SUMMARY OF FINANCIAL STATEMENTS [IFRS] (CONSOLIDATED)
Financial Results for the Fiscal Year Ended March 31, 2016

May 10, 2016

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

TSE Code: 4502 URL: http://www.takeda.co.jp
Representative: Christophe Weber, President & CEO
Contact: Noriko Higuchi Telephone: +81-3-3278-2306
Global Finance, IR Head

Scheduled date of annual general meeting of shareholders: June 29, 2016
Scheduled date of securities report submission: June 29, 2016
Scheduled date of dividend payment commencement: June 30, 2016
Supplementary materials for the financial statements: Yes
Presentation to explain for the financial statements: Yes

(Million JPY, rounded to the nearest million)

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

(1) Consolidated Operating Results

(Percentage figures represent changes from previous fiscal year)

	Revenue		Operating profit		Profit before income taxes		Net profit for the year		Profit attributable to owners of the Company	
	(Million JPY)	(%)	(Million JPY)	(%)	(Million JPY)	(%)	(Million JPY)	(%)	(Million JPY)	(%)
Fiscal 2015	1,807,378	1.7	130,828	—	120,539	—	83,480	—	80,166	—
Fiscal 2014	1,777,824	5.1	(129,254)	—	(145,437)	—	(143,034)	—	(145,775)	—

	Total comprehensive income for the year		Basic earnings per share	Diluted earnings per share	Return on equity attributable to owners of the Company	Ratio of profit before income taxes to total assets	Ratio of operating profit to revenue
	(Million JPY)	(%)	(JPY)	(JPY)	(%)	(%)	(%)
Fiscal 2015	(39,602)	—	102.26	101.71	3.9	3.0	7.2
Fiscal 2014	(180,860)	—	(185.37)	(185.37)	(6.3)	(3.3)	(7.3)

(Reference) Share of profit on investments accounted for using the equity method:
Fiscal 2015 (3) million JPY
Fiscal 2014 1,337 million JPY

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the Company	Ratio of equity attributable to owners of the Company to total assets	Equity attributable to owners of the Company per share
	(Million JPY)	(Million JPY)	(Million JPY)	(%)	(JPY)
As of March 31, 2016	3,824,085	2,011,203	1,948,692	51.0	2,487.04
As of March 31, 2015	4,296,192	2,206,176	2,137,047	49.7	2,719.27

(3) Consolidated Cash Flows

	Net cash from operating activities	Net cash from (used in) investing activities	Net cash from (used in) financing activities	Cash and cash equivalents at end of period
	(Million JPY)	(Million JPY)	(Million JPY)	(Million JPY)
Fiscal 2015	25,491	(71,208)	(124,839)	451,426
Fiscal 2014	182,517	91,347	(300,998)	655,243

2. Dividends

	Annual Dividends (JPY)					Total Dividends	Dividend Pay-out ratio (%) (Consolidated)	Ratio of dividends to net assets (%) (Consolidated)
	End of 1st quarter	End of first half	End of 3rd quarter	Year-end	Total	(Million JPY)		
Fiscal 2014	—	90.00	—	90.00	180.00	142,124	—	6.2
Fiscal 2015	—	90.00	—	90.00	180.00	142,213	176.0	6.9
Fiscal 2016 (Projection)	—	90.00	—	90.00	180.00		160.4	

3. Projected Consolidated Results for Fiscal 2016 (April 1, 2016-March 31, 2017)

(Percentage figures represent changes from previous fiscal year)

	Revenue		Operating profit		Profit before income taxes		Net profit attributable to owners of the Company		Basic earnings per share
	(Million JPY)	(%)	(Million JPY)	(%)	(Million JPY)	(%)	(Million JPY)	(%)	(JPY)
Fiscal 2016	1,720,000	(4.8)	135,000	3.2	132,500	9.9	88,000	9.8	112.31

Additional Information

(1) Changes in significant subsidiaries during the period : Yes
(changes in specified subsidiaries resulting in the change in consolidation scope)
Exclusion: 1 ; Takeda America Holdings, Inc.
Please refer to “2. The Takeda Group” “Consolidated Subsidiaries and Affiliates accounted for by the equity method” on page 19.

(2) Changes in accounting policies and changes in accounting estimates
1) Changes in accounting policies required by IFRS : Yes
2) Changes in accounting policies other than 1) : No
3) Changes in accounting estimates : No

(3) Number of shares outstanding (common stock)
1) Number of shares outstanding (including treasury stock) at term end:
March 31, 2016 790,284,095 shares
March 31, 2015 789,923,595 shares
2) Number of shares of treasury stock at term end:
March 31, 2016 6,745,181 shares
March 31, 2015 4,032,165 shares
3) Average number of outstanding shares:
Fiscal 2015 783,932,982 shares
Fiscal 2014 786,391,395 shares

(Reference) Summary of Unconsolidated Results

Summary of Unconsolidated Results for Fiscal 2015 (April 1, 2015 – March 31, 2016)

(1) Unconsolidated Operating Results

(Percentage figures represent changes from previous fiscal year)

	Net sales		Operating income		Ordinary income	
	(Million JPY)	(%)	(Million JPY)	(%)	(Million JPY)	(%)
Fiscal 2015	776,998	0.1	94,232	(14.4)	292,895	22.3
Fiscal 2014	776,222	(2.5)	110,066	(3.4)	239,509	14.1

	Net income		Earnings per share	Fully diluted earnings per share
	(Million JPY)	(%)	(JPY)	(JPY)
Fiscal 2015	263,023	333.2	335.48	334.88
Fiscal 2014	60,714	(70.5)	77.20	77.10

(2) Unconsolidated Financial Position

	Total assets (Million JPY)	Net assets (Million JPY)	Shareholders’ equity ratio (%)	Shareholders’ equity per share (JPY)
As of March, 2016	2,699,455	1,572,199	58.2	2,003.90
As of March, 2015	2,591,184	1,477,854	57.0	1,877.88

(Reference) Shareholders’ equity As of March 31, 2016 1,570,302 million JPY
As of March 31, 2015 1,475,964 million JPY

* Implementation status about the audit

- This summary of financial statements is exempt from audit procedures required by Financial Instruments and Exchange Act. A part of audit for securities report based on Financial Instruments and Exchange Act has not finished at the time of disclosure of this summary of financial statements. Securities report of the FY2015 is scheduled to disclose on June 29, 2016 after completion of the audit.

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

- Takeda has adopted International Financial Reporting Standards (IFRS), and the disclosure information in this document is based on IFRS.
- All forecasts in this document are based on information currently available to the management, and do not represent a promise or guarantee to achieve those forecasts. Various uncertain factors could cause actual results to differ, such as changes in the business environment and fluctuation of foreign exchange rates. If a significant event occurs that requires the forecasts to be revised, the Company will disclose it in a timely manner.
- For details of the financial forecast, and the management guidance indicators for actual business performance, please refer to "1. Results of Operations (1) Analysis of Consolidated Operating Results (Outlook for Fiscal 2016)" on page 12.
- Supplementary materials for the financial statements (databook, presentation materials for the earnings release conference to be held on May 10, 2016) and the audio of the conference including question-and-answer session will be promptly posted on the Company’s website.
(Takeda Website):
http://www.takeda.com/investor-information/results/

Attachment Index

1. Results of Operations

(1) Analysis of Consolidated Operating Results

(Operating results for Fiscal 2015)

(i) Operating Results

Consolidated results (April 1, 2015 to March 31, 2016):

Billion JPY

	Amount	*Change over the previous year*	
Revenue	1,807.4	+29.6	+ 1.7%
R&D expense	345.9	+36.2	- 9.5%
Operating profit	130.8	+260.1	- %
Profit before tax	120.5	+266.0	- %
Net profit for the period (attributable to owners of the Company)	80.2	+225.9	- %
EPS(JPY)	102.26	+287.63	- %

[Revenue]

Consolidated revenue was 1,807.4 billion JPY, an increase of 29.6 billion JPY (+1.7%) compared to the previous year.

- ENTYVIO (for ulcerative colitis and Crohn's disease), first marketed in the U.S. and Europe in June 2014, has experienced strong sales uptake, and in the U.S. there was also an increase in sales of VELCADE (for multiple myeloma), DEXILANT (for acid reflux disease), and BRINTELLIX (*) (for depression). ADCETRIS (for malignant lymphoma) experienced sales growth in Japan, Europe, and emerging markets, which are the regions where Takeda has marketing rights. In Japan, sales of AZILVA (for hypertension) and LOTRIGA (for hyperlipidemia) significantly increased compared to the previous year.

  On the other hand, negative factors impacting revenue included the decrease of sales of large products such as CANDESARTAN (for hypertension), mainly due to the penetration of generic products.

  In total, consolidated revenue increased by 29.6 billion JPY.

  (*) BRINTELLIX will be marketed in the United States under the new name TRINTELLIX starting June of 2016. The formulations, indication and dosages of TRINTELLIX remain the same as that of BRINTELLIX.

- Consolidated revenue of Takeda's major ethical drugs:

Billion JPY

Indications / Product Name	Amount	Change over the previous year	
Multiple myeloma / VELCADE	162.0	+ 9.3	+6.1%
Prostate cancer, breast cancer and endometriosis / LEUPRORELIN (Japan product name: LEUPLIN)	124.4	+ 0.4	+0.3%
Peptic ulcer / PANTOPRAZOLE	100.8	- 3.0	-2.9%
Peptic ulcer / LANSOPRAZOLE (Japan product name: TAKEPRON)	89.5	- 13.4	-13.1%
Ulcerative colitis and Crohn's disease / ENTYVIO	86.2	+ 58.3	+209.5%
Hypertension / CANDESARTAN (Japan product name: BLOPRESS)	84.8	- 41.0	-32.6%
Acid reflux disease / DEXILANT	75.1	+ 12.8	+20.6%
Hypertension / AZILVA	59.0	+ 13.7	+30.1%
Diabetes / NESINA	48.9	+ 4.6	+10.5%
Gout / COLCRYS	46.5	- 12.4	-21.0%
Malignant Lymphoma / ADCETRIS	27.6	+ 4.8	+20.8%
Major depressive disorder / BRINTELLIX (Note 2)	24.5	+ 10.9	+79.9%

(Note1) Revenue amount includes royalty income and service income.

(Note2) BRINTELLIX will be marketed in the United States under the new name TRINTELLIX starting June of 2016.

- In the U.S., in December 2015, Takeda launched NINLARO (for relapsed or refractory multiple myeloma), the first and only oral proteasome inhibitor. Since clinical research started for the first proteasome inhibitor, VELCADE, 20 years ago, Takeda has advanced scientific understanding of multiple myeloma, which culminated in the introduction of NINLARO, an efficacious once-weekly pill with a tolerable safety profile. This highly innovative product is expected to provide a significant contribution to Takeda's mid- to long-term sustained growth.
  In Japan, TAKECAB (for acid-related diseases) was launched in February 2015, and activities of providing information to healthcare professionals have been continuing in co-promotion with Otsuka Pharmaceutical Company, Limited. In March 2016, the 2-week limit on the prescription period was lifted for TAKECAB, contributing to an expansion in sales. Also in Japan, in May 2015, Takeda launched ZAFATEK, the world's first once weekly oral type 2 diabetes treatment option.

- In April 2016, Takeda and Teva Pharmaceutical Industries Ltd., the global leader in generics, established Teva Takeda Yakuhin Ltd. in Japan. The new company, along with Teva Pharma Japan Inc., will deliver Takeda's long listed products and Teva's high-quality generic medicines to patients. It is expected to meet a wide-range of needs and correspond to the growing importance of generics in Japan.

  In December 2015, Takeda announced the sale of its respiratory portfolio to AstraZeneca and in April 2016, the transaction was completed.

Focusing on its core therapeutic areas of Oncology, GI (Gastroenterology), and CNS (Central Nervous System), Takeda will further strengthen its initiatives to lead innovation in medicine and provide innovative new drugs to patients around the world including in emerging markets.

[Operating profit]

Consolidated operating profit was 130.8 billion JPY, an increase of 260.1 billion JPY compared to the previous year.

- Gross profit increased by 15.1 billion JPY (+1.2%) due to revenue increase.
- Selling, general and administrative expenses increased by 38.2 billion JPY (+6.2%) mainly due to the increase in sales expenses related to new products in the U.S.
- R&D expenses were 345.9 billion JPY, a decrease of 36.2 billion JPY (-9.5%).
- Amortization and impairment losses on intangible assets associated with products decreased by 51.3 billion JPY (-29.1%), mainly due to 30.5 billion JPY of COLCRYS impairment loss being recognized in the previous year. In addition, 8.6 billion JPY of impairment reversal related to COLCRYS was recognized based on the revised favorable sales forecast in the year.
- Other operating income decreased by 82.1 billion JPY (-76.6%), mainly due to 53.8 billion JPY of reversal of COLCRYS contingent consideration and 32.8 billion JPY (*) of the gains on sales of property, plant and equipment being recognized in the previous year.
  (*) Ethical Drug Business: 17.1billion JPY, Other Business: 15.7 billion JPY
- Other operating expenses decreased by 277.8 billion JPY (-86.2%), mainly due to 274.1 billion JPY of loss on Actos litigation in the U.S. (*) being recognized in the previous year.
  (*) 274.1 billion JPY was calculated by offsetting 324.1 billion JPY for covering the settlement and other related expenses with 50.0 billion JPY of insurance income which will be probably covered by the product liability insurance.

[Net profit for the year (attributable to owners of the Company)]

Consolidated net profit for the year was 80.2 billion JPY, an increase of 225.9 billion JPY compared to the previous year.

- Net profit before tax increased by 266.0 billion JPY, mainly due to 274.1 billion JPY of loss on the Actos litigation in the U.S. being recognized in the previous year.
- In the previous year, 50.8 billion JPY of the temporary factors such as revaluation of a recoverability of deferred tax assets and a reduction of the effective tax rate in Japan were recognized. On the other hand, 96.1 billion JPY of favorable impact on income tax expenses due to the Actos litigation in the U.S. was also recognized in the previous year. As a result, income tax expenses increased by 39.5 billion JPY.
- Basic earnings per share was 102.26 JPY, an increase of 287.63 JPY compared to the previous year.

Underlying growth (Note1) (April 1, 2015 to March 31, 2016):

Billion JPY

	Change over the previous year	
Revenue	+3.4 %	+60.3
Core Earnings (Note2)	+8.1 %	+23.1
Core EPS (JPY) (Note3)	+21.7%	+50.16

(Note1) "Underlying Growth", comparing two periods of financial results under a common basis, shows the real performance of the business. It excludes the impact of foreign exchange and exceptional items such as product divestments and acquisitions, impact of purchase accounting, amortization and impairment loss of intangible assets, restructuring costs and major litigation costs. Takeda adopts "Underlying Growth" of revenue, Core Earnings and Core EPS as its indicators for management guidance.

(Note2) Core Earnings is calculated from operating profit by excluding the impact of exceptional items, such as purchase accounting, amortization and impairment loss of intangible assets, restructuring costs and major litigation costs.

(Note3) Core EPS is earnings per share based on Core Net Profit, which is calculated from Net profit for the year by excluding the impact of exceptional items, similar to those listed above, and the tax effects on them.

- Underlying revenue growth was +3.4% (+60.3 billion JPY) compared to the previous year.
- Underlying Core Earnings growth was +8.1 % (+23.1 billion JPY) compared to the previous year. Underlying selling, general and administrative expenses increased by 3.3% due to the increase of investment for new products, and underlying R&D expenses decreased by 3.5%.
- Underlying Core EPS growth was +21.7% (+50.16 JPY) compared to the previous year.

(ii) Results by Segment

Revenue and operating profit by business segment (April 1, 2015 to March 31, 2016):

Billion JPY

Type of Business	Revenue		Operating profit	
	Amount	Change over the previous year	Amount	Change over the previous year
Ethical Drug	1,648.7	+34.2	102.8	+281.7
<Japan>	<541.7>	< -19.7>		
<Overseas>	<1,107.0>	< +53.8>		
Consumer Healthcare	80.1	+6.5	18.9	+1.7
Other	78.6	-11.1	9.1	-23.4
Total	1,807.4	+29.6	130.8	+260.1

[Ethical Drug Business]
Revenue in the Ethical Drug Business was 1,648.7 billion JPY, an increase of 34.2 billion JPY (+2.1%) compared to the previous year, and operating profit was 102.8 billion JPY, an increase of 281.7 billion JPY compared to the previous year.

- Revenue in Japan was 541.7 billion JPY, a decrease of 19.7 billion JPY (-3.5%). Contribution from the sales increase of products such as AZILVA and LOTRIGA could not fully offset the sales decrease of products such as BLOPRESS mainly due to the penetration of generic products.

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

Billion JPY

Product Name (Indications)	Amount	Change over the previous year	
AZILVA (Hypertension)	59.0	+ 13.7	+30.1%
BLOPRESS (Hypertension)	58.5	- 36.1	-38.1%
LEUPLIN (Prostate cancer, breast cancer and endometriosis)	53.8	- 3.8	-6.5%
TAKEPRON (Peptic ulcer)	41.3	- 11.3	-21.4%
NESINA (Diabetes)	36.9	- 1.5	-3.9%
LOTRIGA (Hyperlipidemia)	22.3	+ 9.1	+69.0%
VECTIBIX (Colorectal cancer)	18.4	+ 0.0	+0.3%
REMINYL (Alzheimer-type dementia)	16.0	+ 2.0	+14.5%

- Revenue in overseas markets was 1,107.0 billion JPY, an increase of 53.8 billion JPY (+5.1%) compared to the previous year. Some products decreased in sales due to the penetration of generic products, but this impact was greatly exceeded by the positive factors driving overseas sales such as the favorable sales growth of ENTYVIO and the stable sales increase of VELCADE and DEXILANT in the U.S.

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

Billion JPY

Product Name (Indications)	Amount	Change over the previous year	
VELCADE (Multiple myeloma)	157.4	+ 11.2	+7.7%
PANTOPRAZOLE (Peptic ulcer)	100.8	- 3.0	-2.9%
ENTYVIO (Ulcerative colitis and Crohn’s disease)	86.2	+ 58.3	+209.5%
DEXILANT (Acid reflux disease)	75.1	+ 12.8	+20.6%
LEUPRORELIN (Prostate cancer, breast cancer and endometriosis)	70.6	+ 4.1	+6.2%
LANSOPRAZOLE (Peptic ulcer)	48.2	- 2.2	-4.4%
COLCRYS (Gout)	46.5	- 12.4	-21.0%
CANDESARTAN (Hypertension)	26.2	- 4.9	-15.7%

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

- Operating profit increased by 281.7 billion JPY to 102.8 billion JPY, mainly due to 274.1 billion JPY of loss on the Actos litigation in the U.S. being recognized in the previous year.

[Consumer Healthcare Business]
Revenue in the Consumer Healthcare Business was 80.1 billion JPY, an increase of 6.5 billion JPY (+8.9%) compared to the previous year, mainly due to the increase in sales of ALINAMIN tablets (vitamin-containing products). Operating profit increased by 1.7 billion JPY (+10.0%) to 18.9 billion JPY, mainly due to the increase in gross profit resulting from revenue increase.

[Other Business]
Revenue in Other Business was 78.6 billion JPY, a decrease of 11.1 billion JPY (-12.4%) compared to the previous year, mainly due to the end of sales contribution from the Mizusawa Group as a result of the sale of all shares of Mizusawa Industrial Chemicals, Ltd. in April, 2015. Operating profit was 9.1 billion JPY, a decrease of 23.4 billion JPY (-72.0%), mainly due to 15.7 billion JPY of gains on sales of property, plant and equipment being recognized in the previous year in addition to a decrease in royalty income and a decrease in income from subsidiaries in other business.

(iii) Activities and Results of Research & Development

Major R&D events and business development contracts, press released from April 2015 to date, are listed as follows (chronologically by therapeutic area):

Oncology
[NINLARO]
- In May 2015, Takeda announced that it has started the Phase III maintenance study (TOURMALINE-MM4 study) of NINLARO (generic name: ixazomib), an oral proteasome inhibitor, in patients with newly diagnosed multiple myeloma who have responded to initial therapy and have not undergone an autologous stem cell transplant.

- In July 2015, Takeda submitted a New Drug Application (NDA) to the Food and Drug Administration (FDA) for NINLARO, an oral proteasome inhibitor for the treatment of patients with relapsed and/or refractory multiple myeloma. A Marketing Authorization Application (MAA) for ixazomib for the treatment of patients with relapsed and/or refractory multiple myeloma was also submitted to the European Medicines Agency (EMA), and the Committee for Medicinal Products for Human Use (CHMP) of the EMA granted an accelerated assessment (*) to ixazomib for the treatment of patients with relapsed and/or refractory multiple myeloma. In August 2015, the EMA accepted the MAA for ixazomib.
  (*) The EMA awards an accelerated assessment to those medicines deemed to be of major public health interest and, in particular, therapeutic innovation.

- In November 2015, Takeda received approval from the FDA for NINLARO indicated in combination with lenalidomide and dexamethasone for the treatment of patients with multiple myeloma who have received at least one prior therapy. The FDA approval of NINLARO is based on results from the Phase III study (TOURMALINE-MM1 study), the first double-blind, placebo-controlled trial with a proteasome inhibitor. Approval was granted 4 months and 10 days following submission of the NDA. In December 2015, data from TOURMALINE-MM1 study was presented at the 57th Annual Meeting of the American Society of Hematology (ASH). In April 2016, the result from the study was published in the *New England Journal of Medicine (NEJM).*

- In February 2016, the Japanese Ministry of Health, Labour and Welfare (MHLW) has granted Orphan Drug designation (*) to NINLARO for the treatment of patients with relapsed and/or refractory multiple myeloma.
  (*) The Orphan Drug designation is a system for supporting and promoting the development of drugs that are not sufficiently researched and developed due to a small number of patients, regardless of high medical need.

[MLN8237 (alisertib)]

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

[LEUPLIN]

- In September 2015, Takeda received approval from the Japanese MHLW for LEUPLIN (generic name: leuprorelin) 24 week depot, for the treatment of prostate cancer and premenopausal breast cancer.

[ADCETRIS]

- In October 2015, Takeda and Seattle Genetics, Inc. of the U.S. announced that the companies have achieved completion of target patient enrollment in the Phase III ECHELON-1 trial of ADCETRIS (generic name: brentuximab vedotin), a treatment for malignant lymphoma which Takeda in-licensed from Seattle Genetics. ECHELON-1 is a randomized trial evaluating ADCETRIS as part of a frontline combination chemotherapy regimen in patients with previously untreated advanced classical Hodgkin lymphoma. The expected timing of data readout from the trial is in the 2017 to 2018 timeframe.

- In December 2015, post-treatment follow up data from the pivotal Phase II study of single-agent ADCETRIS for the treatment of relapsed or refractory Hodgkin lymphoma following autologous stem cell transplantation (ASCT), was presented at the 57th ASH.

- In January 2016, Takeda announced that the European Commission (EC) has approved a Type II variation for ADCETRIS to include data on the retreatment of adult patients with relapsed or refractory Hodgkin lymphoma or relapsed or refractory systemic anaplastic large cell lymphoma who previously responded to ADCETRIS and who later relapse.

[Partnership/Business Development]

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

- In August 2015, Takeda and Gencia LLC of the U.S. signed a partnership agreement to develop a new class of small molecule drugs, called Mitochondrial Agonists of the Glucocorticoid Receptor, as potential treatments for hematological and inflammatory diseases. The initial aim of the collaboration will be joint research and development leading to two preclinical drug candidates, one each in the areas of inflammation and oncology.

- In February 2016, Takeda and Mersana Therapeutics of the U.S. entered a new strategic partnership granting Takeda rights to Mersana’s lead product candidate, XMT-1522, outside the U.S. and Canada. The deal also expands an existing collaboration between the companies to provide Takeda with additional access to Mersana’s Fleximer antibody-drug conjugate (ADC) platform and grants Mersana an option at the end of Phase 1 to co-develop and co-commercialize one of these programs in the U.S. In addition, the companies will co-develop new payloads for use with ADCs.

Gastroenterology

[ENTYVIO]

- In October 2015, data highlighting the efficacy and safety of ENTYVIO (generic name: vedolizumab) for the treatment of ulcerative colitis and Crohn's disease, was presented during the 2015 American College of Gastroenterology (ACG) Annual Scientific Meeting and during the United European Gastroenterology Week (UEGW).

- In March 2016, the interim findings from the GEMINI Long-Term Safety (LTS) study were presented during the 2016 European Crohn's and Colitis Organization (ECCO) Annual Scientific Meeting. The presented data showed that patients with moderately to severely active ulcerative colitis (UC) reported clinical improvements with approximately three years of treatment with ENTYVIO.

[TAKECAB]

- In February 2016, Takeda received approval from the Japanese MHLW for VONOSAP pack and VONOPION pack for H. pylori eradication, each being a triple-drug blister pack containing the TAKECAB for the treatment of acid-related diseases.

[Partnership/Business Development]

- In December 2015, Takeda and Cour Pharmaceutical Development Company, Inc. of the U.S. entered into a partnership to research and develop novel immune modulating therapies for the potential treatment of celiac disease. The collaboration will explore the potential of Tolerizing Immune Modifying nanoParticle (TIMP) therapy to allow celiac patients to tolerate gluten in their diet.

- In January 2016, Takeda and Enterome Bioscience SA of France entered into a strategic drug discovery collaboration to research and develop potential new therapeutics directed at microbiome targets thought to play crucial roles in gastrointestinal disorders, including inflammatory bowel diseases (e.g. ulcerative colitis) and motility disorders (e.g. irritable bowel syndrome).

- In January 2016, Takeda and enGene, Inc. of Canada entered into a strategic alliance to discover, develop and commercialize novel therapies for specialty gastrointestinal diseases using enGene's "Gene Pill" gene delivery platform. Takeda will also collaborate with enGene in developing Gene Pill into a platform for oral delivery of antibodies.

CNS

[LATUDA]

- In May 2015, Takeda announced that it has reached an agreement with Sumitomo Dainippon Pharma Co., Ltd. to terminate the license agreement for the joint development and exclusive commercialization in Europe of LATUDA (generic name: lurasidone), an atypical antipsychotic agent. In January 2016, Takeda transferred development and commercialization rights with respect to LATUDA to Sumitomo Dainippon Pharma.

[BRINTELLIX]
- In August 2015, the FDA accepted a supplemental New Drug Application (sNDA) for review to include new data in the clinical trials section of the U.S. label of BRINTELLIX (generic name: vortioxetine), which Takeda in-licensed from H. Lundbeck A/S of Denmark, for treating certain aspects of cognitive dysfunction in adults with Major Depressive Disorder (MDD). In February 2016, FDA Psychopharmacologic Drugs Advisory Committee (PDAC) held in February 2016, voted 8 to 2 that Takeda and Lundbeck presented substantial evidence to support a claim of effectiveness for BRINTELLIX in treating certain aspects of cognitive dysfunction in adults with MDD. However, in March 2016, the FDA issued a complete response letter for the sNDA.

[AD-4833/TOMM40]
- In February 2016, Takeda and Zinfandel Pharmaceuticals of the U.S. announced the completion of enrollment in the TOMMORROW trial of AD-4833 (generic name: pioglitazone)/TOMM40, the largest Phase 3 trial of its kind.

[COPAXONE]
- In September 2015, Takeda received approval from the Japanese MHLW for COPAXONE (generic name: glatiramer), which Takeda in-licensed from Teva Pharmaceutical Industries Ltd. of Israel, for the treatment of multiple sclerosis.

[Partnership/Business Development]
- In January 2016, Takeda and NsGene, Inc. of the U.S. signed a research agreement to develop encapsulated cell therapies for the potential treatment of Parkinson’s disease. The partnership will focus on the delivery of recombinant Glial Cell Line-Derived Neurotrophic Factor (GDNF) to affected brain regions by way of implanted, encapsulated cell therapy devices.

Vaccines

[Organization]
- In June 2015, Takeda announced that it will consolidate its Global Vaccine Business Unit (VBU) operations by establishing global and regional hubs, as well as consolidating the U.S. vaccine sites, as the organization continues to grow and advance its important vaccine programs. The Boston/Cambridge, Massachusetts area, and Zurich, Switzerland will serve as VBU’s global hubs for the vaccine business outside of Japan. VBU will maintain regional hubs in Singapore and in Brazil. Takeda will close its vaccine site in Bozeman, Montana as well as the Madison, Wisconsin and Fort Collins, Colorado sites. In addition, vaccine activities in Deerfield, Illinois, which currently serves as the global headquarters for VBU, will shift to the Boston/Cambridge area. This transition will occur in phases over the next two years, with the completion of U.S. consolidation by mid-2017.

[Seasonal Influenza Vaccine]
- In August 2015, Takeda reached an agreement with Nanotherapeutics, Inc. of the U.S. providing Takeda with expanded commercialization and technology access rights related to Nanotherapeutics’ Vero cell technology platform – a cell culture-based platform for vaccine production which Nanotherapeutics acquired from Baxalta, formerly Baxter International’s BioScience division. Takeda gains rights to commercialize its pandemic and seasonal influenza vaccine products based on the Vero cell technology platform in certain regions outside of Japan and will have access to Vero cell technology and reagents for the development of vaccines beyond influenza.

[VAXEM Hib]

- In January 2016, Takeda received approval from the Japanese MHLW for VAXEM Hib, which Takeda in-licensed from Novartis(*) of Switzerland, for a conjugate vaccine to prevent infections caused by Haemophilus influenza type b (Hib) in children aged from 2 months to under 5 years of age.

(*) In April 2014, GlaxoSmithKline plc (GSK) announced a transaction with Novartis which closed in March 2015. As result of this transaction, GSK acquired Novartis' non-influenza global vaccines business including VAXEM Hib.

[Partnership/Business Development]

- In May 2016, Takeda entered into a partnership agreement with the Bill & Melinda Gates Foundation of the U.S., to support global polio eradication in developing countries. Under the terms of the agreement, the Gates Foundation will provide a 38 million USD grant to Takeda to leverage its innovative vaccine manufacturing platform to develop and license a safe and effective Sabin-strain inactivated poliovirus vaccine (sIPV), and make at least 50 million doses per year available at an affordable price for more than seventy developing countries receiving Gavi(*) support.

(*) Gavi (Global Alliance for Vaccine and Immunization) is a global vaccine alliance, bringing together public and private sectors with the shared goal of creating equal access to new and underused vaccines for children living in the world's poorest countries.

Others

- In April 2015, Takeda and the Center for iPS Cell Research Application (CiRA) of Kyoto University entered into a 10-year collaboration on iPS cell research. Takeda and CiRA will work together to develop clinical applications of induced pluripotent stem cells. In December 2015, the T-CiRA began research in six core directions to explore clinical applications of stem cells across multiple, including oncology and CNS.

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

- In April 2015, the Endocrinologic and Metabolic Drugs Advisory Committee (EMDAC) of the FDA convened to review EXAMINE, a global cardiovascular safety outcomes trial of type 2 diabetes treatment NESINA (generic name: alogliptin), and voted that the use of alogliptin in patients with Type 2 diabetes has an acceptable CV risk profile. In June 2015, a post hoc analysis and additional post hoc analyses of data from EXAMINE were presented at the American Diabetes Association's (ADA) 75th Scientific Sessions.

- In June 2015, Takeda and the Drugs for Neglected Diseases *initiative* (DND*i*) of Switzerland signed an agreement to collaborate in the "Lead Optimization Program" aimed at identifying the best compound among aminopyrazole series for developing an innovative drug for the treatment of visceral leishmaniasis.
The program is being funded by Global Health Innovative Technology Fund.

- In July 2015, Takeda announced the completion of the study to fulfill the post-marketing commitment and submissions of data to regulatory authorities from the Pan European Multi-Database Bladder Cancer Risk Characterization Study, a large multi-database retrospective matched cohort study, conducted in four European countries, for pioglitazone containing medicines, including ACTOS (generic name: pioglitazone) with up to 10 years of follow-up. Findings demonstrate that there is no association between the use of pioglitazone and the risk of bladder cancer.

- In September 2015, Takeda submitted a NDA to the Japanese MHLW for the fixed-dose combination of NESINA and metformin for the treatment of type 2 diabetes.

- In March 2016, Takeda and Frazier Healthcare Partners of the U.S. announced the formation of Outpost Medicine, a biopharmaceutical company focused on the development of new treatments of urologic and gynecologic diseases and disorders. Takeda has granted an exclusive license to Outpost for the worldwide development and commercialization rights to OP-233 (formerly TAK-233), a clinical-stage product candidate being studied for the treatment of stress urinary incontinence.

(Outlook for Fiscal 2016)

Billion JPY

	Amount	*Change over the previous year*	
Revenue	1,720.0	- 87.4	- 4.8%
R&D expense	325.0	- 20.9	- 6.0%
Operating profit	135.0	+4.2	+3.2%
Profit before tax	132.5	+12.0	+9.9%
Net profit for the period (attributable to owners of the Company)	88.0	+7.8	+9.8%
EPS(JPY)	112.31	+10.05	+9.8%

Management Guidance – Underlying growth (*)

Underlying Revenue	Mid-single digit growth (%)
Underlying Core Earnings	Low- to mid-teen growth (%)
Underlying Core EPS	Low- to mid-teen growth (%)

(*) Please refer to the “(3) Management indicators" on page 26.

[Revenue]
Growth of ENTYVIO, NINLARO, TAKECAB, and BRINTELLIX(*) will not fully offset the negative impact coming from foreign exchange rate assumptions, combined with the decline in revenue from both the transfer of long-listed products to the joint venture with Teva in Japan and the divestiture of the respiratory portfolio to AstraZeneca. This is expected to result in revenue for the year of 1,720 billion JPY, a 4.8% decline versus the prior year. Underlying revenue growth, which excludes the impact of foreign exchange rates and business divestitures, is expected to increase at a mid-single digit growth rate (%).

(*) BRINTELLIX will be marketed in the United States under the new name TRINTELLIX starting June of 2016.

[Operating profit]
Operating profit is expected to increase by 135 billion JPY, a growth of 3.2% versus the previous year. Despite a decrease in gross profit related to the revenue decline, operating profit is expected to grow, benefiting by a 100.0 billion JPY gain on the transfer of long-listed products to the joint venture with Teva in Japan. Underlying Core Earnings, which excludes the impact of foreign exchange rates and exceptional items such as business divestitures, is expected to increase at a low to mid-teen growth rate (%).

[Net profit for the year (attributable to owners of the Company)]
Net profit for the year is expected to increase from the previous year by 9.8% to 88.0 billion JPY. In addition to an increase in operating profit, net profit will benefit from an improvement in net financial income/expenses and an increase in the share of profit of associates accounted for using the equity method stemming from the new Teva joint venture. Underlying Core EPS is expected to increase at a low to mid-teen growth rate (%).

[Major assumptions used in preparing the Outlook]
- FX rates assumptions: US$1 = 110 JPY, 1 Euro = 125 JPY, 1 RUB = 1.6 JPY, 1 BRL = 31.2 JPY and 1 CNY = 17.4 JPY

- Amortization and impairment losses on intangible assets associated with products, R&D pipeline and platform technologies: 140.0 billion JPY

Amortization and impairment losses are budgeted for intangible assets associated with marketed products, R&D pipeline and platform technologies acquired through M&A and in-licensing.

- Gains from transfer of long listed products business: 100.0 billion JPY

Takeda will record gains from transfer of long listed products business to the joint venture with Teva in Japan.
(Reference) Press release on April 1, 2016, *"Takeda and Teva Establish "Teva Takeda Yakuhin Ltd." in Japan",* http://www.takeda.com/news/2016/20160401_7343.html

- Others

25.0 billion JPY is budgeted for various efficiency initiatives to meet our long-term growth aspirations.

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

(2) Analysis of Consolidated Financial Position

[Assets]

Total assets as of March 31, 2016 were 3,824.1 billion JPY, a decrease of 472.1 billion JPY compared to the previous fiscal year end. Cash and cash equivalents decreased by 200.7 billion JPY, mainly due to the payment of $2.4 billion to the settlement fund for the Actos litigation in the U.S. Furthermore, intangible assets decreased by 196.3 billion JPY, mainly due to amortization.

[Liabilities]

Total liabilities as of March 31, 2016, were 1,812.9 billion JPY. Total liabilities decreased by 277.1 billion JPY from the previous fiscal year end, mainly due to the significant decrease in the provision for the Actos litigation in the U.S. resulting from the cash payment to the settlement fund.

[Equity]

Total equity decreased by 195.0 billion JPY from the previous fiscal year end to 2,011.2 billion JPY as of March 31, 2016. Despite net profit for the year, this impact was greatly exceeded by the dividend payments and the decrease in other components of equity resulting from the general decline in the equity markets and the appreciation of the yen.
The ratio of equity attributable to owners of the Company to total assets increased by 1.2 pt. to 51.0% from the previous fiscal year end.

[Cash Flows]

Cash flow for the current fiscal year resulted in a net cash outflow of 203.8 billion JPY.
Net cash inflow by operating activities was 25.5 billion JPY, preventing a decrease by 157.0 billion JPY compared to the previous year, due to mainly the improvement of working capital despite the payment 2.4 billion USD into the settlement fund for the Actos litigation in March, 2016. Net cash outflow by investing activities was 71.2 billion JPY, Net cash outflow by financing activities was 124.8 billion JPY mainly due to the dividends paid, and the decrease of cash and cash equivalents from the effect of movements in exchange rates was 33.3billion JPY.

(Reference) Cash flow indicators

	FY2013	FY2014	FY2015
Ratio of equity attributable to owners of the Company to total assets (%)	54.1%	49.7%	51.0%
Ratio of equity attributable to owners of the Company to total assets on a market value basis (%)	84.5%	109.7%	105.2%
Interest-bearing debt to cash flow ratio	5.3	3.7	28.2
Interest coverage ratio (times)	30.1	34.9	5.2

Ratio of equity attributable to owners of the Company to total assets:

equity attributable to owners of the Company / total assets

Ratio of equity attributable to owners of the Company to total assets on a market value basis:

market capitalization / total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt / cash flow

Interest coverage ratio: cash flow / interest payments

(Note1) Figures are calculated on a consolidated basis.

(Note2) Market capitalization is calculated based on the total number of outstanding shares excluding treasury shares.

(Note3) Cash flow represents net cash from operating activities.

(Note4) Interest-bearing debt represents bonds and loans FX rate hedged basis.

(3) Basic Policy for Profit Distribution and Dividends for Fiscal 2015 and 2016

(i) Basic Policy for Profit Distribution

In addition to the steady company-wide implementation of growth strategies, Takeda will endeavor to further increase capital efficiency, improving the company's ability to generate cash and be sustainably profitable. Building upon a sound financial base, Takeda will allocate capital to the following items in a balanced manner:

- R&D investments in the pipeline and platform technologies (both internal R&D and external licensing & acquisition)
- External business development opportunities to strengthen Growth Drivers (GI, Oncology, CNS, and Emerging Markets)
- Shareholder returns through dividends and share buybacks, while also placing importance on capital gain for shareholders through the increase of enterprise value

(ii) Dividend for Fiscal 2015

Takeda plans to pay a year-end dividend of JPY90 per share. This, together with the dividend of JPY90 already paid at the end of the second quarter, will result in an annual dividend of JPY180 for the year ended March 31, 2016, which is the same amount as the previous fiscal year.

(iii) Dividend for Fiscal 2016

For the next fiscal year, Takeda plans to pay an annual dividend of JPY180 per share, the same amount as fiscal year 2015.

(4) Risk Factors in Business

Takeda's business performance is subject to various present and future risks, and may experience unexpected fluctuations due to the occurrence of risk events. Below is a discussion of the main assumed risks that Takeda faces in its business activities. Takeda works to fully identify potential risks and takes all possible steps to prevent them from materializing. Moreover, Takeda will ensure a precise response if risk events occur.
The future events contained in these items are envisioned as of the end of fiscal 2015.

(i) Risk in R&D

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

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

(ii) Risk in intellectual property rights

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

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

(iii) Risk of sales decrease following patent expirations

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

(iv) Risk of side effects

Although ethical drugs are only allowed to be marketed after approval for production and marketing following rigorous investigation by the competent authorities around the world, accumulated data during the post-marketing period may reveal side effects that were not known at the time of launch. If new side effects are identified for a product, Takeda will be required to describe the side effects in a "precaution" section of the package insert, or restrict usage of the product. Takeda may also be obliged to either discontinue sale of the product or recall it. The company can potentially be liable for damages and liabilities if such events occur.

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

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

(vi) Influence of exchange fluctuations

The Takeda Group's overseas revenue in fiscal 2015 amounted to 1,119.3 billion JPY, which accounted for 61.9% of total consolidated revenue. Revenue in the U.S. was 514.4 billion JPY, which accounted for 28.5% of total consolidated revenue. For this reason, the Takeda Group's business performance and financial standing are considerably affected by fluctuations in foreign exchange rates. Most of such risks are pure translation risks and as such cannot be mitigated.

(vii) Risk related to Corporate Acquisitions

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

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

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

(ix) Risk related to stable supply

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

(x) Risk related to litigation and other legal matters

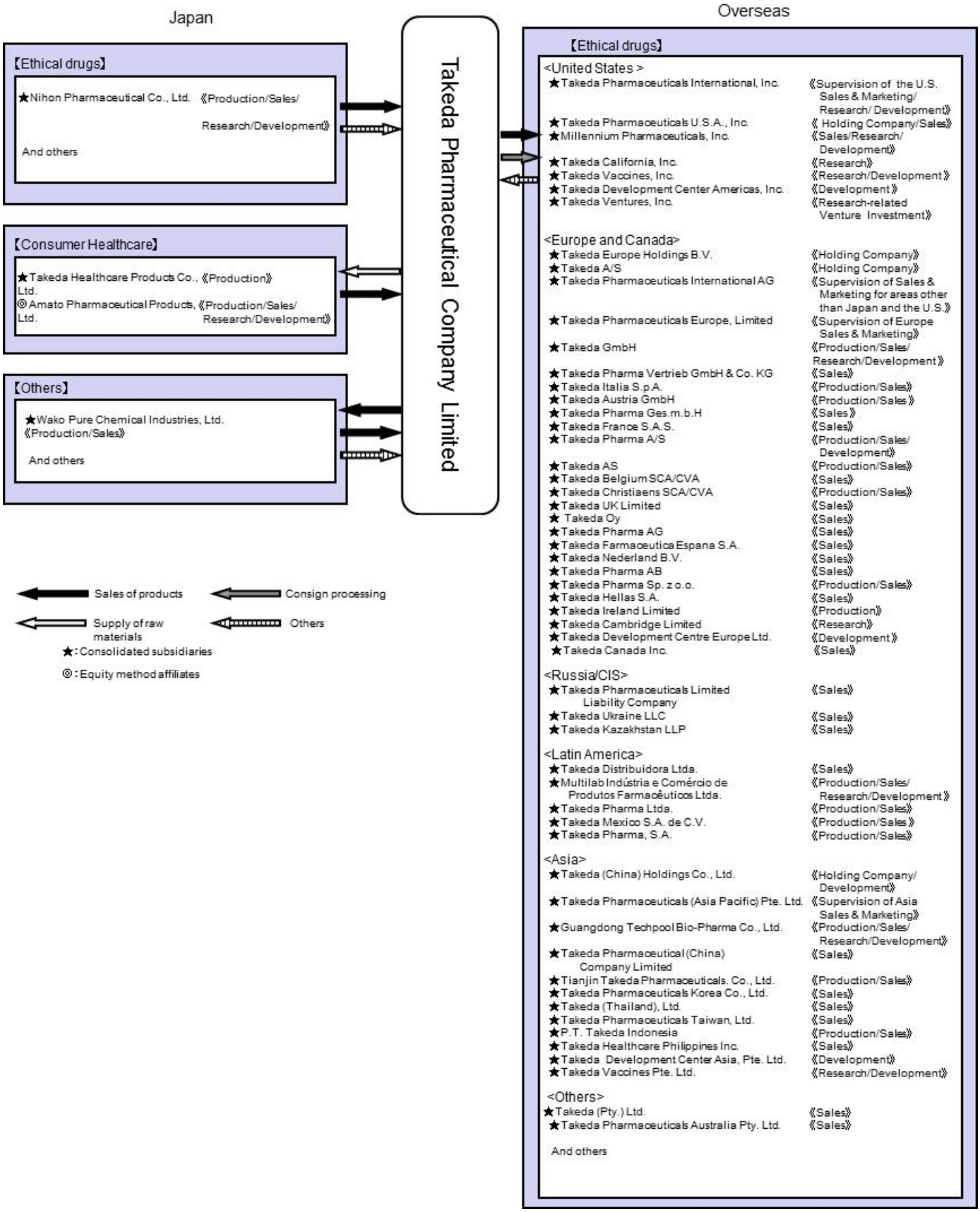
Regarding to Takeda's operational activities, in addition to the existing litigations, there is a possibility that a suit may be brought to court in terms of an adverse effect of pharmaceutical product, product liability, labor issues, fair trade, etc. As a result, there may be an impact on the financial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

(xi) Risk related to IT security and information control

The size and complexity of Takeda's information technology and information security systems to operate Takeda's business, and those of Takeda's third-party vendors with whom Takeda contracts as IT service outsourcing, make such systems potentially vulnerable (e.g. cyberattack) to service interruptions or to security breaches from inadvertent or intentional actions by Takeda's employees or vendors, or from attacks by malicious third parties. While Takeda has invested in the protection of data and information technology, any such interruption or breach of Takeda's systems could adversely affect Takeda's business operations and/or result in the loss of critical or sensitive confidential information or intellectual property, and could result in financial, legal, and reputational harm to Takeda.

2. The Takeda Group

The Takeda Group consists of 151 companies, including the parent company submitting these consolidated financial statements, 135 consolidated subsidiaries (including partnership) and 15 affiliates accounted for by the equity method. The following chart shows the main business areas of the Takeda Group, the position of the companies that make up the Group within their respective areas of business, and relationships with each business segment.



Consolidated Subsidiaries and Affiliates accounted for by the equity method

(Consolidated Subsidiaries)

Area	Company name	Address	Capital (millions of yen)	Principal business	Voting shares owned (%)	Relationship	
						Business transactions	Other
United States	Takeda Pharmaceuticals International, Inc.	Deerfield, IL, U.S.A.	USD 1	Ethical Drugs	100.0 *1 (100.0)	—	—
	Takeda Pharmaceuticals U.S.A., Inc.	Deerfield, IL, U.S.A.	USD 1 thousand	Ethical Drugs	100.0 *11 (25.0)	Purchases drugs from Takeda	—
	Millennium Pharmaceuticals, Inc.	Cambridge, MA, U.S.A.	USD 0.1	Ethical Drugs	100.0*1 (100.0)	Handles drug research and development on behalf of Takeda and contract out to Takeda	—
	Takeda California, Inc.	San Diego, CA, U.S.A.	USD 1	Ethical Drugs	100.0 *1 (100.0)	Handles drug research on behalf of Takeda and collaborative research	—
	Takeda Vaccines, Inc.	Deerfield, IL, U.S.A.	USD 1	Ethical Drugs	100.0 *1 (100.0)	Handles drug research and development on behalf of Takeda	—
	Takeda Development Center Americas, Inc.	Deerfield, IL, U.S.A.	USD 1	Ethical Drugs	100.0*1 (100.0)	Handles drug development and acquisition of approval on behalf of Takeda	—
	Takeda Ventures, Inc.	Palo Alto, CA, U.S.A.	USD 1	Ethical Drugs	100.0 *1 (100.0)	—	—
Europe and Canada	Takeda Europe Holdings B.V.	Hoofddorp, Netherlands	EUR 280 million	Ethical Drugs	100.0 *12	—	—
	Takeda A/S	Taastrup, Denmark	EUR 113 thousand	Ethical Drugs	*9,12 100.0 (23.9)	—	—
	Takeda Pharmaceuticals International AG	Zurich, Switzerland	CHF 4 million	Ethical Drugs	*10,12 100.0 (100.0)	Purchases drugs from Takeda	—
	Takeda Pharmaceuticals Europe Limited	London, United Kingdom	GBP 4 million	Ethical Drugs	100.0 *2 (100.0)	—	—
	Takeda GmbH	Konstanz, Germany	EUR 11 million	Ethical Drugs	100.0*5 (100.0)	Purchases drugs from Takeda	—
	Takeda Pharma Vertrieb GmbH & Co. KG	Berlin, Germany	EUR 1 million	Ethical Drugs	100.0 *6 (100.0)	—	—
	Takeda Italia S.p.A.	Rome, Italy	EUR11 million	Ethical Drugs	100.0 *6 (100.0)	Purchases drugs from Takeda	—
	Takeda Austria GmbH	Linz, Austria	EUR 15 million	Ethical Drugs	100.0 *6 (100.0)	—	—
	Takeda Pharma Ges.m.b.H	Vienna, Austria	EUR 600 thousand	Ethical Drugs	100.0 (100.0)	—	—
	Takeda France S.A.S.	Paris, France	EUR 3 million	Ethical Drugs	100.0 *5 (100.0)	Purchases drugs from Takeda	—
	Takeda Pharma A/S	Taastrup, Denmark	Danish kroner 949 million	Ethical Drugs	*3,12 100.0 (100.0)	Purchases drugs from Takeda	—
	Takeda AS	Asker, Norway	Norwegian kroner 273 million	Ethical Drugs	100.0 *5 (100.0)	—	—
	Takeda Belgium SCA/CVA	Brussels, Belgium	EUR 436 thousand	Ethical Drugs	100.0 (100.0)	—	—
	Takeda Christiaens SCA/CVA	Brussels, Belgium	EUR 6 million	Ethical Drugs	100.0 (100.0)	—	—
	Takeda UK Limited	Buckinghamshire, United Kingdom	GBP 50 million	Ethical Drugs	100.0 *5 (100.0)	Purchases drugs from Takeda	—
	Takeda Oy	Helsinki, Finland	EUR 1 million	Ethical Drugs	100.0 *5 (100.0)	—	—
	Takeda Pharma AG	Pfäffikon, Switzerland	CHF 550 thousand	Ethical Drugs	100.0 (100.0)	—	—
	Takeda Farmaceutica Espana S.A.	Madrid, Spain	EUR 1 million	Ethical Drugs	100.0 *5 (100.0)	Purchases drugs from Takeda	—

Area	Company name	Address	Capital (millions of yen)	Principal business	Voting shares owned (%)	Relationship	
						Business transactions	Other
Europe and Canada	Takeda Netherland B.V.	Hoofddorp, Netherlands	EUR 10 million	Ethical Drugs	100.0 *2 (100.0)	—	—
	Takeda Pharma AB	Solna, Sweden	Swedish kroner 2 million	Ethical Drugs	100.0 *5 (100.0)	—	—
	Takeda Pharma Sp. z o.o.	Warsaw, Poland	Polish zlotys 191 million	Ethical Drugs	100.0*5 (100.0)	—	—
	Takeda Hellas S.A.	Athens, Greece	EUR 3 million	Ethical Drugs	100.0 *5 (100.0)	—	—
	Takeda Ireland Limited	Kilruddery, Ireland	EUR 396 million	Ethical Drugs	100.0 *12	Handles drug manufacture on behalf of Takeda	—
	Takeda Cambridge Limited	Cambridge, United Kingdom	GBP3 million	Ethical Drugs	100.0 *2 (100.0)	Handles drug research on behalf of Takeda	—
	Takeda Development Centre Europe Ltd.	London, United Kingdom	GBP800 thousand	Ethical Drugs	100.0 *2 (100.0)	Handles drug development and acquisition of approval on behalf of Takeda	—
	Takeda Canada Inc.	Oakville, Canada	CND 58 Million	Ethical Drugs	100.0 *6 (100.0)	Purchases drugs from Takeda	—
Russia/CIS	Takeda Pharmaceuticals Limited Liability Company	Moscow, Russia	Russian ruble 26 thousand	Ethical Drugs	100.0 (100.0)	—	—
	Takeda Ukraine LLC	Kiev, Ukraine	Ukrainian hryvnia 52 thousand	Ethical Drugs	100.0 (100.0)	—	—
	Takeda Kazakhstan LLP	Almaty, Kazakhstan	Kazakhstan Tenge 150 thousand	Ethical Drugs	100.0 (100.0)	—	—
Latin America	Takeda Distribuidora Ltda.	Sao Paulo, Brazil	BRL 11 million	Ethical Drugs	100.0 *6 (100.0)	—	—
	Multilab Indústria e Comércio de Produtos Farmacêuticos Ltda.	São Jerônimo, Brazil,	BRL 525 million	Ethical Drugs	*4,12 100.0 (100.0)	—	—
	Takeda Pharma Ltda.	Sao Paulo, Brazil	BRL 24 million	Ethical Drugs	100.0 *6 (100.0)	—	—
	Takeda Mexico S.A. de C.V.	Naucalpan, Mexico	MXN 387 Million	Ethical Drugs	100.0 (100.0)	Purchases drugs from Takeda	—
	Takeda Pharma, S.A.	Buenos Aires, Argentina	ARS 98 Million	Ethical Drugs	100.0 *6 (100.0)	—	—
Asia	Takeda (China) Holdings Co., Ltd.	Shanghai, China	USD 75 million	Ethical Drugs	100.0	—	—
	Takeda Pharmaceuticals (Asia Pacific) Pte. Ltd.	Singapore	SGD 15 million	Ethical Drugs	100.0	Purchases drugs from Takeda	—
	Guangdong Techpool Bio-Pharma Co., Ltd.	Guangzhou, China	CNY 100 million	Ethical Drugs	51.3 (51.3)	—	—
	Takeda Pharmaceutical (China) Company Limited	Taizhou, China	USD 62 million	Ethical Drugs	100.0 *7 (100.0)	—	—
	Tianjin Takeda Pharmaceuticals Co., Ltd.	Tianjin, China	USD 76 million	Ethical Drugs	100.0*12	Purchases drugs from Takeda	—
	Takeda Pharmaceuticals Korea Co., Ltd.	Seoul, Korea	KRW 2,000 million	Ethical Drugs	100.0 *8 (100.0)	Purchases drugs from Takeda	—
	Takeda (Thailand), Ltd.	Bangkok, Thailand	THB 102 million	Ethical Drugs	52.0	Purchases drugs from Takeda	—
	Takeda Pharmaceuticals Taiwan, Ltd.	Taipei, Taiwan	TWD 90 million	Ethical Drugs	100.0*4 (100.0)	Purchases drugs from Takeda	—
	P.T. Takeda Indonesia	Jakarta, Indonesia	Rp 1,467 million	Ethical Drugs	70.0	Purchases drugs from Takeda	—

Area	Company name	Address	Capital (millions of yen)	Principal business	Voting shares owned (%)	Relationship	
						Business transactions	Other
Asia	Takeda Healthcare Philippines Inc.	Manila, Philippines	PHP 140 million	Ethical Drugs	100.0*5	Purchases drugs from Takeda	—
	Takeda Development Center Asia, Pte. Ltd.	Singapore	SGD 5 million	Ethical Drugs	100.0	Handle drug development on behalf of Takeda	—
	Takeda Vaccines Pte. Ltd.	Singapore	SGD 7 thousand	Ethical Drugs	100.0	—	—
Others	Takeda (Pty.) Ltd.	Johannesburg, South Africa	South African rand 1 million	Ethical Drugs	100.0 *6 (100.0)	—	—
	Takeda Pharmaceuticals Australia Pty. Ltd.	Sydney, Australia	AUD 451 thousand	Ethical Drugs	100.0 *6 (100.0)	—	—
Japan	Nihon Pharmaceutical Co., Ltd.	Chiyoda-ku, Tokyo, Japan	760	Ethical Drugs	87.5 (0.2)	Sells drugs, etc., to Takeda	—
	Takeda Healthcare Products Co., Ltd.	Fukuchiyama, Kyoto, Japan	400	Consumer Healthcare	100.0	Sells over-the-counter drugs to Takeda	Leases land and buildings from Takeda
	Wako Pure Chemical Industries, Ltd.	Chuo-ku, Osaka, Japan	2,340	Others	71.8 (0.3)	Sells reagents to Takeda	—

(Affiliates accounted for by the equity method)

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

(Note):
1. The “Capital” column represents the amount rounded to the nearest million if the company’s capital is more than one million. If the company’s capital is more than one thousand and less than one million, it is rounded to the nearest thousand.
2. The “Principal business” column represents business segment information.
3. Wako Pure Chemical Industries, Ltd. issues a securities report (*yuka shoken hokokusho*) to the Financial Services Agency in Japan.
4. Figures in parenthesis in “Voting shares owned" represent the percentage indirectly owned by Takeda Pharmaceutical Company Limited.
5. Company (Companies) with *1, *2, *3, *4, *5, *6, *7, *8 are directly owned by Takeda Pharmaceuticals U.S.A., Inc., Takeda Europe Holdings B.V., Takeda A/S, Takeda Pharma A/S, Takeda Pharmaceuticals International AG, Takeda GmbH, Takeda (China) Holdings Co., Ltd., Takeda Pharmaceuticals (Asia Pacific) Pte. Ltd., respectively.
6. Company with *9 is directly owned by Takeda Pharmaceutical Company Limited (76.1%) and Takeda Europe Holdings B.V. (23.9%), respectively.
7. Company with *10 is directly owned by Takeda Pharma A/S (93.6%) and Takeda Europe Holdings B.V. (6.4%), respectively.
8. Company with *11 is directly owned by Takeda Pharmaceutical Company Limited (75.0%) and Takeda Pharmaceuticals International AG (25.0%), respectively.
9. Company with *12 is qualified as specified subsidiaries.
10. In September 2015, Takeda Pharmaceuticals International GmbH was renamed to Takeda Pharmaceuticals International AG.
11. In March 2016, Takeda America Holdings, Inc. which was a specific subsidiary disappeared due to being merged into Takeda Pharmaceuticals U.S.A., Inc.

3. Management Policy

(1) Basic Management Policy

Takeda places “Takeda-ism” (Integrity: Fairness, Honesty and Perseverance) at the heart of all its activities and prioritizes, in order of importance, Patient (put the patient at the center), Trust (build trust with society), Reputation (reinforce our reputation), and Business (develop the business). Takeda is a patient and customer centric company, with an agile global organization, fostering talent to be best-in-class.

Takeda is focused on honing and developing its world class R&D capabilities with new approaches to innovation, and is well positioned to sustain sales and profit growth through its growth drivers (GI, Oncology, CNS, and Emerging Markets) and cost discipline.

Takeda is pursuing its Mission of “striving towards better health for people worldwide through leading innovation in medicine”, which has been summarized in the tagline “Better Health, Brighter Future”.

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

Takeda has devised a strategic roadmap, which consists of the following pillars: [Value], [People], [R&D], and [Business Performance]*. Takeda believes this strategic roadmap will deliver our long-term aspiration to be No.1 in GI, top 10 in Oncology, and with strong presence in CNS and in Emerging Markets. Takeda also sets its medium-term milestones (three-year CAGR) of mid-single digit % of underlying revenue growth and double digit % of underlying core earnings growth.

*Takeda currently has seven business units (BUs). The road maps for the Global Oncology and Vaccine BUs are listed in the [R&D] section below; regional BUs (the Unites States, Japan, Emerging Markets, Europe & Canada, and Japan Consumer Healthcare) are included within the [Business Performance] section.

[Value]

Takeda will put “Takeda-ism” and the Values of “Patient-Trust-Reputation-Business” in practice through a number of initiatives such as implementing Compliance Monitoring Policy across all countries, as well as rolling out Corporate Social Responsibility and Access to Medicine strategies in FY2016.

[People]

Takeda will continue to pursue patient and customer centricity, an agile global organization, and the fostering of talent through various activities. Through tracking a “Customer Satisfaction Index” and executing action plans, we further improve customer satisfaction. And we strengthen global talent development programs, and implement Japan Diversity & Inclusion acceleration plans in FY2016.

[R&D]

Takeda has announced that its top priority is leadership in Oncology, Gastroenterology and CNS, emphasizing psychiatry. Second, it will develop an innovative business and global health approach in Vaccines and deliver maximum, targeted value in Specialty cardiovascular.

As a patient-centric, innovation-driven, R&D-based company, Takeda will focus and strengthen its pipeline in these Therapeutic Areas, broaden its therapeutic modality expertise and ensure it has the right mix of capabilities to drive continued success well into the future. These capabilities include:

- A balanced expertise in therapeutic modalities beyond small molecules, including biologics and a strong commitment to regenerative medicine centered around its “Takeda-CiRA Joint Program for iPS Cell Applications” (T-CiRA)
- Expertise in data sciences, including digital medicine, bioinformatics and genomic research
- Translational medicine as a foundational capability
- A deep, strong commitment to meaningful external partnerships and collaborations, as these are a key source of innovation

Global Oncology BU

At Takeda Oncology, we aspire to cure cancer by discovering, developing and delivering transformative medicines to people living with cancer worldwide. We have an innovative and rapidly growing pipeline as well as multiple marketed products with combined global sales of 3000 Oku Yen. These products include ADCETRIS (HL, sALCL), VECTIBIX (colorectal cancer), LUPRON (prostate cancer), MEPACT (osteosarcoma), VELCADE (MM and MCL), and NINLARO (MM). NINLARO was recently approved in the U.S. (with approval anticipated in the EU later in FY16) and is the result of decades of Nobel-prize winning science and research in multiple myeloma. It is the first oral proteasome inhibitor and represents the first global oncology launch for Takeda. The efficacy and safety profile of NINLARO, coupled with its convenience, allows for longer duration of treatment, which may improve outcomes. ADCETRIS harnesses novel antibody-drug conjugate technology to target CD30, a critical driver in the pathogenesis of Hodgkin lymphoma. It offers the first new treatment option in over 30 years for patients with this rare blood cancer, and is also the first treatment specifically approved for systemic anaplastic large cell lymphoma. It is now available to patients in more than 60 countries. Takeda is committed to building on our ADC expertise through the next wave of targeted delivery technologies exemplified by our recent partnerships with ImmunoGen, Mersana Therapeutics and Seattle Genetics. Additionally, we continue to look for external innovation through strategic partnerships with leading research and academic centers worldwide. Through these collaborations we continue to explore the promise of future oncology targets as new treatment options for patients. We will continue to work to ensure our suite of innovative therapies are available to additional patient populations worldwide.

Global Vaccine BU

Takeda is developing and delivering vaccines to address some of the most important challenges in global public health. Dengue and Norovirus are estimated to cause 1 billion infections around the world each year. Takeda has two of the most promising vaccine candidates for these diseases in our late-stage pipeline, and intends to change this picture. We are seeking ways to build upon our strong foundation in Japan, by bringing new products such as the Haemophilus influenzae Type B (Hib) and Varicella vaccines to the market, and entering partnerships with other companies to expand our portfolio further. We have established a highly-innovative vaccine manufacturing platform at our site in Hikari Japan, and are preparing our Japan operation to supply important vaccines to populations in developed and developing countries around the globe.

[Business Performance]

U.S. BU

As Takeda's largest business outside Japan, the U.S. Business Unit will continue significant growth by strengthening our focus on recent successful product launches in GI (ENTYVIO) and CNS (BRINTELLIX(*)), while continuing to grow our core brands in GI, Gout and Diabetes. The U.S. BU will deliver growth through an integrated approach to commercialization built around the needs of patients, payors and providers in order to truly provide value through our medicines. To increase focus and agility, we have created two business units within the U.S. BU. The Specialty Business will support ENTYVIO including commercialization, patient support and evidence generation, and General Medicine will support the company’s portfolio in central nervous system, gastroenterology, gout and diabetes. Additionally, the U.S. is building best-in-class capabilities in patient support, multi-channel marketing and analytics and insights.

(*) BRINTELLIX will be marketed in the United States under the new name TRINTELLIX starting June of 2016.

Japan Pharma BU

Japan Pharma Business Unit (JPBU) will focus primarily on four product families (AZILVA Family, Takeda DPP-4 Family, LOTRIGA and TAKECAB Family) as the growth drivers during FY2016-2018, while offsetting the negative impact from National Health Insurance price reductions. We will place a particular focus on these product families during FY2016.Going forward, Takeda's global specialty products such as ENTYVIO, Rasagiline, and BRINTELLIX will be available in Japan in the near future. With these products, JPBU will provide even greater value to healthcare providers and patients.
In addition, JPBU has transferred long-listed products to the new Business Venture with Teva Pharmaceuticals in Japan, which was established in April to meet the wide-ranging needs of patients and the growing importance of generics. As a result of these initiatives, JPBU will maintain its longstanding position as a leading company in the pharmaceutical industry in Japan during FY2016-2018.

Emerging Markets BU

Takeda is committed to bring its portfolio of trusted Value Brands and Innovative Medicines in core therapy areas of GI, Oncology and Diabetes to patients across more than 35 Emerging Markets where we have a presence today; whilst exploring partnerships to expand access and address unmet need in others countries. Applying the values of Takeda-ism and instilling a culture of uncompromised compliance, we aspire to position Takeda as a top 10 pharmaceutical company in the region, viewed as best in class in the eyes of patients, customers and our employees.

Europe and Canada BU

With its transformation into an agile specialty care provider in acceleration phase, Takeda's Europe and Canada Business Unit will continue to grow.
This will be achieved through the successful execution of ENTYVIO 1st line strategy, strong cost discipline and efficient mature portfolio management. In addition, launch preparations are well underway to ensure a Best in Class launch of NINLARO. Focussed development of our talent via differentiated and robust talent management practices will allow continuous development of core and new capabilities ensuring the sustainability of the transformation.
The patient will continue to be at the core of everything we do supported by key strategic initiatives such as a patient support program, digital health initiatives and implementation of an industry leading customer engagement/MCM platform.

Japan Consumer Healthcare BU

With the aim of becoming a leading consumer healthcare company in Japan and across Asia, the Japan Consumer Healthcare business will be transferred into a wholly owned subsidiary, Takeda Consumer Healthcare Company Limited, which was established in April 2016. This new company will operate with a more agile business model in the consumer healthcare market and will respond faster to changes in the market. The new company is expected to start business in April 2017.

(3) Management Indicators

It is crucial to monitor the real performance of the business in order to enhance corporate value sustainably. Takeda believes that **"**Underlying Growth**"**, excluding the impact of foreign exchange and exceptional items such as business divestitures, represents its real business performance. In accordance with this, Takeda regards "Underlying Revenue Growth", "Underlying Core Earnings* Growth", and "Underlying Core EPS** Growth" as important management indicators.

* From fiscal 2016, Core Earnings will be calculated by taking gross profit and deducting selling, general and administrative expenses and R&D expenses. In addition, certain other items that are significant in value (over 1 billion JPY) and non-recurring or non-core in nature will be adjusted. This includes, amongst other items, impact of natural disasters, purchase accounting effects, major litigation costs, integration costs and government actions.

** From fiscal 2016, Core EPS will be calculated by taking Core Earnings and adjusting for items that are significant in value (over 1 billion JPY) and non-recurring or non-core in nature within each account line below operating profit. This includes, amongst other items, fair value adjustments and the imputed financial charge related to contingent consideration. In addition to the tax effect related to these items, the tax effects related to the adjustments made in Core Earnings will also be adjusted for when calculating Core EPS.

For the dividend policy, please refer to the "1. (3) Basic Policy for Profit Distribution and Dividends for Fiscal 2015 and 2016".

4. Litigation

(1) U.S. AWP litigation

In the U.S., civil lawsuits have been filed by patients, insurance companies and state governments against numerous pharmaceutical companies, including major enterprises, over the sale of certain pharmaceutical products. The complaints seek, among other things, damages resulting from price discrepancies between the average wholesale price (AWP) as published and the actual selling prices. Thus, these types of lawsuits are sometimes called “AWP litigation”. Actions are pending against TAP Pharmaceutical Products Inc.* in three state courts over lansoprazole (U.S. product name: Prevacid). In one case, the Company is also named as a defendant.
Takeda is diligently defending itself in each of the remaining aforementioned lawsuits.

* TAP was merged into Takeda Pharmaceuticals North America, Inc. (hereinafter “TPNA”) in June 2008 and TPNA changed its name to Takeda Pharmaceuticals U.S.A., Inc. (“TPUSA”) in January 2012. TAP marketed Prevacid before its merger with TPNA.

(2) Product liability litigation regarding pioglitazone-containing products

Takeda Pharmaceutical Company Limited, Takeda Pharmaceuticals U.S.A., Inc., and certain affiliates located in the U.S. (collectively, "Takeda" in this section (4)) have been named as defendants in lawsuits in U.S. federal and state courts in which plaintiffs allege to have developed bladder cancer or other injuries as a result of taking products containing type 2 diabetes treatment pioglitazone (U.S. brand name: ACTOS) (hereafter, “ACTOS” is used to refer generally to Takeda products containing pioglitazone). Eli Lilly & Co. has been named as a defendant in many of these lawsuits. Outside the U.S., lawsuits and claims have also been brought by persons claiming similar injuries.

On April 29, 2015 (U.S. time April 28), Takeda reached an agreement with the lead plaintiffs’ lawyers that was expected to resolve the vast majority of ACTOS product liability lawsuits pending against Takeda in the U.S. The settlement would cover all bladder cancer claims pending in any U.S. court as of the date of settlement, and claimants with unfiled claims in the U.S. represented by counsel as of the date of settlement and within three days thereafter would also be eligible to participate. The settlement would become effective if 95% of litigants and claimants opted in, and once that threshold was achieved, Takeda agreed to pay 2.37 billion USD into a settlement fund. That figure would rise to 2.4 billion USD if more than 97% of the current litigants and claimants opted to participate in the settlement. Under the settlement, litigants and claimants who met prescribed criteria would receive payouts from the fund.

On September 12, 2015 (U.S. time September 11), Takeda announced that more than 96% of eligible litigants and claimants have opted into the ACTOS product liability resolution program. On October 7, 2015 (U.S. time), it was verified that more than 97% of eligible litigants and claimants have opted into the resolution program, and that the resolution program had become effective. In March, 2016, Takeda paid out 2.4 billion USD into the settlement fund.

As of the end of March, 2016, more than 99% of eligible litigants and claimants have opted into the resolution program.

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

(3) Patent infringement litigation and administrative litigation regarding colchicine product

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

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

5. Basic Approach to the Selection of Accounting Standards

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

6. Other

The meeting of the Board of Directors held on April 28, 2016 resolved that it will propose to the 140th Ordinary General Meeting of Shareholders, to be held on June 29, 2016, a partial amendment to the Articles of Incorporation to change Takeda's corporate governance system from a “Company with Board of Corporate Auditors” to a “Company with Audit and Supervisory Committee”.

For the details, please refer to the press release announced on April 28, 2016.

http://www.takeda.com/news/2016/20160428_7395.html

7. Consolidated Financial Statements [IFRS]

(1) Consolidated Statement of Operations

(Million JPY)

	Note	Fiscal 2014 (From April 1, 2014 to March 31, 2015)	Fiscal 2015 (From April 1, 2015 to March 31, 2016)
Revenue		1,777,824	1,807,378
Cost of sales		(520,990)	(535,405)
Gross profit		1,256,834	1,271,972
Selling, general and administrative expenses	1	(612,613)	(650,773)
Research and development expenses		(382,096)	(345,927)
Amortization and impairment losses on intangible assets associated with products	2	(176,402)	(125,140)
Other operating income	3	107,181	25,081
Other operating expenses	3	(322,158)	(44,386)
Operating profit (loss)		(129,254)	130,828
Finance income	4	15,357	21,645
Finance expenses	4	(32,878)	(31,931)
Share of profit (loss) of associates accounted for using the equity method		1,337	(3)
Profit (loss) before tax		(145,437)	120,539
Income tax benefit (expenses)	5	2,403	(37,059)
Net profit (loss) for the year		(143,034)	83,480
Attributable to:			
Owners of the Company		(145,775)	80,166
Non-controlling interests		2,741	3,313
Net profit (loss) for the year		(143,034)	83,480
Earnings per share (JPY)			
Basic earnings (loss) per share		(185.37)	102.26
Diluted earnings (loss) per share		(185.37)	101.71

(2) Consolidated Statement of Operations and Other Comprehensive Income

(Million JPY)

	Fiscal 2014 (From April 1, 2014 to March 31, 2015)	Fiscal 2015 (From April 1, 2015 to March 31, 2016)
Net profit (loss) for the year	(143,034)	83,480
Other comprehensive income(loss)		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	(4,532)	(18,140)
	(4,532)	(18,140)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	(47,559)	(85,772)
Net changes on revaluation of available-for-sale financial assets	15,040	(17,303)
Cash flow hedges	(774)	(1,867)
	(33,293)	(104,942)
Other comprehensive income (loss) for the year, net of tax	(37,826)	(123,082)
Total comprehensive income (loss) for the year	(180,860)	(39,602)
Attributable to:		
Owners of the Company	(186,618)	(40,334)
Non-controlling interests	5,759	732
Total comprehensive income (loss) for the year	(180,860)	(39,602)

(3) Consolidated Statement of Financial Position

(Million JPY)

	Fiscal 2014 (As of March 31, 2015)	Fiscal 2015 (As of March 31, 2016)
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	526,162	551,916
Goodwill	821,911	779,316
Intangible assets	939,381	743,128
Investment property	30,218	26,626
Investments accounted for using the equity method	10,425	10,016
Other financial assets	241,323	149,548
Other non-current assets	52,192	18,975
Deferred tax assets	154,506	170,773
Total non-current assets	2,776,120	2,450,298
CURRENT ASSETS		
Inventories	262,354	254,010
Trade and other receivables	444,681	415,379
Other financial assets	61,275	108,600
Income taxes recoverable	22,148	15,192
Other current assets	63,225	64,145
Cash and cash equivalents	652,148	451,426
Subtotal	1,505,830	1,308,752
Assets held for sale	14,243	65,035
Total current assets	1,520,072	1,373,787
Total assets	4,296,192	3,824,085

(Million JPY)

	Fiscal 2014 (As of March 31, 2015)	Fiscal 2015 (As of March 31, 2016)
LIABILITIES AND EQUITY		
LIABILITIES		
NON-CURRENT LIABILITIES		
Bonds and loans	629,416	539,760
Other financial liabilities	70,105	102,120
Net defined benefit liabilities	91,686	84,867
Provisions	47,075	34,421
Other non-current liabilities	78,778	71,032
Deferred tax liabilities	156,132	123,469
Total non-current liabilities	1,073,191	955,668
CURRENT LIABILITIES		
Bonds and loans	99,965	228,464
Trade and other payables	170,782	191,089
Other financial liabilities	42,105	37,168
Income taxes payable	41,071	43,133
Provisions	418,587	115,341
Other current liabilities	238,469	226,899
Subtotal	1,010,978	842,094
Liabilities held for sale	5,846	15,119
Total current liabilities	1,016,824	857,213
Total liabilities	2,090,016	1,812,882
EQUITY		
Share capital	64,044	64,766
Share premium	59,575	68,829
Treasury shares	(18,203)	(35,974)
Retained earnings	1,601,326	1,523,127
Other components of equity	430,305	327,944
Equity attributable to owners of the Company	2,137,047	1,948,692
Non-controlling interests	69,129	62,511
Total equity	2,206,176	2,011,203
Total liabilities and equity	4,296,192	3,824,085

(4) Consolidated Statement of Changes in Equity

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

(Million JPY)

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

	Note	Equity attributable to owners of the Company			Total	Non-controlling interests	Total equity
		Other components of equity					
		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 year				–	(145,775)	2,741	(143,034)
Other comprehensive income		(774)	(4,524)	(40,843)	(40,843)	3,017	(37,826)
Comprehensive income for the year		(774)	(4,524)	(40,843)	(186,618)	5,759	(180,860)
Issuances of new shares				–	965		965
Acquisitions of treasury shares				–	(17,587)		(17,587)
Disposals of treasury shares				–	2		2
Dividends				–	(141,781)	(2,446)	(144,227)
Changes in the ownership interest in subsidiaries				–	(7,901)	(4,079)	(11,980)
Transfers from other components of equity			4,524	4,524	–		–
Share-based payments				–	7,951		7,951
Put options written on non-controlling interests	1			–	11,277		11,277
Total transactions with the owners		–	4,524	4,524	(147,073)	(6,525)	(153,598)
As of March 31, 2015		(1,073)	–	430,305	2,137,047	69,129	2,206,176

Fiscal 2015 (From April 1, 2015 to March 31, 2016)

(Million JPY)

	Note	Equity attributable to owners of the Company					
						Other components of equity	
		Share capital	Share premium	Treasury shares	Retained earnings	Exchange differences on translation of foreign operations	Net changes on revaluation of available-for-sale financial assets
As of April 1, 2015		64,044	59,575	(18,203)	1,601,326	355,692	75,685
Net profit for the year					80,166		
Other comprehensive income						(83,331)	(17,162)
Comprehensive income for the year		–	–	–	80,166	(83,331)	(17,162)
Issuances of new shares		722	722				
Acquisitions of treasury shares				(22,346)			
Disposals of treasury shares			1	3			
Dividends					(141,585)		
Changes in the ownership interest in subsidiaries					1,359		
Transfers from other components of equity					(18,140)		
Share-based payments			8,531	4,573			
Put options written on non-controlling interests							
Total transactions with owners		722	9,254	(17,771)	(158,366)	–	–
As of March 31, 2016		64,766	68,829	(35,974)	1,523,127	272,361	58,523

	Note	Equity attributable to owners of the Company			Total	Non-controlling interests	Total equity
		Other components of equity					
		Cash flow hedges	Remeasurements of defined benefit plans	Total			
As of April 1, 2015		(1,073)	–	430,305	2,137,047	69,129	2,206,176
Net profit for the year				–	80,166	3,313	83,480
Other comprehensive income		(1,867)	(18,140)	(120,501)	(120,501)	(2,581)	(123,082)
Comprehensive income for the year		(1,867)	(18,140)	(120,501)	(40,334)	732	(39,602)
Issuances of new shares				–	1,444		1,444
Acquisitions of treasury shares				–	(22,346)		(22,346)
Disposals of treasury shares				–	3		3
Dividends				–	(141,585)	(1,868)	(143,453)
Changes in the ownership interest in subsidiaries				–	1,359	(5,481)	(4,122)
Transfers from other components of equity			18,140	18,140	–		–
Share-based payments				–	13,104		13,104
Put options written on non-controlling interests				–	–		–
Total transactions with the owners		–	18,140	18,140	(148,021)	(7,350)	(155,371)
As of March 31, 2016		(2,940)	–	327,944	1,948,692	62,511	2,011,203

(5) Consolidated Statement of Cash Flows

(Million JPY)

	Fiscal 2014 (From April 1, 2014 to March 31, 2015)	Fiscal 2015 (From April 1, 2015 to March 31, 2016)
Cash flows from operating activities		
Net profit (loss) for the year	(143,034)	83,480
Depreciation, amortization and impairment losses	260,951	197,381
Loss (gain) on sales and disposal of property, plant and equipment (*)	(32,309)	1,261
Loss (gain) on sales of investment securities	(8,891)	(14,937)
Income tax expenses	(2,403)	37,059
Decrease (increase) in trade and other receivables	(32,515)	12,372
Decrease (increase) in inventories	(14,548)	(6,845)
Increase (decrease) in trade and other payables	(7,082)	17,910
Increase (decrease) in provisions	316,471	(290,650)
Other	(80,020)	22,096
Subtotal	256,619	59,128
Income taxes paid	(74,102)	(52,293)
Tax refunds and interest on tax refunds received	—	18,657
Net cash from (used in) operating activities	182,517	25,491
Cash flows from investing activities		
Interest received	2,464	2,394
Dividends received	3,689	3,557
Payments into time deposits	(3,364)	(40,000)
Proceeds from withdrawal of time deposits	81,616	40,000
Payments for acquisition of property, plant and equipment	(48,232)	(48,758)
Proceeds from sales of property, plant and equipment (Note1)	33,903	528
Payments for acquisition of intangible assets	(60,486)	(36,099)
Payments for acquisition of investments	(207)	(17)
Proceeds from sales and redemption of investments	83,741	16,454
Payments for acquisition of subsidiaries	—	(8,269)
Proceeds from sales of subsidiaries	—	1,217
Other	(1,776)	(2,217)
Net cash from (used in) investing activities	91,347	(71,208)
Cash flows from financing activities		
Net increase (decrease) in short-term loans	(8)	(5)
Proceeds from long-term loans	—	150,000
Payments of long-term loans	(63)	(30,012)
Payments of bonds	(119,430)	(70,000)
Payments for purchase of treasury shares	(17,587)	(22,346)
Interest paid	(5,229)	(4,889)
Dividends paid	(141,637)	(141,538)
Payments for acquisition of non-controlling interests	(11,073)	(804)
Other	(5,971)	(5,244)
Net cash from (used in) financing activities	(300,998)	(124,839)
Net increase (decrease) in cash and cash equivalents	(27,134)	(170,557)
Cash and cash equivalents at the beginning of the year	666,048	655,243
Effects of exchange rate changes on cash and cash equivalents	16,329	(33,260)
Cash and cash equivalents at the end of the year (Note2)	655,243	451,426

(Note1) This item includes gain or loss on or proceeds from sale of investment property and assets held for sale.
(Note2) The balance at the end of Fiscal 2014 doesn't include the cash and cash equivalents included in assets held-for-sale

(6) Notes to Consolidated Financial Statements

(Notes regarding assumption of a going concern)

No events to be noted for this purpose.

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

1. Basis of Preparation

(1) Compliance with IFRS

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

(2) Basis of Measurement

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

(3) Presentation Currency

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

2. Significant Accounting Policies

The significant accounting policies adopted for the consolidated financial statements are the same as those for the fiscal year ended March 31, 2015 with the exception of the items described below.

The accounting standards and interpretations applied by the Companies effective from Fiscal 2015 are as follows.

IFRS		Description of new standards, interpretations and amendments
IAS 19	Employee Benefits	Amendment to the accounting for contributions from employees and third parties to defined benefit plans

The above standards and interpretations do not have a material impact on the consolidated financial statements.

(Notes to Consolidated Statement of Income)

1. Selling, general and administrative expenses

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

(Million JPY)

	Fiscal 2014 (From April 1, 2014 to March 31, 2015)	Fiscal 2015 (From April 1, 2015 to March 31, 2016)
Advertising and Sales promotion expenses	113,212	121,055
Salaries	139,998	143,058
Bonuses	42,964	50,289
Retirement benefit expenses	15,834	17,492

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

It includes 14,944 million JPY of "impairment losses" in the Ethical Drugs segment due to the decline in the initial expected profitability. In addition, the Companies recognized reversal of impairment losses in the Ethical Drugs segment due to the revaluation of product impaired in prior periods, and the amount was 8,553 million JPY.

The impairment losses (including reversal) were calculated by deducting recoverable amounts measured based on the value in use from the carrying amounts and the discount rates used for the calculation (post-tax) were 7.7% to 14.5%.

3. Other operating income and expenses

(1) Other operating income

(Million JPY)

	Fiscal 2014 (From April 1, 2014 to March 31, 2015)	Fiscal 2015 (From April 1, 2015 to March 31, 2016)
Government grant income	3,149	3,735
Rental income	3,900	3,446
Gains on sales of property, plant and equipment, intangible assets and investment property	32,815	54
Royalty income on transfer of operations	6,504	4,915
Fair value adjustments of contingent considerations (Note)	51,324	5,636
Others	9,489	7,293
Total	107,181	25,081

(Note) 53,841 million yen of the reversal of contingent consideration related to the acquisition of URL Pharma, Inc. was included for the year ended March 31, 2015.

(2) Other operating expenses

(Million JPY)

	Fiscal 2014 (From April 1, 2014 to March 31, 2015)	Fiscal 2015 (From April 1, 2015 to March 31, 2016)
Expenses directly attributable to rental income	2,241	4,968
Donations and contributions	1,489	2,442
Restructuring expenses (Note 1)	31,176	25,760
Loss on Actos litigation (Note 2)	274,056	―
Others	13,195	11,216
Total	322,158	44,386

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

(Note 2) The company and its subsidiaries in the U.S. have reached agreement expected to resolve the vast majority of ACTOS product liability lawsuits pending in the U.S. against Takeda. Accordingly, Takeda recognized the provision of $2.7 billion (324.1 billion JPY) for covering the settlement, for costs associated with court cases against plaintiffs who do not participate in the settlement, and for other related expenses. Takeda also recognized the insurance receivable of 50.0 billion JPY which is anticipated to be covered by product liability insurance. In total, the net amount was booked as other operating expense for the year ended March 31, 2015.

4. Financial Income and Expenses

(1) Financial Income

(Million JPY)

	Fiscal 2014 (From April 1, 2014 to March 31, 2015)	Fiscal 2015 (From April 1, 2015 to March 31, 2016)
Interest income	2,313	2,316
Dividends income	3,263	3,329
Gains on sales of available-for-sale financial assets	8,891	15,051
Others	890	948
Total	15,357	21,645

(2) Financial Expenses

(Million JPY)

	Fiscal 2014 (From April 1, 2014 to March 31, 2015)	Fiscal 2015 (From April 1, 2015 to March 31, 2016)
Interest expenses	5,796	5,271
Fair value adjustments of contingent considerations	16,213	7,605
Impairment losses on available-for-sale financial assets	1,653	2,332
Losses on valuation of derivatives	2,731	5,139
Foreign exchange Losses	1,143	8,896
Others	5,341	2,687
Total	32,878	31,931

5. Income Taxes

Income Taxes for the year ended March 31, 2015 include the increase of 42,703 million JPY due to a reassessment of the recoverability of a deferred tax asset for R&D tax credits as the result of Takeda adopting a tax method which allows for R&D expenditures to be expensed in the year incurred.

(Notes to Consolidated Statement of Financial Position)

(Million JPY)

	Fiscal 2014 (As of March 31, 2015)	Fiscal 2015 (As of March 31, 2016)
1. Accumulated depreciation on assets		
Property, plant and equipment	650,913	671,923
Investment property	37,142	18,139
2. Pledged assets		
Assets pledged as collateral (Note)	2,129	-
Secured liabilities (Note)	1,250	-
3.Allowance for doubtful receivables directly deducted from trade and other receivables		
Trade and other receivables	3,234	9,121
Other financial assets	43	44

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

4. Contingent liabilities

Guarantees

The amount of guarantees as of March 31, 2015 and March 31, 2016 was 550 million JPY and 457 million JPY, respectively. Those are all related to the transactions with financial institutions and are not recognized as financial liabilities in the consolidated financial position because the possibility of loss from guarantees is remote.

(Notes to Consolidated Statement of Changes in Equity)

1. Put Options Granted to Non-controlling Interests

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

(Segment Information)

1. Reportable Segments

The Companies manage the business by product/service type. The Company or its subsidiaries serving as the headquarters of each business creates comprehensive product/service strategies for the Japanese and overseas markets and implement such business activities in accordance with the strategies.
The Company categorizes Ethical Drugs, Consumer Healthcare and Other as its three reportable segments. Financial data is available separately for each of these segments and the financial results for all reportable segments are periodically reviewed by the Company's Board of Directors in order to make decisions on the proper allocation of business resources and to evaluate the business performance of the respective segments. The Ethical Drugs segment includes the manufacture and sale of ethical drugs. The Consumer Healthcare segment includes the manufacture and sale of OTC drugs and quasi-drugs. The Other segment includes the manufacture and sale of reagents, clinical diagnostics, chemical products and other businesses. Profit by reportable segment is calculated based on operating profit.

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

(Million JPY)

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

Other material items

(Million JPY)

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

Fiscal 2015 (April 1, 2015 to March 31, 2016)

(Million JPY)

	Reportable Segments			Total	Consolidated financial statements
	Ethical Drugs	Consumer Healthcare	Other		
Revenue (Note)	1,648,671	80,094	78,613	1,807,378	1,807,378
Operating profit	102,845	18,904	9,079	130,828	130,828
			Financial income		21,645
			Financial expenses		(31,931)
			Share of profit (loss) on investments accounted for using the equity method		(3)
			Profit before income taxes		120,539

Other material items

(Million JPY)

	Reportable Segments			Total	Consolidated financial statements
	Ethical Drugs	Consumer Healthcare	Other		
Depreciation and amortization	176,514	567	5,098	182,179	182,179
Impairment losses	14,437	—	765	15,202	15,202

(Note) Details of revenue were as follows:

(Million JPY)

	Fiscal 2014 (April 1, 2014 to March 31, 2015)	Fiscal 2015 (April 1, 2015 to March 31, 2016)
Sales of goods	1,690,296	1,750,910
Royalty and service revenue	87,528	56,468
Total	1,777,824	1,807,378

2. Geographic Information

(1) Revenue

(Million JPY)

	Japan	United States	Europe and Canada	Russia /CIS	Latin America	Asia	Others	Total
Fiscal 2014 (April 1, 2014 to March 31, 2015)	712,813	426,129	325,285	81,321	85,374	111,412	35,489	1,777,824
Fiscal 2015 (April 1, 2015 to March 31, 2016)	688,090	514,420	309,270	61,821	68,392	125,961	39,424	1,807,378

(Note1) Revenue is classified into countries or regions based on the customer location.

(Note2) "Others" region includes Middle East, Oceania and Africa.

(2) Non-current assets

(Million JPY)

	Japan	United States	Europe and others	Total
Fiscal 2014 (As of March 31, 2015)	502,621	710,907	1,107,310	2,320,839
Fiscal 2015 (As of March 31, 2016)	486,132	658,941	958,022	2,103,094

(Note) Financial instruments, deferred tax assets and retirement benefits assets are excluded.
Goodwill and intangible assets related to the acquisition of Nycomed, which are impracticable to allocate to each country, are included in "Europe and others." The amount was 950,294 million JPY and 799,558 million JPY as of March 31, 2015 and March 31, 2016, respectively.

3. Information by Major Customers

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

(Million JPY)

	Reportable Segments	Fiscal 2014 (April 1, 2014 to March 31, 2015)	Fiscal 2015 (April 1, 2015 to March 31, 2016)
Medipal Holdings Corporation and the Group	Ethical Drugs and Consumer Healthcare	259,673	258,661

(Production, Orders and Sales)

1. Production

(Million JPY)

	Fiscal 2014 (April 1, 2014 to March 31, 2015)		Fiscal 2015 (April 1, 2015 to March 31, 2016)	
Ethical Drugs	696,966	87.2%	624,925	85.4%
Consumer Healthcare	45,376	5.7%	52,886	7.2%
Other	57,277	7.2%	53,534	7.3%
Total	799,619	100.0%	731,345	100.0%

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

2. Purchases

(Million JPY)

	Fiscal 2014 (April 1, 2014 to March 31, 2015)		Fiscal 2015 (April 1, 2015 to March 31, 2016)	
Ethical Drugs	172,431	79.6%	175,524	81.3%
Consumer Healthcare	19,417	9.0%	21,141	9.8%
Other	24,696	11.4%	19,172	8.9%
Total	216,544	100.0%	215,838	100.0%

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

3. Conditions of Orders

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

4. Sales

(Million JPY)

	Fiscal 2014 (April 1, 2014 to March 31, 2015)		Fiscal 2015 (April 1, 2015 to March 31, 2016)	
Ethical Drugs	1,614,509	90.8%	1,648,671	91.2%
[Japan]	(561,323)	(31.6%)	(541,656)	(30.0%)
[Overseas]	(1,053,186)	(59.2%)	(1,107,014)	(61.2%)
Consumer Healthcare	73,579	4.1%	80,094	4.4%
Other	89,736	5.0%	78,613	4.3%
Consolidated statement of income	1,777,824	100.0%	1,807,378	100.0%
[Royalty Income in Total]	(87,528)	(4.9%)	(56,468)	(3.1%)

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

(Earnings Per Share)

Basic and diluted earnings (losses) per share attributable to ordinary shareholders of the Company are as follows:

	Fiscal 2014 (April 1, 2014 to March 31, 2015)	Fiscal 2015 (April 1, 2015 to March 31, 2016)
Net profit for the year attributable to ordinary shareholders of the Company		
Net profit (loss) attributable to owners of the Company (million JPY)	(145,775)	80,166
Net profit not attributable to ordinary shareholders of the Company (million JPY)	—	–
Net profit (loss) used for calculation of the basic earnings per share (million JPY)	(145,775)	80,166
Weighted average number of shares during the year (thousands of shares)	786,391	783,933
Dilutive effect (thousands of shares)	—	4,235
Weighted average number of diluted shares during the year (thousands of shares)	786,391	788,168
Earnings (losses) per share		
Basic (JPY)	(185.37)	102.26
Diluted (JPY)	(185.37)	101.71

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

(Significant Subsequent Events)

Fiscal 2015 (April 1, 2015 to March 31, 2016)

1. Significant company split and establishment of business venture

On April 1, 2016, Takeda split off its off-patented and data exclusivity expired products business ("long listed products business") via an absorption-type split and transferred to Taisho Pharm. Ind., Ltd. ("Taisho"), a Japanese wholly owned subsidiary of Teva Pharmaceutical Industries Ltd. headquartered in Israel ("Teva"). According to this business transfer, Taisho became a business venture of Takeda and Teva and the company name of Taisho changed to Teva Takeda Yakuhin Ltd. ("Teva Takeda Yakuhin").
This is a triangular absorption-type company split among Teva Pharma Japan Inc. ("Teva Pharma"), a Japanese wholly owned subsidiary of Teva, and Teva Takeda Yakuhin, as well as Takeda. In this absorption-type company split, Takeda is the splitting company and Teva Takeda Yakuhin is the succeeding company. Takeda's long listed products business transferred to Teva Takeda Yakuhin, and Teva Takeda Yakuhin allocated shares of Teva Pharma, which is its parent company, to Takeda as consideration for the company split. Teva Takeda Yakuhin, which succeeded Takeda's long listed products business and also continues its generics business, and Teva Pharma, which continues its generics business, will jointly engage in the new business.

Teva holds 51% of Teva Pharma's shares through Teva Holdings KK, which is also the Japanese subsidiary of Teva, and Takeda holds 49% of Teva Pharma's shares. The company name of Teva Pharma will become Teva Takeda Pharma Ltd. after October, 2016.

(1) Purpose of company split and the establishment of business venture

Takeda’s leading brand reputation and strong distribution presence in Japan combined with Teva’s global expertise in supply chain, operational networks, commercial deployment, and R&D and scientific insight, brings forward a new, collaborative business model in line with government objectives that will ultimately serve millions of patients.

(2) Outline of company split

1) Nar	Teva Takeda Yakuhin Ltd.
2) Content of business to be split off	Off-patented and data exclusivity expired products of ethical drugs business
3) Business result	Revenue recognized in consolidated operating results of FY2015: 81,679 million JPY
4) Book value of assets and liabilities to be split off	Assets: 3,759 million JPY Liabilities: Not applicable
5) Effective date of the company split	April 1, 2016
6) Transfer price	205,517 million JPY

(3) Outline of business venture

1) Company name	Teva Takeda Yakuhin Ltd.
2) Location	Koka-City, Shiga Prefecture
3) Representative	Representative Director: Ichiro Kikushige
4) Scope of business	Development, manufacturing, sales and marketing of pharmaceutical products
5) Capital	3,170 million JPY
6) Date of establishment	April 1, 2016
7) Number of shares issued	12 shares
8) Major shareholders and ratio of shares held	Teva Pharma Japan Inc. 100% Name to be changed to Teva Takeda Pharma Ltd. in or after October, 2016

(4) Outline of accounting treatment

Takeda's accounting treatment for the company split is conducted based on IAS28 "Investments in Associates and Joint Ventures. Takeda will recognize 102,896 million JPY as other operating income on the consolidated statement of operations for FY2016. The amount of "investments accounted for using the equity method" including goodwill is estimated to be recognized on the consolidated statement of financial position as 106,656 million JPY. However, the amounts relating this business transfer might be changed after audit.

2. Borrowing of large amounts of funds

On April 26, 2016,Takeda borrowed new funds as follows.

(1)Use of funds
Operating capital
(2)Name of lender bank
The syndicated loan which is joint financing by several lenders arranged by Sumitomo Mitsui Banking Corporation and the Bank of Tokyo-Mitsubishi UFJ, Ltd .
(3)Total amounts of loan
200,000 million JPY
(4)Loan interest
Basic interest rate + spread (fixed rate)
(5)Date of borrowing
April 26, 2016
(6)Date of maturity
April 26, 2023 and April 27, 2026
(7)Pledged asset and guarantee
Not applicable

8. Change in Officers

Change in Officers (as of June 29, 2016)

1. Nominees as new non-audit & supervisory committee director

Michel Orsinger (former, Worldwide Chairman Global Orthopedics, DePuy Synthes Companies of Johnson &Johnson)

Toshiyuki Shiga (Director and Vice-Chairman, Nissan Motor Co., Ltd.)

Emiko Higashi (Managing Director, Tomon Partners, LLC)

Yoshiaki Fujimori (Director, Representative Operating Officer, President and CEO, LIXIL Group Corporation)

Each Nominee qualifies as an outside corporate director.

2. Nominees as new audit & supervisory committee director

Yasuhiko Yamanaka (currently, Corporate Auditor)

Shiro Kuniya (currently, Outside Corporate Auditor)

Koji Hatsukawa (Certified Public Accountant)

Jean-Luc Butel (Global Healthcare Advisor and President, K8 Global Pte Ltd)

Shiro Kuniya, Koji Hatsukawa and Jean-Luc Butel qualifie as outside corporate drector.

3. Retiring director

Yorihiko Kojima (currently, Outside Corporate Director)

4. Retiring corporate auditors

Naohisa Takeda (currently, Corporate Auditor)

Yasuhiko Yamanaka (currently, Corporate Auditor)

Tsuguoki Fujinuma (currently, Outside Corporate Auditor)

Shiro Kunioka (currently, Outside Corporate Auditor)