to various risks at present and in the future, such as changes in the business environment and fluctuation of foreign exchange rates. All forecasts in this presentation are based on information currently available to the management, and various factors could cause actual results to differ. We will disclose necessary information in a timely manner when our management believes there will be significant impacts to our consolidated results due to changes in the business environment or other events.
- Regarding the assumptions made and the items to be considered in the financial forecasts, please refer to “1. Qualitative Information for the Three Month Period Ended June 30, 2014 (3) Outlook for Fiscal 2014” on page 12.
- Supplementary materials for the financial statements (presentation materials for the earnings release conference which is scheduled on August 1, 2014) and the audio 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 Three Month Period Ended June 30, 2014

(1) Consolidated Operating Results

(i) Overview

Takeda Pharmaceutical Company Limited ("Takeda", "the Company"), as a global pharmaceutical company, has formulated "Vision 2020" to articulate the aspiration of where the Company wants to be in the year 2020. This vision determines the Company's long-term objective to pursue innovative medicines as well as high-quality branded generics, life-saving vaccines, and OTC medicines to meet the needs of those who want to be healthy - 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 further deepens and expands on previous strategies, centered around the core principles of "Globalization," "Diversity," and "Innovation." In particular, Takeda is focusing on the market penetration of its diverse portfolio of products and the swift increase of new product sales, as well as on the steady progression of its late stage pipeline. In addition, Takeda is continuing to build a robust and efficient operating model through Project Summit, an initiative to pursue the transformation into a company that is competitive in every aspect of its business.

This year, Takeda enters the second year of the execution of the Mid-Range Growth Strategy with a new organizational structure of a Chief Executive Officer (CEO) and Chief Operating Officer (COO). Moreover, Takeda will continue to push forward with the transformations that will ensure sustainable growth, by leveraging on the strengths of the Company which include a diverse product portfolio, a strong development pipeline, and a proven global business infrastructure.

<Commercial Initiatives>
In developed countries, Takeda is focusing its efforts on the successful uptake of newly launched innovative products, while in emerging countries, in addition to launching new innovative products, Takeda aims to commercialize diverse portfolios tailored to local needs in order to achieve sales growth that exceeds the market growth in each region.
In recent years, Takeda has launched products in a broad range of therapeutic areas including Cardiovascular & Metabolic, Oncology, and CNS, and this year the Company will expand launches of new products in areas including gastrointestinal diseases.

In Japan, in April 2014, Takeda launched ADCETRIS for the treatment of malignant lymphomas, a highly anticipated new treatment option for patients. In June 2014, Takeda launched ZACRAS (a fixed-dose combination of anti-hypertensive treatment AZILVA and the calcium channel blocker amlodipine), a treatment for hypertension that is anticipated to provide a strong and sustained anti-hypertensive effect, improving control of blood pressure levels, and TAKELDA, a fixed-dose combination of gastric ulcer treatment TAKEPRON and the antiplatelet aspirin. In May 2014, Takeda received approval for changes in the indication of core strategic product NESINA for type 2 diabetes, enabling concomitant therapy with all the oral anti-diabetic agents and insulin. Also, Takeda is progressing with new partnering initiatives, such as the June 2014 agreement with Sanofi to build a collaborative system within Japan in the field of diabetes awareness and education. The new marketing system introduced this year of therapeutic area MRs (medical representatives) is also progressing well, enabling Takeda to provide a higher level of specialization to better meet the diverse needs of healthcare providers.

In the U.S., in June 2014, Takeda launched ENTYVIO for the treatment of ulcerative colitis and Crohn’s disease, and the Company will also commence the marketing of ENTYVIO throughout Europe. ENTYVIO is a groundbreaking new product that offers a new treatment option to patients with inflammatory bowel disease who have failed to respond to treatment with existing products, and it is anticipated to be a blockbuster global product for Takeda. In the U.S., Takeda also launched BRINTELLIX, a treatment for major depressive disorder, in January 2014. BRINTELLIX has a different mechanism from existing treatments, and is therefore expected

to contribute to the treatment of depression for many patients. In Europe, also in the CNS area, Takeda is focusing on the swift market penetration of atypical antipsychotic LATUDA. Across all therapeutic areas, Takeda is implementing optimal marketing strategies to quickly maximize the value of new products.

In emerging markets, branded generics continue to perform strongly, and Takeda is steadily expanding the number of regions where new products are on the market. The emerging markets business, especially in the growing markets of China, Russia/CIS and Brazil, is positioned as a strong growth driver in the Mid-Range Growth Strategy, and Takeda will continue to strive for the achievement of growth in these regions that outpaces that of the market.

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

In the short term, Takeda is striving to ensure the steady approval of Phase III programs, and the approval of ENTYVIO in the U.S. and Europe within the same month for ulcerative colitis and Crohn's disease is an example of a significant success in this area.

In the medium term, Takeda will progress the early-stage portfolio as quickly as possible, and also focus on in-licensing new assets and exploring additional indications for existing compounds. As an example, Takeda is evaluating multiple myeloma treatment VELCADE in patients with previously untreated mantle cell lymphoma, and results from a Phase III study were presented in June 2014 at the annual meeting of the American Society of Clinical Oncology.

In the long term, Takeda will invest in cutting-edge science and technology to further invigorate drug discovery research, and strengthen alliances with research organizations and consortiums. One example of a long term initiative is the May 2014 agreement with MacroGenics, a company with expertise in complex diseases such as auto-immune disorders.

For further details of R&D activities including the progression of clinical trials, please refer to section (iv) "Activities and Results of Research & Development" on page 10.

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 and further ensure compliance* with laws and regulations governing its operations, and conducts business activities as a unified company according to the corporate mission to "strive towards better health for people worldwide through leading innovation in medicine."

---

*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 strengthened its internal review system for promotional materials by adding new members to review materials from both a legal and medical perspective. Additionally, Takeda has strengthened its system for the screening and evaluation of donations. Takeda will continuously implement measures to prevent recurrences of this kind of event in the future, including ensuring transparency through clarifying the role of each department and strengthening each department's checking systems, as well as thoroughly ensuring that Takeda employees are completely uninvolved in investigator-led clinical research related to Takeda products.
The promotional activities by Takeda related to this case have been deemed in violation of the Japan Pharmaceutical Manufacturers Association's (JPMA's) "Prescription Drugs Promotion Code", and as a consequence, Takeda received notice of sanctions imposed by the JPMA that Takeda's activities as Vice President of the JPMA will be temporarily suspended for six months from April 2014.

<Reference> Major products launched in and after 2010

[Japan]

Launched in 2010	
Nesina	a drug for type 2 diabetes, generic name: alogliptin
Unisia	a drug for treatment of hypertension: a fixed dose combination of Blopress and a calcium channel blocker (amlodipine)
Vectibix	a cancer drug, generic name: panitumumab
Rozerem	an insomnia drug, generic name: ramelteon
Metact	a drug for type 2 diabetes: a fixed dose combination of Actos and a biguanide (metformin)
Actos OD (orally-disintegrating tablets)	a drug for type 2 diabetes
Lampion pack	a drug for secondary eradication of Helicobacter Pylori: a single pack containing Takepron, amoxicillin and metronidazole
Launched in 2011	
Reminyl	a drug for Alzheimer's dementia, generic name: galantamine, licensed from Janssen and jointly marketed with the licensor
Sonias	a drug for type 2 diabetes: a fixed dose combination of Actos and a sulfonylurea (glimepiride)
Liovel	a drug for type 2 diabetes: a fixed dose combination of Nesina and Actos
Launched in 2012	
Azilva	a drug for treatment of hypertension, generic name: azilsartan
Launched in 2013	
Lotriga	a drug for treatment of hyperlipidemia, generic name: omega-3-acid ethyl esters 90
Launched in April 2014	
Adcetris	a drug for treatment of malignant lymphoma, generic name: brentuximab vedotin
Launched in June 2014	
Takelda	a fixed dose combination of Takepron and low-dose aspirin
Zacras	a drug for treatment of hypertension: a fixed dose combination of Azilva and amlodipine

[North America]

<U.S.A.>

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

<Canada>

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

[Europe]

Launched in 2010	
Mepact	a drug for non-metastatic osteosarcoma, generic name: mifamurtide
Launched in 2012	
Edarbi	a drug for treatment of hypertension, generic name: azilsartan medoxomil
Rienso	a drug for treatment of iron deficiency anaemia, generic name: ferumoxytol
Adcetris	a drug for treatment of malignant lymphoma, generic name: brentuximab vedotin
Launched in 2013	
Latuda	an atypical antipsychotic, generic name: lurasidone hydrochloride
Vipidia	a drug for type 2 diabetes, generic name: alogliptin
Vipdomet	a drug for type 2 diabetes: a fixed dose combination of Nesina and a biguanide (metformin)
Incresync	a drug for type 2 diabetes: a fixed dose combination of Nesina and Actos
Launched in July 2014	
Dexilant	a drug for acid reflux disease, generic name: dexlansoprazole
Entyvio	a drug for the treatment of ulcerative colitis and Crohn's disease, generic name: vedolizumab

[Emerging markets]

<Brazil>

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

<Russia>

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

<Mexico>

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

<China>

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

(ii) Operating Results

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

Billions of yen

	Amount	*Change over the same period of the previous year*	
Revenue	411.1	+ 0.8	+ 0.2%
Operating profit	63.7	+ 6.5	+11.3%
Net profit for the period (attributable to owners of the Company)	33.4	- 2.5	- 7.1%
Core Earnings (Note)	84.3	- 7.3	- 7.9%
Core EPS (yen) (Note)	65.95	- 12.33	- 15.8%

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

[Revenue]
Consolidated revenue was ¥411.1 billion, an increase of ¥0.8 billion (+0.2%) compared to the same period of the previous year.

- In Japan, sales of the core strategic products such as AZILVA (a drug for hypertension) and NESINA (a drug for Type 2 diabetes) significantly increased by 223.4% and 32.4%, respectively. In the U.S., the sales of VELCADE (a drug for multiple myeloma) and DEXILANT (a drug for acid reflux disease) increased. In addition, the sales of ADCETRIS (a drug for lymphoma) expanded in Europe, and the sales contribution of PANTOPRAZOLE (a drug for peptic ulcer) continues to perform strongly in emerging markets including Asia. Such positive factors absorbed the decrease in sales mainly due to the penetration of generic products after the patent expiry of blockbuster products such as CANDESARTAN (a drug for hypertension) and LANSOPRAZOLE (a drug for lymphoma), and the National Health Insurance price reduction in Japan.
  In total, consolidated revenue increased by ¥0.8 billion.

  Underlying growth for revenue (Note) declined by 0.2% compared to the same period of the previous year.

  (Note) Underlying growth for revenue: Constant currency and without exceptional item such as business divestments

- Consolidated revenue of Takeda's major ethical drugs:

Billions of yen

Indications / Product Name	Amount	Change over the same period of the previous year
Hypertension / Candesartan (Japan product name: Blopress)	36.5	- 6.0 -14.1%
Multiple myeloma / Velcade	34.9	+4.5 +14.6%
Prostate cancer, breast cancer and endometriosis / Leuprorelin (Japan product name: Leuplin)	29.6	-3.9 -11.7%
Peptic ulcer / Pantoprazole	25.8	+2.7 +11.8%
Peptic ulcer / Lansoprazole (Japan product name: Takepron)	25.5	-4.6 -15.4%
Hyperuricemia and gout / Colcrys	14.3	+0.7 +4.9%
Type 2 diabetes / Pioglitazone (Japan product name: Actos)	12.3	+1.8 +16.9%

(Note) Revenue amount includes royalty income.

[Operating profit]
Consolidated operating profit was ¥63.7 billion, an increase of ¥6.5 billion (+11.3%) compared to the same period of the previous year.

- Despite the increase in selling, general and administrative expenses of ¥7.0 billion (+5.4%) mainly due to the launch of new products in the U.S., R&D expenses decreased by ¥4.1 billion (-5.2%) to ¥75.2 billion compared to the same period of the previous year. In addition, other operating income increased by ¥16.0 billion (+196.3%) mainly due to the gains on sales of property, plant and equipment. As a result, operating profit increased.
- On a constant currency basis, selling, general and administrative expenses increased by 0.3% (general and administrative expenses, excluded selling expenses, decreased by 8.0%) and R&D expenses decreased by 5.8%, respectively.

[Net profit for the period (attributable to owners of the Company)]
Consolidated net profit for the period was ¥33.4 billion, a decrease of ¥2.5 billion (-7.1%) compared to the same period of the previous year.

- The increase in operating profit could not fully absorb the negative factors such as unfavorable impact of net financial income/expenses. As a result, consolidated net profit for the period decreased.
- Basic earnings per share was ¥42.40, a decrease of ¥3.13 (-6.9%) compared to the same period of the previous year.

[Core Earnings]
Core Earnings was ¥84.3 billion, a decrease of ¥7.3 billion (-7.9%) compared to the same period of the previous year.

- Core Net Profit (Note) was ¥51.9 billion, a decrease of ¥9.8 billion (-15.9%) compared to the same period of the previous year.
- Core EPS was ¥65.95, a decrease of ¥12.33 (-15.8%) compared to the same period of the previous year.

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

(iii) Results by Segment

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

Billions of yen

Type of Business	Revenue		Operating profit	
	Amount	Change over the same period of the previous year	Amount	Change over the same period of the previous year
Ethical Drug	372.4	+0.5	34.6	-11.2
<Japan>	<138.0>	< -2.2>		
<Overseas>	<234.4>	< +2.7>		
Consumer Healthcare	16.9	+0.3	5.7	+0.3
Other	21.9	+0.0	23.4	+17.4
Total	411.1	+0.8	63.7	+6.5

[Ethical Drug Business]
Revenue in the Ethical Drug Business was ¥372.4 billion, an increase of ¥0.5 billion (+0.1%) compared to the same period of the previous year, and operating profit was ¥34.6 billion, a decrease of ¥11.2 billion (-24.5%) mainly due to the increase in selling expenses related to the launch of new products in the U.S.

- Revenue in Japan was ¥138.0 billion, a decrease of ¥2.2 billion (-1.6%) compared to the same period of the previous year. Contribution from sales increase of products launched in and after 2010 such as AZILVA and NESINA could not fully absorb the decrease in sales mainly due to the National Health Insurance price reduction and the penetration of generic products.

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

Billions of yen

Product Name (Indications)	Amount	Change over the same period of the previous year	
Blopress (Hypertension)	28.8	-4.1	-12.3%
Leuplin (Prostate cancer, breast cancer and endometriosis)	14.4	-1.9	-11.6%
Takepron (Peptic ulcer)	14.0	-3.2	-18.8%
Azilva (Hypertension)	9.7	+6.7	+223.4%
Nesina (Type 2 diabetes)	9.7	+2.4	+32.4%
Vectibix (Cancer)	4.3	-0.5	-10.4%
Actos (Type 2 diabetes)	3.1	-1.2	-27.9%

- Revenue in overseas markets was ¥234.4 billion, an increase of ¥2.7 billion (+1.2%) compared to the same period of the previous year. Contribution from sales increase including VELCADE in the U.S. and PANTOPRAZOLE in emerging markets including Asia could fully absorb the decrease in sales due to the penetration of generic products.

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

Billions of yen

Product Name (Indications)	Amount	Change over the same period of the previous year	
Velcade (Multiple myeloma)	33.8	+3.4	+11.1%
Pantoprazole (Peptic ulcer)	25.8	+2.7	+11.8%
Leuprorelin (Prostate cancer, breast cancer and endometriosis)	15.2	-2.0	-11.8%
Colcrys (Hyperuricemia and gout)	14.3	+0.7	+4.9%
Dexilant (Acid reflux disease)	12.7	+1.6	+14.2%
Lansoprazole (Peptic ulcer)	11.5	-1.4	-10.7%
Pioglitazone (Type 2 diabetes)	9.3	+3.0	+47.3%
Candesartan (Hypertension)	7.6	-1.9	-20.4%

(Note) Revenue amount includes royalty income.

[Consumer Healthcare Business]

Revenue in the Consumer Healthcare Business was ¥16.9 billion, an increase of ¥0.3 billion (+2.0%) compared to the same period of the previous year, mainly due to the increase in sales of ALINAMIN tablets and health tonics (vitamin-containing products) and BENZA medicines (combination cold remedies). Operating profit increased by ¥0.3 billion (+5.8%) to ¥5.7 billion mainly due to the increase in gross profit margin.

[Other Business]
Revenue in the Other Business was ¥21.9 billion, remained the same level as the same period of the previous year. Operating profit increased by ¥17.4 billion (+286.4%) to ¥23.4 billion mainly due to the gains on sales of property, plant and equipment.

(iv) Activities and Results of Research & Development

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.
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 for an application for changes to the indication of type 2 diabetes treatment NESINA (generic name: alogliptin). The newly approved indication is "Type 2 Diabetes", which includes the previously unapproved indication of concomitant therapy with a rapid-acting insulin-secretion stimulating agent. The "Type 2 Diabetes" indication now allows concomitant therapy of NESINA with all the oral anti-diabetic agents and insulin.

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

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

[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 New Drug Application (NDA) for registration of the product in Japan.

- In May 2014, Takeda and MacroGenics, Inc. of the U.S. concluded an option agreement for the development and commercialization of MGD010, a product candidate currently in pre-clinical development for the treatment of autoimmune diseases.

- 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) will terminate effective September 2014, and Takeda will work with the FDA to withdraw the OMONTYS NDA.

- 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.

[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.

(2) Consolidated Financial Position

[Assets]
Total assets as of June 30, 2014 were ¥4,437.3 billion, a decrease of ¥131.8 billion compared to the previous fiscal year end. Non-current assets decreased by ¥70.6 billion mainly due to the decrease in the translated amounts of foreign assets such as goodwill and intangible assets resulting from the yen's appreciation compared to the previous fiscal year end, and current assets decreased by ¥61.2 billion mainly due to the decrease in quick assets that resulted from dividend payments.

[Liabilities]
Total liabilities as of June 30, 2014 were ¥1,983.3 billion, a decrease of ¥45.2 billion compared to the previous fiscal year end.

[Equity]
Total equity as of June 30, 2014 was ¥2,454.0 billion, a decrease of ¥86.6 billion compared to the previous fiscal year end mainly due to the dividend payments and the unfavorable exchange differences caused by the yen's appreciation compared to the previous fiscal year end.
The ratio of equity attributable to owners of the Company to total assets decreased by 0.2 pt. to 53.8% from the previous fiscal year end.

(3) Outlook for Fiscal 2014

The outlook for consolidated results for the first half year and the full year of fiscal 2014 has not been changed from the previous forecast (announced at the fiscal 2013 financial results announcement on May 8, 2014) as follows, considering the current results and others.

[Consolidated forecasts for Fiscal 2014]

Billions of yen

	First half year	*Full year*
Revenue	845.0	1,725.0
R&D expenses	160.0	350.0
Operating profit	90.0	150.0
Net profit for the year/period (attributable to owners of the Company)	50.0	85.0
EPS (yen)	63.33	107.67
Core Earnings (Note)	145.0	280.0
Core Net Profit (Note)	90.0	180.0
Core EPS (yen) (Note)	113.99	228.01

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

[Assumptions used in preparing the Outlook]

The foreign exchange rates assumptions for fiscal 2014 are US$1 = ¥100 and 1 Euro = ¥140.

[Forward looking statement]

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

(4) Litigation

Product liability litigation regarding pioglitazone-containing products

The Company, Takeda Pharmaceuticals U.S.A., Inc. (“TPUSA”), and certain Company Affiliates located in the U.S. have been named as defendants in lawsuits pending in U.S. federal and state courts in which plaintiffs allege to have developed bladder cancer as a result of taking pioglitazone-containing products (some cases alleged other injuries). Eli Lilly & Co. (“Eli Lilly”) is a defendant in many of these lawsuits. Also, proposed personal injury class action lawsuits have been filed in Canada, and a lawsuit seeking compensation for bladder cancer has been filed in France.

The Company is vigorously defending these lawsuits.

Of the six lawsuits tried to-date in the U.S. or state courts in 2013 and 2014, five cases have resulted in verdicts or judgments in favor of Takeda. Plaintiffs in those cases are challenging the verdicts or judgments in post-trial motions or appeals. In 2014, the first trial was conducted in the federal multi district litigation ("MDL")*, in the case of Terrence Allen, et al. v. TPNA, et al. On April 7, 2014, the jury reached a verdict in favor of plaintiffs and awarded $1,475 thousand in compensatory damages against Takeda defendants and Eli Lilly, allocating liability 75% to Takeda defendants and 25% to Eli Lilly. The jury also assessed $6 billion in punitive damages against Takeda defendants and $3 billion in punitive damages against Eli Lilly. In June, Takeda filed post-trial motions challenging the verdict. Takeda intends to challenge this outcome through all available means including an appeal. Many additional state court trials are scheduled to take place during the remainder of 2014 and 2015, and the Company is vigorously and appropriately defending them as well.

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

2. Additional Information in Summary

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

No applicable event occurred during the period.

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

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

(Changes in accounting policies)

The accounting standards applied by the Companies effective from this first quarter ended June 30, 2014 are as follows.

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

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

3. Condensed Interim Consolidated Financial Statements [IFRS]

(1) Condensed Interim Consolidated Statement of Income

(Millions of yen)

	Three month period ended June 30, 2013	Three month period ended June 30, 2014
Revenue	410,312	411,148
Cost of sales	(117,915)	(118,039)
Gross profit	292,397	293,109
Selling, general and administrative expenses	(129,612)	(136,581)
Research and development expenses	(79,241)	(75,155)
Amortization and impairment losses on intangible assets associated with products	(29,153)	(30,759)
Other operating income	8,142	24,125
Other operating expenses	(5,307)	(11,051)
Operating profit	57,225	63,689
Finance income	3,367	3,960
Finance expenses	(5,245)	(8,588)
Share of profit of associates accounted for using the equity method	489	929
Profit before tax	55,836	59,989
Income tax expenses	(19,243)	(25,679)
Net profit for the period	36,593	34,310
Attributable to:		
Owners of the Company	35,944	33,399
Non-controlling interests	649	911
Net profit for the period	36,593	34,310
Earnings per share (yen)		
Basic earnings per share	45.53	42.40
Diluted earnings per share	45.48	42.36

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

(Millions of yen)

	Three month period ended June 30, 2013	Three month period ended June 30, 2014
Net profit for the period	36,593	34,310
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	845	(2,318)
	845	(2,318)
Items that may be reclassified to subsequently to profit or loss		
Exchange differences on translating foreign operations	88,623	(31,862)
Net changes on revaluation of available-for-sale financial assets	9,451	1,899
Cash flow hedges	307	(396)
	98,381	(30,359)
Other comprehensive income, net of tax	99,226	(32,677)
Total comprehensive income for the period	135,819	1,633
Attributable to:		
Owners of the Company	134,093	1,315
Non-controlling interests	1,726	318
Total comprehensive income for the period	135,819	1,633

(3) Condensed Interim Consolidated Statement of Financial Position

(Millions of yen)

	As of March 31, 2014	As of June 30, 2014
ASSETS		
Non-current assets		
Property, plant and equipment	542,253	532,605
Goodwill	814,671	800,496
Intangible assets	1,135,597	1,098,586
Investment property	32,083	30,631
Investments accounted for using the equity method	10,001	10,447
Other financial assets	192,806	200,949
Other non-current assets	40,772	39,605
Deferred tax assets	208,424	192,652
Total non-current assets	2,976,607	2,905,970
Current assets		
Inventories	254,329	267,575
Trade and other receivables	430,620	425,033
Other financial assets	184,981	139,829
Income taxes recoverables	12,044	17,052
Other current assets	43,510	56,756
Cash and cash equivalents	666,048	622,915
Subtotal	1,591,531	1,529,160
Assets held for sale	1,005	2,198
Total current assets	1,592,536	1,531,358
Total assets	4,569,144	4,437,328

(Millions of yen)

	As of March 31, 2014	As of June 30, 2014
LIABILITIES AND EQUITY		
LIABILITIES		
Non-current liabilities		
Bonds and loans	704,580	702,559
Other financial liabilities	110,129	107,260
Net defined benefit liabilities	76,497	78,632
Provisions	14,399	13,360
Other non-current liabilities	39,555	68,292
Deferred tax liabilities	280,595	272,588
Total non-current liabilities	1,225,755	1,242,692
Current liabilities		
Bonds and loans	155,404	153,356
Trade and other payables	184,900	154,733
Other financial liabilities	48,817	53,846
Income taxes payables	52,332	58,737
Provisions	125,349	115,867
Other current liabilities	235,953	204,098
Total current liabilities	802,754	740,638
Total liabilities	2,028,509	1,983,330
EQUITY		
Share capital	63,562	63,562
Share premium	39,866	51,354
Treasury shares	(621)	(16,621)
Retained earnings	1,901,307	1,853,441
Other components of equity	466,624	436,846
Equity attributable to owners of the Company	2,470,739	2,388,581
Non-controlling interests	69,896	65,417
Total equity	2,540,635	2,453,998
Total liabilities and equity	4,569,144	4,437,328

(4) Condensed Interim Consolidated Statement of Changes in Equity

Three month period ended June 30, 2013 (From April 1, 2013 to June 30, 2013)

(Millions of yen)

	Equity attributable to owners of the Company					
					Other components of equity	
	Share capital	Share premium	Treasury shares	Retained earnings	Exchange differences on translating foreign operations	Net changes on revaluation of available-for-sale financial assets
As of April 1, 2013	63,541	40,257	(587)	1,927,795	177,083	64,598
Net profit for the period				35,944		
Other comprehensive income					87,574	9,423
Comprehensive income for the period	—	—	—	35,944	87,574	9,423
Acquisitions of treasury shares			(7)			
Disposals of treasury shares						
Dividends				(71,059)		
Changes in the ownership interest in subsidiaries						
Transfers from other comprehensive income to retained earnings				845		
Share options		161				
Put options written on non-controlling interests		(643)				
Total transactions with owners	—	(482)	(7)	(70,214)	—	—
As of June 30, 2013	63,541	39,776	(594)	1,893,526	264,657	74,021

	Equity attributable to owners of the Company				Non-controlling interests	Total equity
	Other components of equity			Total		
	Cash flow hedges	Remeasurements of defined benefit plans	Total			
As of April 1, 2013	1,416	—	243,097	2,274,103	64,183	2,338,286
Net profit for the period			—	35,944	649	36,593
Other comprehensive income	307	845	98,149	98,149	1,077	99,226
Comprehensive income for the period	307	845	98,149	134,093	1,726	135,819
Acquisitions of treasury shares			—	(7)		(7)
Disposals of treasury shares			—	—		—
Dividends			—	(71,059)	(658)	(71,717)
Changes in the ownership interest in subsidiaries			—	—		—
Transfers from other comprehensive income to retained earnings		(845)	(845)	—		—
Share options			—	161		161
Put options written on non-controlling interests			—	(643)		(643)
Total transactions with the owners	—	(845)	(845)	(71,548)	(658)	(72,206)
As of June 30, 2013	1,722	—	340,400	2,336,649	65,251	2,401,900

Three month period ended June 30, 2014 (From April 1, 2014 to June 30, 2014)

(Millions of yen)

	Equity attributable to owners of the Company					
					Other components of equity	
	Share capital	Share premium	Treasury shares	Retained earnings	Exchange differences on translating foreign operations	Net changes on revaluation of available-for-sale financial assets
As of April 1, 2014	63,562	39,866	(621)	1,901,307	406,151	60,771
Net profit for the period				33,399		
Other comprehensive income					(31,264)	1,882
Comprehensive income for the period	—	—	—	33,399	(31,264)	1,882
Acquisitions of treasury shares			(16,001)			
Disposals of treasury shares		(0)	1			
Dividends				(71,060)		
Changes in the ownership interest in subsidiaries				(7,901)		
Transfers from other comprehensive income to retained earnings				(2,306)		
Share options		211				
Put options written on non-controlling interests		11,277				
Total transactions with the owners	—	11,487	(16,001)	(81,266)	—	—
As of June 30, 2014	63,562	51,354	(16,621)	1,853,441	374,887	62,653

	Equity attributable to owners of the Company				Non-controlling interests	Total equity
	Other components of equity			Total		
	Cash flow hedges	Remeasurements of defined benefit plans	Total			
As of April 1, 2014	(298)	—	466,624	2,470,739	69,896	2,540,635
Net profit for the period			—	33,399	911	34,310
Other comprehensive income	(396)	(2,306)	(32,084)	(32,084)	(593)	(32,677)
Comprehensive income for the period	(396)	(2,306)	(32,084)	1,315	318	1,633
Acquisitions of treasury shares			—	(16,001)		(16,001)
Disposals of treasury shares			—	1		1
Dividends			—	(71,060)	(717)	(71,776)
Changes in the ownership interest in subsidiaries			—	(7,901)	(4,079)	(11,980)
Transfers from other comprehensive income to retained earnings		2,306	2,306	—		—
Share options			—	211		211
Put options written on non-controlling interests			—	11,277		11,277
Total transactions with the owners	—	2,306	2,306	(83,473)	(4,796)	(88,269)
As of June 30, 2014	(694)	—	436,846	2,388,581	65,417	2,453,998

(5) Notes to Condensed Interim Consolidated Financial Statements

(Going Concern Assumption)

Three month period ended June 30, 2014 (April 1 to June 30, 2014)

No events to be noted for this purpose.

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

Three month period ended June 30, 2014 (April 1 to June 30, 2014)

No events to be noted for this purpose.

(Segment Information)

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

Three month period ended June 30, 2013 (April 1 to June 30, 2013)

(Millions of yen)

	Reportable Segments			Total	Condensed interim consolidated financial statements
	Ethical Drugs	Consumer Healthcare	Other		
Revenues	371,936	16,552	21,824	410,312	410,312
Operating profit	45,785	5,374	6,066	57,225	57,225
			Finance income		3,367
			Finance expenses		(5,245)
			Share of profit of associates accounted for using the equity method		489
			Profit before tax		55,836

Three month period ended June 30, 2014 (April 1 to June 30, 2014)

(Millions of yen)

	Reportable Segments			Total	Condensed interim consolidated financial statements
	Ethical Drugs	Consumer Healthcare	Other		
Revenues	372,403	16,884	21,861	411,148	411,148
Operating profit	34,560	5,688	23,440	63,689	63,689
			Finance income		3,960
			Finance expenses		(8,588)
			Share of profit of associates accounted for using the equity method		929
			Profit before tax		59,989

2. Geographic Information

Revenues

(Millions of yen)

	Japan	North America		Europe	Russia /CIS	Latin America	Asia	Others	Total
			(United States)						
Three month period ended June 30, 2013	176,100	91,832	85,917	75,631	21,132	18,853	19,745	7,019	410,312
Three month period ended June 30, 2014	175,421	95,323	89,417	71,487	17,347	19,201	22,826	9,543	411,148

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

(Breakdown of Revenues)

Three month period ended June 30, 2013 (April 1 to June 30, 2013)

(Millions of yen)

Ethical Drugs			Consumer healthcare	Other	Condensed interim consolidated statement of income	[Royalties]
(Japan)	(Overseas)	Subtotal				
140,201	231,734	371,936	16,552	21,824	410,312	[18,916]

Three month period ended June 30, 2014 (April 1 to June 30, 2014)

(Millions of yen)

Ethical Drugs			Consumer healthcare	Other	Condensed interim consolidated statement of income	[Royalties]
(Japan)	(Overseas)	Subtotal				
137,993	234,410	372,403	16,884	21,861	411,148	[13,493]

(Contingent liabilities)

1. Litigation

The Company, Takeda Pharmaceuticals U.S.A. Inc. ("TPUSA") and certain Company Affiliates located in the U.S. have been named as defendants in lawsuits pending in U.S. federal and state courts in which plaintiffs allege to have developed bladder cancer as a result of taking pioglitazone-containing products (some cases alleged other injuries). Eli Lilly & Co. ("Eli Lilly") is a defendant in many of these lawsuits. Also, proposed personal injury class action lawsuits have been filed in Canada, and a lawsuit seeking compensation for bladder cancer has been filed in France.

Of the six lawsuits tried to-date in the U.S. or state courts in 2013 and 2014, five cases have resulted in verdicts or judgments in favor of Takeda. Plaintiffs in those cases are challenging the verdicts or judgments in post-trial motions or appeals. In the case of Terrence Allen, et al. v. Takeda Pharmaceuticals North America, Inc. (the existing "TPUSA"), et al, No. 6:12-cv-00064, the jury found in favor of the plaintiffs and awarded $1,475 thousand in compensatory damages. The allocation of liability was 75% to Takeda defendants and 25% to Eli Lilly. The jury also awarded $6 billion in punitive damages against Takeda defendants and $3 billion in punitive damages against co-defendant, Eli Lilly. The trial began on February 3rd in the United States District Court for the Western District Louisiana. Takeda defendants believe the verdict should be reversed on several legal grounds and intend to vigorously challenge this outcome through all available legal means, including post-trial motions challenging the verdict which Takeda filed in June 2014 and an appeal. While we are aware that this case is also subject to similar uncertainties inherent to lawsuits, we have not disclosed the range of potential loss arising from those uncertainties in accordance with paragraph 92 of IAS 37 ("Provisions, Contingent Liabilities and Contingent Assets".)

(Significant Subsequent Events)

No applicable event occurred during the period.

4. Supplemental Information

(1) Ethical Drugs Revenues [Consolidated]

(Billions of yen)

	Three month period ended June 30, 2013	Three month period ended June 30, 2014	Change over the same period of the previous year	
			Amount	Increase (decrease) in percent
Domestic revenues	139.7	136.2	(3.6)	(2.5%)
Overseas revenues	211.7	219.7	8.0	3.8%
North America	84.7	90.1	5.4	6.3%
United States	79.0	84.7	5.7	7.2%
Europe	61.7	63.9	2.2	3.6%
Russia/CIS	21.1	17.0	(4.2)	(19.7%)
Latin America	18.7	18.3	(0.4)	(2.2%)
Asia	18.7	21.9	3.2	17.0%
Other	6.8	8.6	1.8	26.7%
Royalty Income and Service Income	20.5	16.5	(4.0)	(19.4%)
Domestic	0.5	1.8	1.4	—
Overseas	20.0	14.7	(5.3)	(26.6%)
Total revenues	371.9	372.4	0.5	0.1%

(Note) "Other" region includes Middle East, Oceania and Africa.

Ratio of Overseas revenues	62.3%	62.9%

Foreign exchange rates

(Yen)

	Three month period ended June 30, 2013	Three month period ended June 30, 2014	Increase (decrease)
US$ average rate	98.1	102.3	4.2
Euro average rate	127.1	140.4	13.3

(2) Ethical Drugs: Global major products' sales [Consolidated]

(Billions of yen)

	Three month period ended June 30, 2013	Three month period ended June 30, 2014	Change over the same period of the previous year	
			Amount	Increase (decrease) in percent
Candesartan	42.5	36.5	(6.0)	(14.1%)
Velcade	30.5	34.9	4.5	14.6%
Leuprorelin	33.5	29.6	(3.9)	(11.7%)
Pantoprazole	23.1	25.8	2.7	11.8%
Lansoprazole	30.1	25.5	(4.6)	(15.4%)
Colcrys	13.7	14.3	0.7	4.9%
Dexilant	11.1	12.7	1.6	14.2%
Pioglitazone	10.6	12.3	1.8	16.9%
Nesina	7.3	10.8	3.5	47.8%
Uloric	6.5	6.7	0.2	3.2%
Amitiza	6.1	6.6	0.5	8.2%
Adcetris	2.8	5.1	2.3	81.5%
Calcium	4.4	4.9	0.5	10.4%
Actovegin	7.4	4.7	(2.7)	(36.5%)
Tachosil	4.2	4.4	0.2	5.6%

(Note) Sales amount includes royalty income.

(3) Ethical Drugs: Overseas major products' sales (Regional basis)

(Billions of yen)

	Three month period ended June 30, 2013	Three month period ended June 30, 2014	Change over the same period of the previous year	
			Amount	Increase (decrease) in percent
Candesartan ***(Note 2)***				
North America, Latin America, Europe, Russia/CIS, Asia and Other regions	9.6	7.6	(1.9)	(20.4%)
Leuprorelin				
North America and Latin America	6.3	3.9	(2.4)	(38.0%)
Europe and Russia/CIS	8.8	8.6	(0.2)	(2.0%)
Asia and Other regions	2.2	2.7	0.5	24.5%
Lansoprazole				
North America and Latin America	7.9	6.2	(1.7)	(21.6%)
Europe and Russia/CIS	3.1	3.2	0.0	1.3%
Asia and Other regions	1.9	2.2	0.3	14.9%
Pantoprazole				
North America and Latin America	8.1	5.3	(2.7)	(33.7%)
Europe and Russia/CIS	9.5	11.9	2.4	25.2%
Asia and Other regions	5.5	8.6	3.1	55.3%
Pioglitazone				
North America and Latin America	3.0	5.7	2.6	86.9%
Europe and Russia/CIS	2.1	2.0	(0.1)	(6.1%)
Asia and Other regions	1.1	1.6	0.5	42.7%

(Note) 1. This chart shows the overseas revenues in major products classified as "North America and Latin America," "Europe and Russia/CIS," "Asia and other regions" and does not include revenues in Japan.

2. The revenues of *Candesartan* are shown in one area (North America, Latin America, Europe, Russia/CIS, Asia and other regions), because export revenues of *Candesartan* to licensees are recorded under a single route.

3. Sales amount includes royalty income.

(4) Ethical Drugs: Japan major products' sales

(Billions of yen)

Product name (generic name)	Launched Month/Year	Therapeutic Class	Three month period ended June 30, 2013	Three month period ended June 30, 2014	Change over the same period of the previous year	
					Amount	Increase (decrease) in percent
Blopress (candesartan)	6/1999	Hypertension	32.9	28.8	(4.1)	(12.3%)
Leuplin (leuprorelin)	9/1992	Prostate cancer, breast cancer and endometriosis	16.3	14.4	(1.9)	(11.6%)
Takepron (lansoprazole)	12/1992	Peptic ulcers	17.3	14.0	(3.2)	(18.8%)
Azilva	5/2012	Hypertension	3.0	9.7	6.7	223.4%
Nesina	6/2010	Diabetes	7.3	9.7	2.4	32.4%
Enbrel	3/2005	Rheumatoid arthritis	11.0	9.4	(1.6)	(14.5%)
Vectibix	6/2010	Colorectal cancer	4.8	4.3	(0.5)	(10.4%)
Basen	9/1994	Diabetes	4.4	3.1	(1.2)	(28.4%)
Actos (pioglitazon)	12/1999	Diabetes	4.3	3.1	(1.2)	(27.9%)
Reminyl	3/2011	Alzheimer-type dementia	2.8	2.9	0.1	2.4%
Benet	5/2002	Osteoporosis	2.9	2.6	(0.4)	(12.3%)
Lotriga	1/2013	Hyperlipidemia	0.7	1.9	1.2	177.9%
Rozerem	7/2010	Insomnia	1.4	1.5	0.1	7.7%

(5) Consumer Healthcare: Major products' sales

(Billions of yen)

Product name	Three month period ended June 30, 2013	Three month period ended June 30, 2014	Change over the same period of the previous year	
			Amount	Increase (decrease) in percent
Alinamin tablets	4.6	4.7	0.1	1.8%
Alinamin health tonics	4.3	4.3	0.1	1.3%
Biofermin	2.0	1.9	(0.1)	(3.0%)
Benza	1.0	1.1	0.1	4.9%
Borraginol	1.0	0.9	(0.1)	(7.2%)

(6) Development activities

Note: This table primarily shows the indications for which we will actively pursue approval. We are also conducting additional studies of certain assets to examine their potential for use in further indications.

■ US/EU/Jpn

Development code/product name <generic name>	Drug Class (administration route)	Indications	Stage		In-house/ In-license
MLN0002 <vedolizumab>	Humanized monoclonal antibody against α4β7 integrin (injection)	Ulcerative colitis	US EU Jpn	Approved (May 14) Approved (May 14) P-III	In-house
		Crohn's disease	US EU Jpn	Approved (May 14) Approved (May 14) P-III	
		Subcutanous formulation	-	P-I	
TAK-438 <vonoprazan>	Potassium-competitive acid blocker (oral)	Acid-related diseases (GERD, Peptic ulcer, etc.)	Jpn	Filed (Feb 14)	In-house
SYR-472 <trelagliptin>	DPP-4 inhibitor (oral)	Type 2 diabetes	Jpn	Filed (Mar 14)	In-house
TAK-816	Hib vaccine (injection)	Prevention of infectious disease caused by Haemophilus influenzae type b (Hib)	Jpn	Filed (Sep 13)	In-license (Novartis)
Contrave® <naltrexone SR /bupropion SR>	Mu-opioid receptor antagonist and dopamine/norepinephrine re-uptake inhibitor (oral)	Obesity	US	Filed (Dec 13)	In-license (Orexigen)
<fomepizole>	Alcohol dehydrogenase inhibitor (injection)	Ethylene glycol and methanol poisonings	Jpn	Filed (Dec 13)	In-license (Paladin Labs)
MLN9708 <ixazomib>	Proteasome inhibitor (oral)	Previously untreated multiple myeloma	US EU Jpn	P-III P-III P-III	In-house
		Relapsed or refractory multiple myeloma	US EU Jpn	P-III P-III P-III	
		Relapsed or refractory primary (AL) amyloidosis	US EU	P-III P-III	
		Maintenance therapy in patients with multiple myeloma following autologous stem cell transplant	US EU	P-III P-III	
		Solid tumors	US	P-I	
MLN8237 <alisertib>	Aurora A kinase inhibitor (oral)	Relapsed or refractory peripheral T-cell lymphoma	US EU	P-III P-III	In-house
		Small cell lung cancer, Ovarian cancer	US EU	P-II P-II	
		Non-Hodgkin lymphoma	Jpn	P-I	
		Solid tumors	Jpn	P-I	
Lu AA21004 <vortioxetine>	Multimodal anti-depressant (oral)	Major depressive disorder	Jpn	P-III	In-license (Lundbeck)
		Generalized anxiety disorder	US	P-III	
<motesanib diphosphate>	VEGFR1-3, PDGFR, c-Kit inhibitor (oral)	Advanced non-squamous non-small cell lung cancer	Jpn	P-III	In-license (Amgen)
AMG 386 <trebananib>	Anti-angiopoietin peptibody (injection)	Ovarian cancer	Jpn	P-III	In-license (Amgen)
MLN0264 < - >	Antibody-Drug Conjugate targeting GCC (injection)	Advanced gastrointestinal malignancies	US EU	P-II P-II	In-house
TAK-385 <relugolix>	LH-RH antagonist (oral)	Endometriosis	Jpn	P-II	In-house
		Uterine fibroids	Jpn	P-II	
		Prostate cancer	US	P-II	

Development code/product name <generic name>	Drug Class (administration route)	Indications	Stage		In-house/ In-license
MLN0128 < - >	mTORC1/2 inhibitor (oral)	Breast cancer	US	P-II	In-house
		Solid tumors	-	P-I	
TAK-003[*1]	Tetravalent dengue vaccine (injection)	Prevention of dengue fever caused by dengue virus	-	P-II	In-house
Norovirus vaccine	Norovirus vaccine (injection)	Prevention of acute gastroenteritis (AGE) caused by norovirus	-	P-II	In-house
TAK-114[*2]	Pro-inflammatory cytokine inhibitor (oral)	Ulcerative colitis	-	P-II	In-license (Natrogen)
TAK-361S	Tetravalent vaccine (injection)	Prevention of infectious disease caused by diphtheria, pertussis, tetanus, poliomyelitis	Jpn	P-II	In-license (Japan Polio research institute)
MT203 <namilumab>	GM-CSF monoclonal antibody (injection)	Psoriasis	EU	P-II	In-licence (Amgen)
		Rheumatoid arthritis	EU	P-I	
TAK-850	Influenza vaccine (injection)	Prevention of influenza disease caused by influenza virus subtype A and B contained in the vaccine	Jpn	P-I/II	In-license (Baxter)
TAK-733 < - >	MEK inhibitor (oral)	Solid tumors	-	P-I	In-house
TAK-272 < - >	Direct renin inhibitor (oral)	Hypertension	-	P-I	In-house
TAK-063 < - >	PDE10A inhibitor (oral)	Schizophrenia	-	P-I	In-house
TAK-137 < - >	AMPA receptor potentiator (oral)	Psychiatric disorders and neurological diseases	-	P-I	In-house
TAK-659 < - >	SYK kinase inhibitor (oral)	Solid tumors, Hematologic malignancies	-	P-I	In-house
TAK-233 < - >	(oral)	-	-	P-I	In-house
TAK-935 < - >	CH24H inhibitor (oral)	Diseases related to glutamate excitotoxicity	-	P-I	In-house
TAK-058 < - >	5-HT3 receptor antagonist (oral)	Schizophrenia, especially cognitive impairment associated with schizophrenia	-	P-I	In-house
INV21	EV71 vaccine (injection)	Prevention of hand, foot and mouth disease caused by enterovirus 71	-	P-I	In-house
MLN4924 < - >	NEDD 8 activating enzyme inhibitor (injection)	Advanced malignancies	-	P-I	In-house
MLN1117 < - >	PI3Kα isoform inhibitor (oral)	Solid tumors	-	P-I	In-house
MLN7243 < - >	UAE Inhibitor (injection)	Solid tumors	-	P-I	In-house
MLN2480 < - >	pan-Raf kinase inhibitor (oral)	Solid tumors	-	P-I	In-license (Sunesis)
ITI-214 < - >	PDE1 inhibitor (oral)	Cognitive impairment associated with schizophrenia	-	P-I	In-license (Intra-Cellular)

*1 Formerly known as DENVax

*2 Formerly known as Natura-alpha

Development code/ product name <generic name>	Drug Class (administration route)	Indications	Stage		In-house/ In-license
Lu AA24530 < - >	Multimodal anti-depressant (oral)	Major depressive disorder, Generalized anxiety disorder	US Jpn	P-I P-I	In-license (Lundbeck)
AMG 403 <fulranumab>	Human monoclonal antibody against human Nerve Growth Factor (NGF) (injection)	Pain	Jpn	P-I	In-license (Amgen)
<rasagiline>	Monoamine oxidase B (MAO-B) inhibitor (oral)	Parkinson's disease	Jpn	P-I	In-license (Teva)

■ Additional indications/formulations of approved compounds

Development code <generic name> Brand name (country / region)	Drug Class	Indications or formulations	Stage		In-house/ In-license
<bortezomib> Velcade® (US)	Proteasome inhibitor	Front line mantle cell lymphoma	US	Filed (Jul 14)	In-house
		Relapsed diffuse large B-cell lymphoma	US	P-III	
<ferumoxytol> Rienso® (EU) Feraheme® (Canada)	IV iron	Iron deficiency anemia from all causes in patients who have a history of unsatisfactory oral iron therapy or in whom oral iron cannot be used	EU	Filed (Jun 13)	In-license (AMAG)
TAP-144-SR <leuprorelin acetate> Leuplin® (Jpn) Lupron Depot® (US) Enantone®, etc. (EU)	LH-RH agonist	Prostate cancer, Premenopausal breast cancer (6-month formulation)	Jpn	P-III	In-house
TAK-375SL <ramelteon> Rozerem® (US, Jpn)	MT1/MT2 receptor agonist	Bipolar (sublingual formulation)	US	P-III	In-house
SYR-322 <alogliptin> Nesina® (US, Jpn) Vipidia® (EU)	DPP-4 inhibitor	Type 2 diabetes (fixed-dose combination with metformin)	Jpn	P-III	In-house
AD-4833/TOMM40	Insulin sensitizer/ Biomarker assay	Delay of onset of mild cognitive impairment due to Alzheimer's disease	US EU	P-III P-III	In-license (Zinfandel)
SGN-35 <brentuximab vedotin> Adcetris® (EU, Jpn)	CD30 monoclonal antibody-drug conjugate	Relapsed cutaneous T-cell lymphoma	EU	P-III	In-license (Seattle Genetics)
		Post-ASCT Hodgkin lymphoma	EU	P-III	
		Front line Hodgkin lymphoma	EU Jpn	P-III P-III	
		Front line mature T-cell lymphoma	EU Jpn	P-III P-III	
<lubiprostone> Amitiza® (US)	Chloride channel activator	Liquid formulation	US	P-III	In-license (Sucampo)
		Pediatric functional constipation	US	P-III	
<febuxostat XR> Uloric® (US)	Non-purine, selective xanthine oxidase inhibitor	Extended-release formulation	US	P-III	In-license (Teijin)
<lurasidone hydrochloride> Latuda® (EU)	Atypical antipsychotic agent	Bipolar disorder	EU	P-III	In-license (Sumitomo Dainippon Pharma)
TAK-390MROD <dexlansoprazole> Dexilant® (US)	Proton pump inhibitor	Orally disintegrating tablet	-	P-I	In-house

■ Recent progress in stage **Progress in stage since release of FY2013 results (May 8th, 2014)**

Development code <generic name>	Indications	Country/Region	Progress in stage
MLN0002 <vedolizumab>	Ulcerative colitis	US	Approved (May 14)
MLN0002 <vedolizumab>	Crohn's disease	US	Approved (May 14)
MLN0002 <vedolizumab>	Ulcerative colitis	EU	Approved (May 14)
MLN0002 <vedolizumab>	Crohn's disease	EU	Approved (May 14)
<bortezomib>	Front line mantle cell lymphoma	US	Filed (Jul 14)
MLN9708 <ixazomib>	Maintenance therapy in patients with multiple myeloma following autologous stem cell transplant	US, EU	P-III
SYR-322 <alogliptin>	Type 2 diabetes (fixed-dose combination with metformin)	Jpn	P-III
MLN0264 < - >	Advanced gastrointestinal malignancies	US, EU	P-II
MLN0002 <vedolizumab>	Subcutaneous formulation	-	P-I
TAK-935 < - >	Diseases related to glutamate excitotoxicity	-	P-I
TAK-058 < - >	Schozophrenia, especially cognitive impairment associated with schizophrenia	-	P-I

■ Discontinued projects **Discontinued since release of FY2013 results (May 8th, 2014)**

Development code <generic name>	Indications (Stage)	Reason
SYR-472 <trelagliptin>	Type 2 diabetes (US, EU P-II)	Discontinued in the US and EU after consideration of the development costs that would be necessary in order to obtain approval.
TAK-700 <orteronel>	Prostate cancer (US, EU, Jpn P-III)	Takeda decided to end the development program for orteronel (TAK-700) based on the results of two Phase 3 clinical trials. The studies found that while orteronel plus prednisone could extend the time patients lived before their cancer progressed, it did not extend overall survival in these patients.
<peginesatide>	Anaemia associated with chronic kidney disease in adult patients undergoing dialysis (EU P-III)	In February 2013, all lots of peginesatide were voluntarily recalled in the US following postmarketing reports of serious hypersensitivity reactions. A detailed investigation of these reactions has confirmed that no quality or manufacturing issues were present but has not identified a specific root cause for the reactions. Based on these findings, further clinical development of peginesatide will not be pursued.

■ Filings and Approvals in Brazil, China & Russia

Takeda is steadily progressing its pipeline assets through the filing and approval process on a global scale, including in emerging markets. This table shows filings and approvals in the key emerging markets of Brazil, China & Russia.

Country	Development code/generic name (stage)
Brazil	TAK-491*3 (Approved Feb 14), TAK-491/chlorthalidone (Approved Jul 14), SGN-35 (Filed Feb 13), SYR-322/metformin (Filed Jul 13), SYR-322/pioglitazone (Filed Dec 13), TAK-375*4 (Filed Mar 14)
China	roflumilast*5 (Filed Dec 11), SGN-35 (Filed May 13)
Russia	TAK-390MR*6 (Approved May 14), SYR-322 (Filed Dec 13), SYR-322/metformin (Filed Mar 14), SGN-35 (Filed May 14), TAK-491/chlorthalidone (Filed May 14)

*3 **TAK-491 <azilsartan medoxomil>** Angiotensin II receptor blocker (oral) for the treatment of hypertension
*4 **TAK-375 <ramelteon>** MT1/MT2 receptor agonist (oral) for the treatment of insomnia
*5 **<roflumilast>** PDE4 inhibitor (oral) for the treatment of Chronic Obstructive Pulmonary Disease
*6 **TAK-390MR <dexlansoprazole>** Proton pump inhibitor (oral) for the treatment of erosive esophagitis and gastro-esopageal reflux disease