



Financial Results for 1st half FY2002

—— DATA BOOK

Takeda Chemical Industries, Ltd. (TSE code 4502)

Contact: Corporate Communications Dept.

TEL: +81-3-3278-2039

FAX: +81-3-3278-2741

<http://www.takeda.co.jp/>

Financial News

<http://www.takeda.co.jp/english/financial/index.html>

[Management Mission]

We strive toward better health for individuals and progress in medicine by developing superior pharmaceutical products.

[Management Vision]

We will become

- A multinational company, driven by research and development, which leads the world through its unique strengths.
- A company with highly integrated global operations.
- A company that meets the needs of people around the world through superior products and services.
- A company that grows together with its shareholders and other stakeholders.
- An energetic company that attracts and retains well-qualified personnel from all over the world.

2001-2005 Medium-Term Management Plan

~ New Growth Stage to Become a World-Class Pharmaceutical Company ~

< Management Tasks >

1. Realizing a “One-trillion-yen Company”

- Achieve ¥ 1 trillion in sales of in-house ethical drugs
- Establish a global organizational management structure appropriate for a “trillion-yen company”

2. R&D to drive Takeda into a world-class status

- Promote more efficient, speedier in-house R&D
- Aggressively carry out in-licensing and alliance strategies
- Strengthen management of the product life cycle

3. Non-pharmaceutical businesses

- Establish the optimal business management structure to ensure future development
- Speedily establish and harmonize the management structures of newly established joint ventures

4. Corporate systems and frameworks

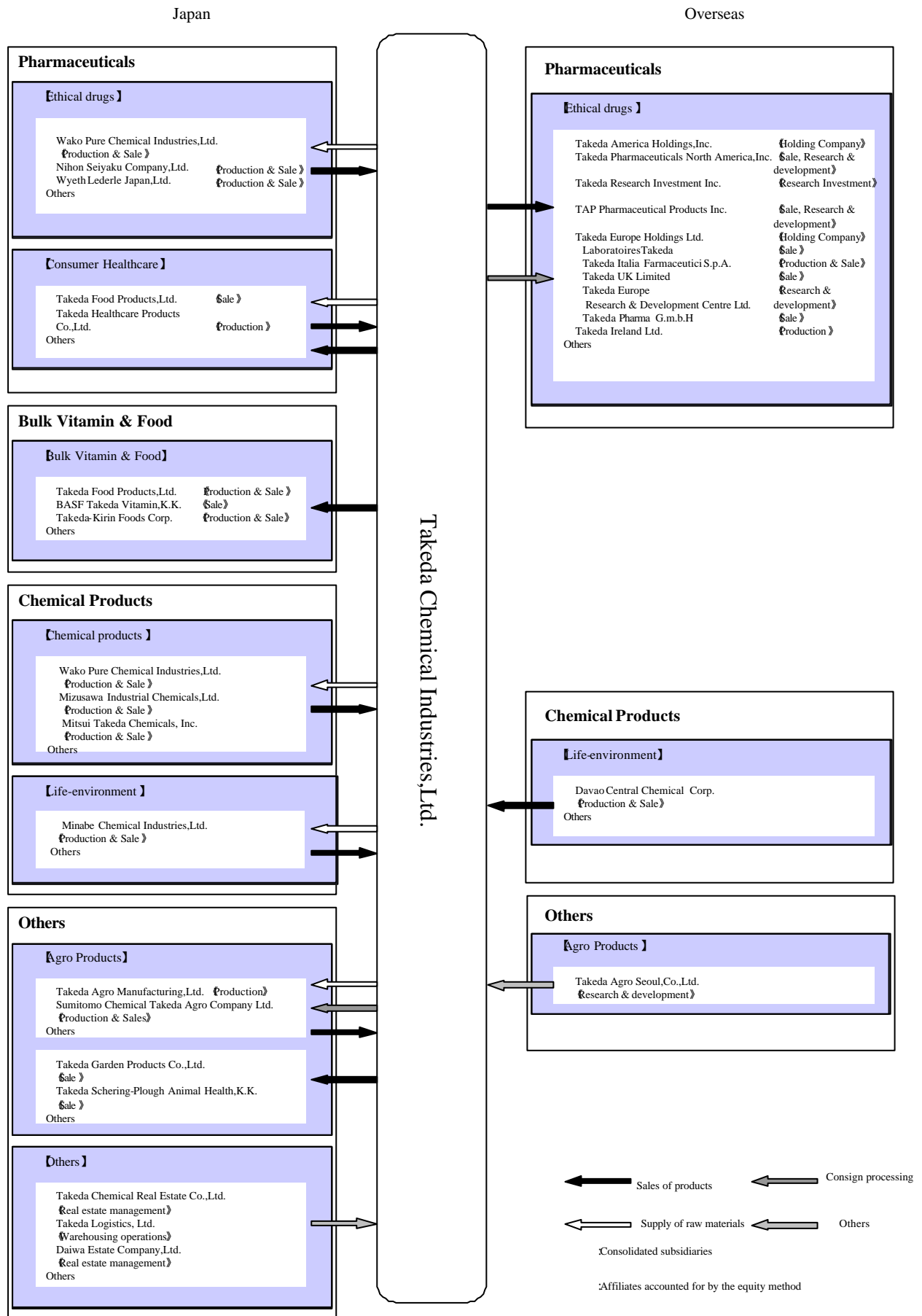
- Reform the personnel system throughout the Takeda Group

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1 . Overview of subsidiaries and affiliates



Restructuring of businesses

Date	Segment	Business	Tie-up with / transfer to	Takeda's holding	Form of tie-up/ transfer
99/08	Others	Takeda Kagaku Shiryō Co., Ltd.	BASF Japan Ltd.	-	Transfer of business to BASF Japan
00/06	Others	Animal health business	Schering-Plough K.K.	40%	Transfer of business to Takeda Schering-Plough Animal Health
00/06	Chemical Products	Takeda Badisches Urethanes Ind., Ltd.	BASF Japan Ltd.	-	Elimination of JV contract and transfer of shares
01/01	Bulk Vitamin & Food	Bulk vitamins business	BASF Aktiengesellschaft	34%	Overseas: transfer of shares Domestic: transfer of business to BASF Takeda Vitamins
01/03	Chemical Products	Ganz Chemical Co., Ltd.	Aica Kogyo Co., Ltd.	-	Transfer of shares
01/04	Chemical Products	Urethane and other chemical products	Mitsui Chemicals, Inc.	49%	Transfer of business to Mitsui Takeda Chemicals * Upon 5 years after start of operation, all the shares held by Takeda will transfer to Mitsui Chemicals.
02/04	Bulk Vitamin & Food	Food business	Kirin Brewery Company, Limited	49%	Transfer of business to Takeda-Kirin Foods * In the future, Kirin will acquire all Takeda's holding shares.
02/10	Chemical Products	Synthetic rubber latex business	Nippon A&L, Inc.	-	Transfer of business to Nippon A&L
02/11	Others	Agro business	Sumitomo Chemical Co., Ltd.	40%	Transfer of business to Sumitomo Chemical Takeda Agro Company, Ltd. * Upon 5 years after start of operation, all the shares held by Takeda will transfer to Sumitomo Chemical.

Number of subsidiaries and affiliates by business segment

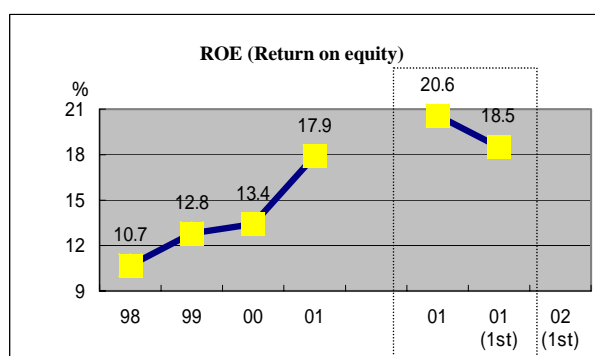
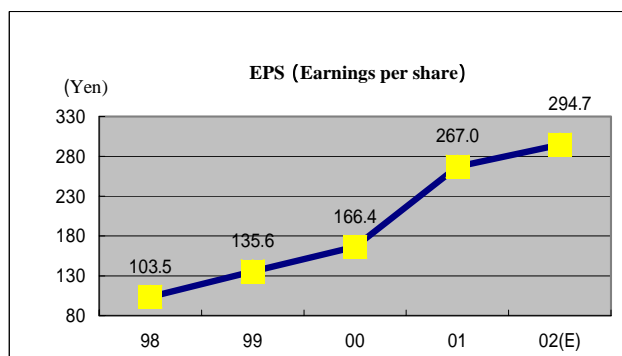
Change from FY2001 and 1st half of FY2002

- Addition to consolidation
 - <Pharmaceuticals> Takeda Pharma GmbH (acquisition of shares)
 - Takeda Pharma Ges.m.b.H. [Austria] (subsidiary of Takeda Pharma GmbH)
 - Takeda Pharma AG [Switzerland] (subsidiary of Takeda Pharma GmbH)
 - Takeda Pharma Ireland Limited (establishment)
- Exclusion from consolidation
 - <Pharmaceuticals> Takeda IMC Chemical Ltd. [Hong Kong] (liquidation)
- Addition to equity-proportionate-method basis
 - <Others> Sumitomo Chemical Takeda Agro Company, Ltd. (establishment)
- Exclusion from equity-proportionate-method basis
 - <Pharmaceuticals> Takeda Pharma GmbH (acquisition of shares)

FY2002 1st half

	Consolidated companies	(Overseas)	Companies applied "equity method"	(Overseas)	Total
Pharmaceuticals	30	(18)	13	(4)	43
Bulk Vitamin and Food	1	(0)	3	(0)	4
Chemical Products	4	(1)	7	(3)	11
Others	19	(1)	2	(0)	21
(Agro Products)	(6)	(1)	(2)	(0)	(8)
Total	54	(20)	25	(7)	79
vs. FY2001	(3)	(3)	(0)	(1)	(3)

. **Financial highlights** (more detail will be available in Page 5 and onward)



						(Billions of Yen)			
Sales and earnings (Billions of Yen)	FY98	FY99	FY00	FY01	Estimate FY2002	FY2001 1st half	FY2002 1st half	vs. 1st half FY2001	increase/ decrease
Net Sales	844.6	923.1	963.4	1,005.0	1,030.0	510.5	528.7	18.2	3.6%
(Unconsolidated)	(642.1)	(708.4)	(773.0)	(779.2)	(750.0)	(388.0)	(383.5)	(4.4)	(1.1%)
Operating Income	142.2	171.4	226.1	281.2	296.0	146.9	157.3	10.3	7.0%
<% of net sales>	<16.8%>	<18.6%>	<23.5%>	<28.0%>	<28.7%>	<28.8%>	<29.8%>	<1.0%>	
(Unconsolidated)	(133.2)	(175.9)	(220.6)	(263.8)	(255.0)	(132.2)	(136.1)	(3.8)	(2.9%)
<% of net sales>	<20.8%>	<24.8%>	<28.5%>	<33.9%>	<34.0%>	<34.1%>	<35.5%>	<1.4%>	
Equity in earnings of unconsolidated subsidiaries and affiliates	35.9	47.3	20.9	74.2		37.2	43.8	6.5	17.6%
Ordinary Income	182.1	222.7	262.2	359.2	386.0	186.1	205.0	18.8	10.1%
<% of net sales>	<21.6%>	<24.1%>	<27.2%>	<35.7%>	<37.5%>	<36.5%>	<38.8%>	<2.3%>	
(Unconsolidated)	(136.4)	(181.3)	(238.4)	(267.5)	(264.0)	(135.0)	(141.4)	(6.3)	(4.7%)
<% of net sales>	<21.2%>	<25.6%>	<30.8%>	<34.3%>	<35.2%>	<34.8%>	<36.9%>	<2.1%>	
Net Income	91.7	119.6	146.8	235.6	260.0	130.8	133.6	2.8	2.2%
<% of net sales>	<10.9%>	<13.0%>	<15.2%>	<23.4%>	<25.2%>	<25.6%>	<25.3%>	< 0.4%>	
(Unconsolidated)	(69.9)	(90.0)	(142.1)	(166.8)	(174.0)	(97.4)	(87.1)	(10.2)	(10.6%)
<% of net sales>	<10.9%>	<12.7%>	<18.4%>	<21.4%>	<23.2%>	<25.1%>	<22.7%>	< 2.4%>	
R&D Expenses	80.0	77.2	89.8	100.2	120.0	46.5	56.4	9.8	21.1%
<% of net sales>	(9.5%)	(8.4%)	(9.3%)	(10.0%)	(11.7%)	(9.1%)	(10.7%)	(1.5%)	
Capital Expenditure (Construction basis)	29.2	37.8	27.4	44.7	27.0	12.5	15.6	3.0	24.6%
Depreciation	32.6	33.3	33.6	28.4	26.0	13.6	12.6	1.0	7.5%
Overseas Sales	175.2	214.6	280.1	348.7	400.0	180.4	204.6	24.1	13.4%
(% of net sales)	(20.7%)	(23.3%)	(29.1%)	(34.7%)	(38.8%)	(35.4%)	(38.7%)	(3.4%)	

Sales and earnings by business segment (Billions of Yen)	FY98	FY99	FY00	FY01	FY2001 1st half	FY2002 1st half	vs. 1st half FY2001	increase/ decrease
Net Sales	844.6	923.1	963.4	1,005.0	510.5	528.7	18.2	3.6%
Pharmaceutical segment	597.5	679.7	727.8	843.3	430.5	461.6	31.1	7.2%
Bulk Vitamin & Food sement	78.3	74.4	69.6	67.0	35.3	23.7	11.5	32.7%
Chemical Products segment	110.5	113.3	116.4	50.5	25.5	25.4	0.0	0.1%
Agro Products and Other segment	58.2	55.6	49.6	44.1	19.1	17.8	1.3	7.0%
Operating Income	142.2	171.4	226.1	281.2	146.9	157.3	10.3	7.1%
Pharmaceutical segment	132.7	164.6	220.3	272.2	142.3	153.6	11.2	7.9%
Bulk Vitamin & Food sement	0.6	3.1	5.1	0.1	0.5	0.1	0.4	76.0%
Chemical Products segment	6.8	5.5	6.0	4.0	2.1	2.0	0.1	6.2%
Agro Products and Other segment	3.2	4.3	4.6	4.7	1.8	1.4	0.3	20.6%

Balance sheets (Billions of Yen)	FY98	FY99	FY00	FY01	FY2001 1st half	FY2002 1st half	vs. 1st half FY2001	vs. FY2001
Current Assets	839.7	938.2	1,138.9	1,345.0	1,251.2	1,396.5	145.2	51.4
Tangible fixed assets	224.2	240.5	220.3	213.3	200.2	207.7	7.4	5.6
Investment and other assets	249.9	252.8	388.4	406.7	401.8	378.0	23.7	28.7
Total assets	1,313.8	1,431.6	1,747.7	1,965.2	1,853.3	1,982.3	128.9	17.1
Current liabilities	278.8	314.7	345.6	371.7	341.5	344.1	2.6	27.6
Long-term liabilities	111.7	104.7	152.0	134.0	143.0	121.9	21.0	12.1
Minority interests	29.2	37.0	37.0	39.0	37.7	39.8	2.1	0.8
Shareholders' equity	894.0	975.0	1,213.0	1,420.2	1,331.0	1,476.3	145.2	56.0
(% of total)	(68.0%)	(68.1%)	(69.4%)	(72.3%)	(71.8%)	(74.5%)	(2.7%)	(2.2%)

[EPS·ROE·Dividend] (Yen)	FY98	FY99	FY00	FY01	FY2001 1st half	FY2002 1st half	vs. FY2001
EPS (Earnings per share)	103.5	135.6	166.4	267.0	148.3	151.5	3.2
ROE (Return on equity)	10.7%	12.8%	13.4%	17.9%	20.6%	18.5%	2.1%
Annual dividends per share	29.00	32.00	50.00	60.00	30.00	32.00	2.00
Payout ratio	28.0%	23.6%	30.0%	22.5%	20.2%	21.1%	0.9%

[Shares]	FY98	FY99	FY00	FY01	FY2001 1st half	FY2002 1st half
Number of shares outstanding (1,000)	889,272	889,272	889,272	889,272	889,272	889,272
Stock price at year-end (Yen)	4,590	7,300	6,050	5,220	5,500	4,910
Total market value (Billions of Yen)	4,081.7	6,491.6	5,380.1	4,642.0	4,890.9	4,366.3

[Number of employees]	FY98	FY99	FY00	FY01	FY2001 1st half	FY2002 1st half	vs. 1st half FY2001	vs. FY2001
Consolidated	15,776	16,254	15,900	14,511	14,688	15,122	434	611
(Unconsolidated)	(9,139)	(8,841)	(8,530)	(8,206)	(8,415)	(8,148)	(267)	(58)

Statements of Income

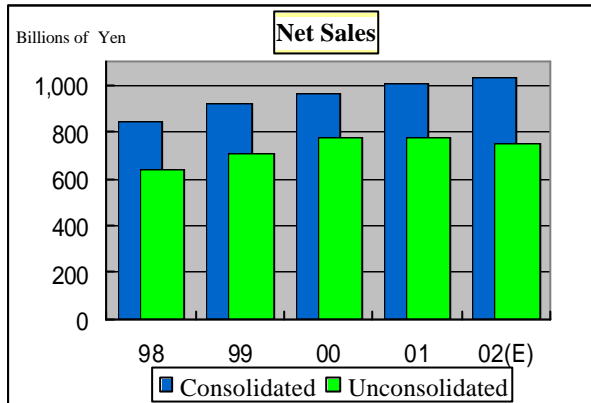
1. Statements of Income

(Billions of Yen)

	FY98	FY99	FY00	FY01	FY2001 1st half	FY2002 1st half	vs. 1st half FY2001	increase/ decrease
Net Sales	844.6	923.1	963.4	1,005.0	510.5	528.7	18.2	3.6%
(Royalty income)	(19.3)	(26.1)	(29.6)	(40.2)	(19.2)	(21.2)	(2.0)	(10.5%)
Pharmaceuticals	597.5	679.7	727.8	843.3	430.5	461.6	31.1	7.2%
Bulk Vitamin & Food	78.3	74.4	69.6	67.0	35.3	23.7	11.5	32.7%
Chemical Products	110.5	113.3	116.4	50.5	25.5	25.4	0.0	0.1%
Agro Products and Others	58.2	55.6	49.6	44.1	19.1	17.8	1.3	7.0%
Cost of sales	424.4	432.3	384.0	337.8	172.1	155.9	16.2	9.4%
(% of net sales)	(50.3%)	(46.8%)	(39.9%)	(33.6%)	(33.7%)	(29.5%)	(4.2%)	
Gross Profit	420.1	490.7	579.4	667.2	338.3	372.8	34.4	10.2%
(% of net sales)	(49.7%)	(53.2%)	(60.1%)	(66.4%)	(66.3%)	(70.5%)	(4.2%)	
Selling, G&A expenses	277.9	319.3	353.3	385.9	191.3	215.5	24.1	12.6%
(% of net sales)	(32.9%)	(34.6%)	(36.7%)	(38.4%)	(37.5%)	(40.8%)	(3.3%)	
(R&D expenses)	(80.0)	(77.2)	(89.8)	(100.2)	(46.5)	(56.4)	(9.8)	(21.1%)
Operating income	142.2	171.4	226.1	281.2	146.9	157.3	10.3	7.0%
(% of net sales)	(16.8%)	(18.6%)	(23.5%)	(28.0%)	(28.8%)	(29.8%)	(1.0%)	
Pharmaceuticals	132.7	164.6	220.3	272.2	142.3	153.6	11.2	7.9%
(% of net sales)	(22.2%)	(24.2%)	(30.3%)	(32.3%)	(33.1%)	(33.3%)	(0.2%)	
Bulk Vitamin & Food	0.6	3.1	5.1	0.1	0.5	0.1	0.4	
(% of net sales)	(0.9%)	(4.2%)	(7.3%)	(0.2%)	(1.6%)	(0.6%)	(1.0%)	
Chemical Products	6.8	5.5	6.0	4.0	2.1	2.0	0.1	6.2%
(% of net sales)	(6.2%)	(4.9%)	(5.2%)	(8.0%)	(8.6%)	(8.1%)	(0.5%)	
Agro Products and Others	3.2	4.3	4.6	4.7	1.8	1.4	0.3	20.6%
(% of net sales)	(5.6%)	(7.8%)	(9.4%)	(10.8%)	(9.8%)	(8.4%)	(1.4%)	
Non-operating income / expenses	39.9	51.2	36.1	77.9	39.1	47.7	8.5	21.9%
Non-operating income	51.6	63.9	47.3	94.2	46.6	53.8	7.2	15.5%
Interest income	5.6	5.2	6.8	6.7	3.6	3.2	0.4	11.6%
Dividend income	2.9	2.6	3.1	2.8	1.7	1.8	0.0	3.8%
Equity in earnings of unconsolidated subsidiaries and affiliates	35.9	47.3	20.9	74.2	37.2	43.8	6.5	17.6%
Other non-operating income	7.0	8.8	16.4	10.3	3.8	4.9	1.0	26.7%
Non-operating expenses	11.7	12.6	11.2	16.2	7.4	6.0	1.3	18.1%
Interest expenses	1.0	1.1	1.0	0.7	0.4	0.2	0.2	51.2%
Other non-operating expenses	10.6	11.5	10.2	15.5	6.9	5.8	1.1	15.9%
Ordinary income	182.1	222.7	262.2	359.2	186.1	205.0	18.8	10.1%
(% of net sales)	(21.6%)	(24.1%)	(27.2%)	(35.7%)	(36.5%)	(38.8%)	(2.3%)	
Extraordinary gain and loss	0.0	19.9	0.8	14.2	26.4	6.7	19.6	
Income before income tax and minority	182.1	202.7	263.0	373.4	212.6	211.8	0.7	0.4%
Income taxes	89.0	81.4	114.1	134.8	80.1	76.6	3.5	4.4%
Current	62.0	64.9	95.9	109.6	61.9	59.4	2.4	3.9%
Business taxes	15.9	18.1	24.7	28.7	15.7	14.7	0.9	6.2%
Deferred	11.0	1.6	6.4	3.5	2.5	2.3	0.1	
Minority interests	1.3	1.6	2.0	2.8	1.5	1.5	0.0	
Net income	91.7	119.6	146.8	235.6	130.8	133.6	2.8	2.2%
(% of net sales)	(10.9%)	(13.0%)	(15.2%)	(23.4%)	(25.6%)	(25.3%)	(0.4%)	
Effective tax rate								
Japanese statutory tax rate	47.7%	42.1%	42.1%	42.1%	42.1%	42.1%	-	
Effective tax rate	48.9%	40.2%	43.4%	36.1%	37.7%	36.2%	1.5%	

2. Breakdown of main accounts of Statements of Income

Net Sales



Net sales totaled ¥528.7 billion, an increase of ¥18.2 billion (3.6 percent) over the same period in the previous year. Sales of ethical drugs increased ¥33.0 billion (8.4 percent), contributing to the overall growth in net sales.

In addition, the decline in the value of the yen increased net sales by ¥7.6 billion.

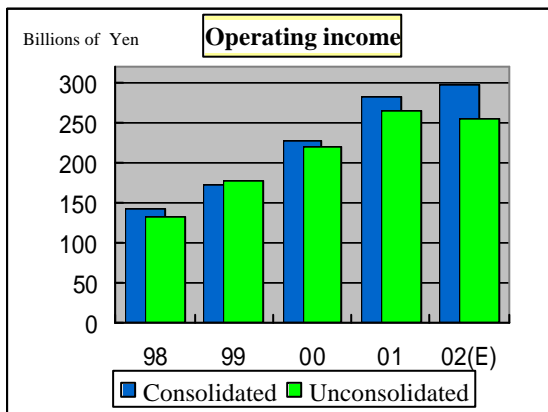
In Europe, the April 2002 acquisition of marketing company Takeda Pharma GmbH and its marketing subsidiaries Takeda Pharma Ges.m.b.H. (Austria) and Takeda Pharma AG (Switzerland), and the addition of these companies as consolidated subsidiaries, increased net sales by ¥8.9 billion.

However, the transfer of the food business in April 2002 reduced net sales by ¥12.0 billion.

Net Sales] (Billions of Yen)	FY98	FY99	FY00	FY01	Estimate for FY2002
Consolidated	844.6	923.1	963.4	1,005.0	1,030.0
Unconsolidated	642.1	708.4	773.0	779.2	750.0

FY2001 1st half	FY2002 1st half	vs. 1st half FY2001	increase/ decrease
510.5	528.7	18.2	3.6%
388.0	383.5	4.4	1.1%

Operating income

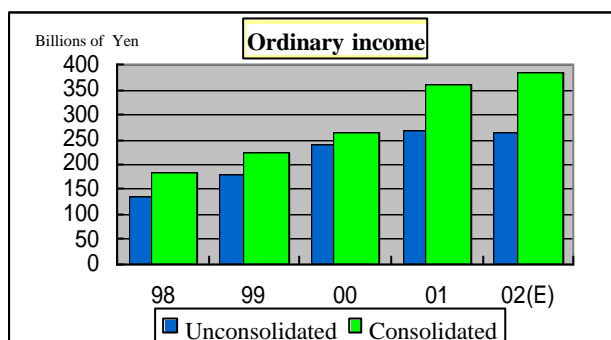


Operating income increased ¥10.3 billion (7.0 percent) to ¥157.3 billion. Gross profit increased ¥34.4 billion, and the gross margin improved 4.2 percentage points to 70.5 percent, due to growth in sales of high-value-added products, primarily in-house ethical drugs. This offset higher R&D expenses and increased selling costs for business in the United States and Europe.

Operating income] (Billions of Yen)	FY98	FY99	FY00	FY01	Estimate for FY2002
Consolidated	142.2	171.4	226.1	281.2	296.0
Unconsolidated	133.2	175.9	220.6	263.8	255.0

FY2001 1st half	FY2002 1st half	vs. 1st half FY2001	increase/ decrease
146.9	157.3	10.3	7.0%
132.2	136.1	3.8	2.9%

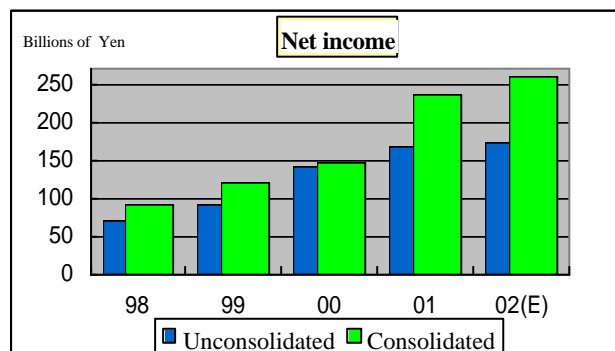
Ordinary income



Ordinary income was ¥205.0 billion, an increase of 18.8 billion (10.1 percent), due to the increase in operating income as well as a ¥6.5 billion increase in equity in earnings of affiliates.

Ordinary income (Billions of Yen)	FY98	FY99	FY00	FY01	Estimate for FY2002	FY2001 1st half	FY2002 1st half	vs. 1st half FY2001	increase/ decrease
Consolidated	182.1	222.7	262.2	359.2	386.0	186.1	205.0	18.8	10.1%
Unconsolidated	136.4	181.3	238.4	267.5	264.0	135.0	141.4	6.3	4.7%
Equity in earnings of unconsolidated subsidiaries and affiliates	35.9	47.3	20.9	74.2		37.2	43.8	6.5	17.6%

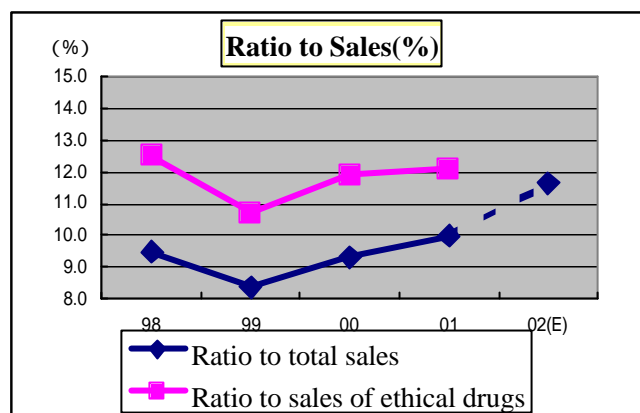
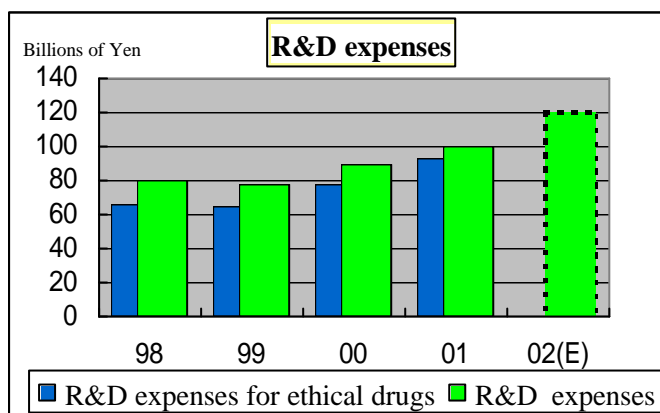
Net income



Net income was ¥133.6 billion. Although there was a decrease in extraordinary gains, higher ordinary income and a decrease in taxes resulted in an increase of ¥2.8 billion (2.2 percent) in net income.

Net income (Billions of Yen)	FY98	FY99	FY00	FY01	Estimate for FY2002	FY2001 1st half	FY2002 1st half	vs. 1st half FY2001	increase/ decrease
Consolidated	91.7	119.6	146.8	235.6	260.0	130.8	133.6	2.8	2.2%
Unconsolidated	69.9	90.0	142.1	166.8	174.0	97.4	87.1	10.2	10.6%

R&D expenses



R&D expenses] (Billions of Yen)	FY98	FY99	FY00	FY01
Consolidated	80.0	77.2	89.8	100.2
% of net sales	9.5%	8.4%	9.3%	10.0%
R&D expenses for ethical drugs (Consolidated)	66.1	64.7	78.2	92.7
% of ethical drugs sales	12.5%	10.7%	11.9%	12.1%

FY2001 1st half	FY2002 1st half	vs. 1st half FY2001	increase/ decrease
46.5	56.4	9.8	21.1%
9.1%	10.7%	1.5%	
42.9	51.4	8.5	19.8%
11.0%	12.7%	1.8%	

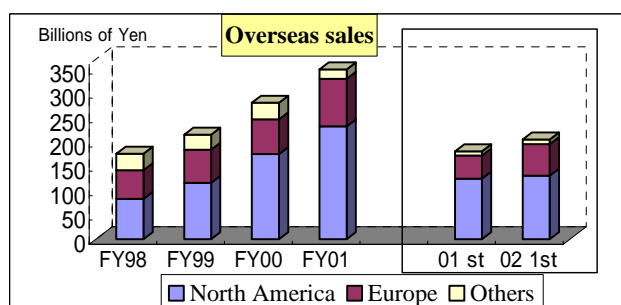
In research and development, the Company worked to enhance its R&D pipeline to continue generating sources of growth. R&D expenses (including non-pharmaceutical businesses) during the period totaled ¥56.4 billion.

Regarding in-house research, Takeda is working to reinforce its ability to identify drug discovery targets through the use of resources such as genomic information, and also seeks to maximize the value of existing products by adding new indications and formulations. In addition, Takeda is conducting in-licensing and alliance activities, which are as important as in-house research in enhancing the product pipeline.

In August 2002, Takeda entered into a co-marketing agreement with Kissei Pharmaceutical Co., Ltd. for mitiglinide in Japan. Kissei Pharmaceutical created and developed this short-acting insulin secretagogue to suppress postprandial hyperglycemia, and is currently preparing for NDA filing in Japan. In addition, Takeda started a five-year partnership with the Oxford Centre for Diabetes, Endocrinology and Metabolism, a world-class research center in the U.K. that integrates basic and clinical research, clinical treatment and education functions related to diabetes and endocrine and metabolic disorders.

3 . Sales

Overseas sales



[Overseas sales] (Billions of Yen)	FY98	FY99	FY00	FY01
Overseas sales	175.2	214.6	280.1	348.7
(% of consolidated net sales)	(20.7%)	(23.3%)	(29.1%)	(34.7%)
North America	82.7	115.6	174.7	231.7
(% of overseas sales)	(47.2%)	(53.9%)	(62.4%)	(66.5%)
Europe	58.8	68.3	71.1	97.2
(% of overseas sales)	(33.6%)	(31.8%)	(25.4%)	(27.9%)
Others	33.6	30.7	34.2	19.7
(% of overseas sales)	(19.2%)	(14.3%)	(12.2%)	(5.7%)

FY2001 1st half	FY2002 1st half	vs. 1st half FY2001	increase/ decrease
180.4	204.6	24.1	13.4%
(35.4%)	(38.7%)	(3.4%)	
123.8	130.2	6.4	5.2%
(68.6%)	(63.6%)	(5.0%)	
47.7	65.0	17.3	36.3%
(26.4%)	(31.8%)	(5.3%)	
8.9	9.3	0.4	4.6%
(5.0%)	(4.6%)	(0.4%)	

Foreign exchange rate

[Exchange rate] (Yen)	FY98	FY99	FY00	FY01
US\$ Average (Apr.-Mar.)	127	111	110	125
Average (Jan.-Dec.)	130	113	107	122
Euro Average (Apr.-Mar.)			99	111
Average (Jan.-Dec.)			98	109

FY2001 1st half	FY2002 1st half		Estimate for 2nd half FY2002
121	123	(1st half: Apr.-Sep.)	120
119	130	(1st half: Jan.-Jun.)	
106	117	(1st half: Apr.-Sep.)	115
107	116	(1st half: Jan.-Jun.)	

Sales by business segment

Total consolidated sales					(Billions of Yen)				
	FY98	FY99	FY00	FY01	FY2001 1st half	FY2002 1st half	vs. 1st half FY2001	increase/ decrease	% of total
Total consolidated sales	844.6	923.1	963.4	1,005.0	510.5	528.7	18.2	3.6%	100.0%
Japan	669.3	708.4	683.3	656.3	330.0	324.0	5.9	1.8%	61.3%
Overseas	175.2	214.6	280.1	348.7	180.4	204.6	24.1	13.4%	38.7%
(Royalty income)	(19.3)	(26.1)	(29.6)	(40.2)	(19.2)	(21.2)	(2.0)	(10.5%)	(4.0%)

Pharmaceuticals segment

The Pharmaceuticals segment posted an increase of ¥31.1 billion (7.2 percent) in net sales over the same period in the previous year to ¥461.6 billion.

In the Ethical Drug business, sales increased ¥33.0 billion to ¥424.5 billion.

In the domestic market, Takeda focused on providing high-quality drug information to expand sales of core products and maintain our solid competitive advantage amid increasing competition from foreign companies. Sales of the hypertension treatment Blopess increased substantially during the interim period to ¥32.4 billion. The peptic ulcer treatment Takepron continued to expand its market share, supported by the launch of a new orally disintegrating tablet formulation in June 2002. Sales of two other core products, Leuplin, a treatment for prostate cancer and endometriosis, and Basen, an improving agent for postprandial hyperglycemia in diabetes mellitus, also increased. In addition, the May 2002 launch of the osteoporosis treatment Benet, which was jointly developed by Takeda with Ajinomoto Co., Inc. and Aventis Pharma Ltd., also contributed to sales. As a result, net sales of ethical drugs in Japan increased ¥6.5 billion (3.0 percent) over the interim period in the previous year to ¥228.0 billion.

In overseas markets, Takeda's international strategic products, including Actos for the treatment of diabetes, lansoprazole (domestic brand name: Takepron) for the treatment of peptic ulcers, leuprolide acetate (domestic brand name: Leuplin) for the treatment of prostate cancer and endometriosis, and candesartan cilexetil (domestic brand name: Blopess) for the treatment of hypertension, continued to post sales growth in the United States and Europe. In addition, the weakening of the yen increased sales by ¥7.5 billion over the previous interim period. As a result, overseas net sales of ethical drugs increased ¥26.4 billion (15.6 percent) over the previous interim period to ¥196.4 billion.

In the Consumer Healthcare business, amid a weak market, Hicee White 2, which fades age spots and freckles, was launched in May 2002 and sold well. However, sales of Alinamin tablets and Alinamin health tonics decreased. As a result, net sales decreased ¥1.8 billion (4.8 percent) compared with the previous interim period to ¥37.1 billion.

					(Billions of Yen)				
	FY98	FY99	FY00	FY01	FY2001 1st half	FY2002 1st half	vs. 1st half FY2001	increase/ decrease	% of total
Pharmaceuticals segment	597.5	679.7	727.8	843.3	430.5	461.6	31.1	7.2%	87.3%
Ethical drugs	528.6	604.5	656.0	766.9	391.4	424.5	33.0	8.4%	80.3%
Japan	398.1	430.3	415.8	441.7	219.5	228.0	8.5	3.9%	43.1%
Overseas	130.5	174.2	240.1	325.1	171.9	196.4	24.5	14.3%	37.2%
(Royalty income)	(19.1)	(25.7)	(29.5)	(39.9)	(19.1)	(21.1)	(2.0)	(10.9%)	(4.0%)
Japan	0.5	1.0	0.9	0.9	0.5	0.5	0.0	8.1%	0.1%
Overseas	18.5	24.7	28.6	38.9	18.5	20.6	2.0	10.9%	3.9%
[Unconsolidated]									
Ethical drugs	414.6	480.7	548.7	612.2	306.4	319.5	13.0	4.3%	
Japan	303.4	333.5	373.5	396.8	196.9	205.9	9.0	4.6%	
Overseas	90.0	120.1	139.1	164.6	84.4	85.4	1.0	1.2%	
Royalty income	21.1	27.0	35.9	50.7	25.1	28.0	2.9	11.9%	
Consumer Healthcare	68.8	75.2	71.7	76.3	39.0	37.1	1.8	4.8%	7.0%
[Unconsolidated]									
Consumer Healthcare	62.9	68.5	70.6	75.3	38.4	36.5	1.9	5.0%	

Bulk Vitamin & Food segment

In the Vitamin & Food segment, sales were limited to ¥23.7 billion, a decline of ¥11.5 billion (32.7 percent), partly due to the effect from the transfer of the food business in April 2002 (a decrease of ¥12.0 billion).

(Billions of Yen)

	FY98	FY99	FY00	FY01	FY2001 1st half	FY2002 1st half	vs. 1st half FY2001	increase/ decrease	% of total
Bulk Vitamin & Food Segment	78.3	74.4	69.6	67.0	35.3	23.7	11.5	32.7%	4.5%
Japan	54.5	53.5	54.2	54.6	29.0	19.0	9.9	34.4%	3.6%
Overseas	23.7	20.8	15.3	12.3	6.3	4.7	1.5	24.9%	0.9%
[Unconsolidated]									
Total (*)	49.9	46.3	43.4	41.6	21.3	7.1	14.1	66.4%	
(Export)	(14.6)	(12.0)	(10.0)	(12.3)	(6.3)	(4.7)	(1.5)	(24.9%)	

(*) FY98 ~ FY01: Vitamin & Food Company, FY02: Vitamin Dept.

Chemical Products segment

In the Chemical Products segment, a decline in sales of activated carbon and other products was offset by increased sales of wood preservatives. As a result, net sales of the Chemical Products segment totaled ¥25.4 billion, virtually unchanged from the interim period in the previous year.

Following the transfer of the urethane, urethane derivatives and composite materials businesses in April 2001, the synthetic rubber latex business was transferred to Nippon A&L, Inc. on October 1, 2002.

(Billions of Yen)

	FY98	FY99	FY00	FY01	FY2001 1st half	FY2002 1st half	vs. 1st half FY2001	increase/ decrease	% of total
Chemical Products segment	110.5	113.3	116.4	50.5	25.5	25.4	0.0	0.1%	4.8%
Chemical Products	94.1	97.3	100.9	34.8	17.6	17.2	0.3	2.0%	3.3%
Japan	81.8	87.1	85.6	31.7	16.4	15.7	0.7	4.4%	3.0%
Overseas	12.3	10.2	15.3	3.0	1.1	1.5	0.3	31.5%	0.3%
[Unconsolidated]									
Chemical Products (~ FY2000) (FY2001 ~ : Latex Dept.)	53.7	53.9	56.8	2.5	1.2	1.1	0.1	11.6%	
(Export)	(10.2)	(9.1)	(12.3)	(0.2)	(0.0)	(0.1)	(0.0)	(74.3%)	
Life-Environment	16.4	15.9	15.4	15.7	7.8	8.2	0.3	4.2%	1.6%
Japan	15.7	15.0	14.6	14.8	7.5	7.7	0.2	3.4%	1.5%
Overseas	0.6	0.8	0.8	0.8	0.3	0.4	0.0	20.2%	0.1%
[Unconsolidated]									
Total	18.2	17.0	16.1	15.6	7.8	7.9	0.0	0.6%	
(Export)	(0.6)	(0.6)	(0.6)	(0.6)	(0.3)	(0.3)	(0.0)	(13.0%)	

Agro Products and other business segments

In Other businesses, in the Agro business, Dantotsu, a pesticide that went on sale in April 2002, contributed to sales. However, a decrease in exports resulted in an overall decline of ¥1.3 billion (7.0 percent) in sales to ¥17.8 billion.

On November 1, 2002, Sumitomo Chemical Takeda Agro Company, Ltd., a joint venture with Sumitomo Chemical Co., Ltd., began operations and took over Takeda's Agro business. The new company is expected to grow by leveraging Takeda's established sales channels to build a stronger domestic presence in the agrochemical business, and by expanding operations in overseas markets through Sumitomo Chemical's marketing network.

(Billions of Yen)									
	FY98	FY99	FY00	FY01	FY2001 1st half	FY2002 1st half	vs. 1st half FY2001	increase/ decrease	% of total
Agro Products and other business segments	58.2	55.6	49.6	44.1	19.1	17.8	1.3	7.0%	3.4%
Agro Products	52.8	49.1	43.1	37.3	15.6	14.4	1.2	7.8%	2.7%
Japan	44.9	40.7	34.7	30.1	13.0	12.9	0.0	0.5%	2.5%
Overseas	7.9	8.4	8.3	7.2	2.6	1.4	1.1	43.9%	0.3%
[Unconsolidated]									
Agro Products	42.6	41.8	37.3	31.8	12.6	11.3	1.3	10.4%	
(Export)	(7.8)	(8.4)	(8.3)	(7.2)	(2.6)	(1.4)	(1.1)	(44.0%)	
Others	5.3	6.4	6.5	6.7	3.4	3.3	0.1	3.4%	0.6%

Sales of main ethical products by area

Sales of in-house ethical products

(including sales of unconsolidated affiliates/subsidiaries, export to licensees)

(Billions of Yen)

	FY98	FY99	FY00	FY01	FY2001 1st half	FY2002 1st half	vs. 1st half FY2001	increase/ decrease
Overseas sales (including the sales of unconsolidated companies)	339.9	424.6	527.3	675.9	349.4	385.0	35.5	10.2%
Americas	273.7	349.4	453.6	580.8	302.2	327.3	25.1	8.3%
Europe	59.1	67.0	64.7	86.3	42.9	52.6	9.6	22.6%
Asia	6.9	8.1	8.8	8.6	4.3	4.9	0.6	15.0%
Domestic sales (unconsolidated)	183.4	206.6	240.8	261.1	128.8	137.2	8.4	6.6%
Total sales	523.4	631.3	768.1	937.0	478.2	522.2	43.9	9.2%
Ratio of Overseas sales	64.9%	67.3%	68.6%	72.1%	73.1%	73.7%	0.7%	

Note: "Overseas sales" represents total sales including the sales of unconsolidated subsidiaries/affiliates outside Japan plus export to licensees. So, "overseas sales" is not directly reflected into consolidated financial statements.

Worldwide sales of international strategic products

(including sales of unconsolidated affiliates/subsidiaries, export to licensees)

(Billions of Yen)

Product	Launched	FY98	FY99	FY00	FY01	FY2001 1st half	FY2002 1st half	vs. 1st half FY2001	increase/ decrease
Leuprorelin									
Worldwide sales		156.4	153.7	154.7	180.3	87.9	97.4	9.5	10.8%
Japan (unconsolidated)	(92.9)	36.3	40.6	46.5	53.0	25.4	27.5	2.1	8.4%
Americas	(89.3)	98.5	89.7	87.5	102.5	50.1	56.1	6.0	12.1%
Europe	(89.4)	20.4	22.0	19.5	23.3	11.7	12.8	1.1	9.6%
others		1.0	1.3	1.2	1.3	0.6	0.8	0.1	30.2%
Lansoprazole									
Worldwide sales		206.4	284.8	338.1	421.2	212.8	236.0	23.2	10.9%
Japan (unconsolidated)	(92.12)	9.2	10.3	15.2	27.0	12.1	16.2	4.0	33.4%
Americas	(95.6)	170.5	245.8	296.0	359.1	182.8	197.2	14.4	7.9%
Europe	(91.12)	24.9	26.5	24.5	33.0	16.7	21.5	4.8	28.9%
others		1.7	2.0	2.2	2.0	1.1	1.0	0.0	5.7%
Candesartan									
Worldwide sales		11.0	25.4	50.6	81.8	37.6	49.3	11.6	31.0%
Pioglitazone									
Worldwide sales			9.0	69.3	121.8	70.1	76.6	6.4	9.3%

Note: In case the affiliates/subsidiaries close books in other than March, the latest fiscal year sales are reflected into the above sales figures.

Worldwide sales of international strategic products (consolidated basis)

(Billions of Yen)

Product	FY98	FY99	FY00	FY01	FY2001 1st half	FY2002 1st half	vs. 1st half FY2001	increase/ decrease
Leuprorelin	70.8	79.4	83.8	98.1	46.8	51.3	4.5	9.8%
Lansoprazole	61.8	82.8	94.3	114.2	57.8	69.5	11.7	20.3%
Candesartan	9.5	23.5	48.3	77.4	35.5	49.2	13.7	38.6%
Pioglitazone		9.0	69.5	120.4	69.5	76.6	7.0	10.1%

Ethical drugs: Domestic sales <Top 15 ranking>

(Billions of Yen)

Product	Launched	Category	FY98	FY99	FY00	FY01	FY2001 1st half	FY2002 1st half	vs. 1st half FY 2001	increase/ decrease(%)
1 Blopress	(99.6)	A -receptor antagonist		9.4	29.8	53.6	23.8	32.4	8.6	36.1%
2 Leuplin	(92.9)	LH-RH antagonist	36.3	40.6	46.5	53.0	25.4	27.5	2.1	8.4%
3 Basen	(94.9)	α-glucosidase inhibitor	28.9	35.3	41.5	47.1	22.9	24.8	1.9	8.4%
4 Takepron	(92.12)	Proton pump inhibitor	9.2	10.3	15.2	27.0	12.1	16.2	4.0	33.4%
5 Pansoprin	(81.2)	Antibiotics	23.6	22.7	20.6	19.5	9.9	8.2	1.6	16.7%
6 Seltouch	(93.9)	Topical NSAID	10.4	11.1	11.9	12.9	6.7	6.8	0.1	1.5%
7 Isovorin	(99.10)	Cytostatics		1.2	6.5	9.8	4.4	6.4	1.9	43.5%
8 Solita	(62.2)	Electrolyte solutions	13.6	13.5	12.7	13.2	6.6	6.3	0.3	4.6%
9 Calslot	(90.9)	Calcium channel blocker	15.3	14.7	13.9	12.6	6.4	5.8	0.6	10.1%
10 Actos	(99.12)	Insulin sensitizer		0.7	5.6	7.6	3.6	4.6	1.0	27.9%
11 Glovenin	(91.11)	Immuno-globulin	4.8	7.0	8.1	8.3	4.0	4.3	0.2	5.4%
12 Firstcin	(95.8)	Antibiotics	10.5	10.4	9.4	9.5	4.8	4.2	0.6	12.7%
13 Altat	(86.10)	H2-blocker	9.7	10.2	9.9	9.1	4.6	4.1	0.5	10.8%
14 Dasen	(68.11)	Anti-inflammatory enzyme	10.4	9.9	9.5	9.7	4.3	4.0	0.2	5.8%
15 Minomycin	(71.12)	Antibiotics	8.1	7.5	6.8	6.7	3.2	2.9	0.3	11.6%

Sales of major items - Consumer Healthcare

[The sales amount is not necessarily reflecting Consolidated Financial Statements due to the different segment category.]

(Billions of Yen)

	FY98	FY99	FY00	FY01	FY2001 1st half	FY2002 1st half	vs. 1st half FY 2001	increase/ decrease(%)
Consumer Healthcare	63.3	69.0	70.9	75.6	38.5	36.6	1.9	4.9%
1 Alinamin A & EX	22.1	20.2	21.2	20.7	10.6	9.4	1.2	11.6%
2 Alinamin V/V&V/Dynamic/7	7.9	14.8	14.8	17.4	10.1	9.1	0.9	9.7%
3 Benza	8.2	8.7	8.9	8.8	3.6	4.1	0.5	13.7%
4 Biofermin	5.4	5.6	5.7	6.1	3.0	3.1	0.1	3.6%
5 Hicee	4.1	3.9	4.9	3.6	2.0	2.9	0.9	47.6%

Sales of major items - Non-pharmaceutical businesses

[The sales amount is not necessarily reflecting Consolidated Financial Statements due to the different segment category.]

(Billions of Yen)

	FY98	FY99	FY00	FY01	FY2001 1st half	FY2002 1st half	vs. 1st half FY 2001	increase/ decrease(%)
Bulk Vitamin & Food	59.1	55.2	48.8	41.6	21.3	7.1	14.1	66.4%
Ribotide	5.7	4.2	3.6	3.3	1.5	-	1.5	-
Chemical Products 1	64.7	63.8	66.7	2.5	1.2	1.1	0.1	11.6%
Polymar Mat	13.2	12.5	11.5	-	-	-	-	-
Urethane resins	6.9	7.6	7.8	-	-	-	-	-
Adhesives	8.7	9.3	10.0	-	-	-	-	-
TDI(Toluene diisocyanate)	12.0	10.8	12.8	-	-	-	-	-
Latex	4.9	4.1	4.5	-	1.2	1.1	0.1	11.6%
Agro Products	53.2	49.2	43.1	37.3	15.7	14.4	1.2	7.8%
Padan	7.8	6.8	6.4	5.6	1.8	1.6	0.1	5.7%
Imazosulfron	3.3	3.2	3.2	3.5	0.5	0.6	0.0	2.4%
Blasin	2.7	2.0	2.5	2.6	1.6	1.1	0.4	28.1%
Life-Environment	18.2	17.7	17.0	16.2	8.1	8.2	0.1	1.8%
Activated carbon	9.7	9.3	9.3	9.5	4.6	4.4	0.1	3.1%
Wood-preserving stains	3.6	3.6	3.5	3.3	1.8	2.0	0.1	10.5%

Urethane chemicals and composite materials businesses were transferred to the joint venture company with Mitsui Chemicals, Inc. in April 2001.

4 .Selling, General and Administrative expenses

(Billions of Yen)

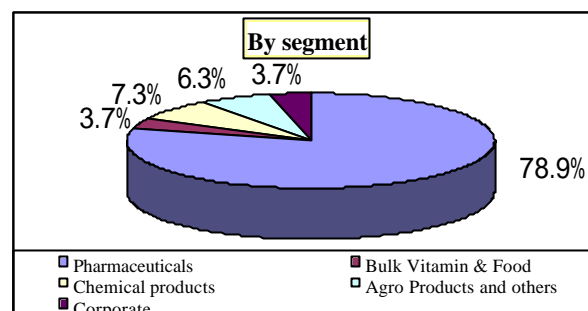
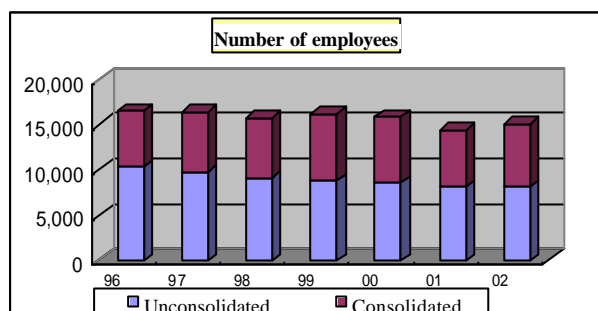
	FY98	FY99	FY00	FY01	FY2001 1st half	FY2002 1st half	vs. 1st half FY2001	increase/ decrease(%)
S, G & A expenses	277.9	319.3	353.3	385.9	191.3	215.5	24.1	12.6%
(% of net sales)	(32.9%)	(34.6%)	(36.7%)	(38.4%)	(37.5%)	(40.8%)	(3.3%)	
Selling expenses	66.5	79.2	108.2	128.2	70.0	71.3	1.2	1.8%
Advertising expenses	18.8	21.5	22.6	22.7	12.9	13.5	0.6	4.9%
Sales promotion expenses	17.5	21.5	26.7	25.9	13.2	14.7	1.4	11.0%
Transportation and custody expenses	15.7	15.1	14.3	10.4	5.0	5.2	0.1	3.9%
Personnel expenses	87.1	105.1	101.1	102.0	47.2	54.9	7.6	16.2%
Other expenses	44.1	57.7	54.1	55.4	27.5	32.8	5.3	19.4%
R&D expenses	80.0	77.2	89.8	100.2	46.5	56.4	9.8	21.1%
(% of net sales)	(9.5%)	(8.4%)	(9.3%)	(10.0%)	(9.1%)	(10.7%)	(1.5%)	
S, G & A expenses except R&D expenses	197.9	242.0	263.5	285.6	144.8	159.1	14.3	9.9%
(% of net sales)	(23.4%)	(26.2%)	(27.4%)	(28.4%)	(28.4%)	(30.1%)	(1.7%)	

5 .Non-operating income and expenses

(Billions of Yen)

	FY98	FY99	FY00	FY01	FY2001 1st half	FY2002 1st half	vs. 1st half FY2001	increase/ decrease(%)
Non-operating income	51.6	63.9	47.3	94.2	46.6	53.8	7.2	15.5%
Interest income	5.6	5.2	6.8	6.7	3.6	3.2	0.4	11.6%
Dividend income	2.9	2.6	3.1	2.8	1.7	1.8	0.0	3.8%
Equity in earnings of affiliates	35.9	47.3	20.9	74.2	37.2	43.8	6.5	17.6%
Other non-operating income	7.0	8.8	16.4	10.3	3.8	4.9	1.0	26.7%
Non-operating expenses	11.7	12.6	11.2	16.2	7.4	6.0	1.3	18.1%
Interest expenses	1.0	1.1	1.0	0.7	0.4	0.2	0.2	51.2%
Loss on inventories	1.7	1.5	0.8	1.2	2.1	0.4	1.7	81.0%
Loss on marketable securities	0.6	0.4	0.3	0.4	0.1	0.1	0.0	14.3%
Loss on fixed assets	1.4	1.0	1.0	2.4	0.6	1.1	0.4	81.0%
Contributions	2.2	2.6	2.8	4.9	1.3	1.1	0.1	14.3%
Other non-operating expenses	4.5	5.8	5.1	6.4	2.7	3.0	0.3	11.2%

•Number of employees



【Number of employees】	FY00	FY01	(% of total)	FY2002 1st half	% of total	vs. 1st half FY2001	FY2001 1st half
Total (-) +	15,900	14,511	100.0%	15,122	100.0%	611	14,688
(Outside Japan)	(3,307)	(3,486)	(24.0%)	(4,436)	(29.3%)	(950)	(3,423)
Pharmaceuticals	11,270	10,841	74.7%	11,936	78.9%	1,095	10,965
Bulk Vitamin & Food	857	807	5.6%	558	3.7%	249	836
Chemical Products	1,960	1,152	7.9%	1,104	7.3%	48	1,176
Agro Products and Others	1,099	1,043	7.2%	960	6.3%	83	1,037
Corporate	714	668	4.6%	564	3.7%	104	674
Takeda Chemical Industries, Ltd.	8,530	8,206		8,148		58	8,415
(Temporarily transferred employees)	(874)	(1,336)		(1,469)		(133)	(1,371)
Employees working in Takeda Chemical Industries, Ltd. -	7,656	6,870	100.0%	6,679	100.0%	191	7,044
Consolidated subsidiaries	8,244	7,641		8,443		802	7,644
Affiliates (applied "equity method")	6,287	7,143		7,178		35	7,245

(Reference) : Takeda Chemical Industries, Ltd. implemented Early Retirement Program from FY95 to FY98. (816 employees applied.)

Early Retirement Program is being implemented again starting April 1, 2001 to April 1, 2003.

(FY2001: 108 employees applied, FY2002 1st half: 59 employees applied)

. Consolidated Financials

1 Balance Sheets

< Assets >

(Billions of Yen)

	FY98	FY99	FY00	FY01	FY02 1st half	% of Total	vs. 1st half FY2001	FY2001 1st half
Current assets	839.7	938.2	1,138.9	1,345.0	1,396.5	70.5%	51.4	1,251.2
(Unconsolidated)	(634.9)	(736.4)	(880.0)	(986.8)	(995.8)		(8.9)	(961.3)
Cash and time deposits	313.7	368.6	488.7	587.1	528.9	26.7%	58.1	565.3
Marketable securities	152.7	182.6	234.7	354.0	465.5	23.5%	111.5	294.2
Notes and accounts receivable	228.6	236.0	254.6	235.0	224.5	11.3%	10.5	241.2
Inventories	107.7	105.0	100.4	96.0	95.2	4.8%	0.8	87.5
Deferred income taxes	28.1	34.3	47.0	56.4	58.3	2.9%	1.9	48.8
Other current assets	11.4	14.0	13.8	17.2	24.7	1.3%	7.4	14.9
Allowance for doubtful receivables	2.9	2.5	0.4	0.9	0.9	0.0%	0.0	0.8
Fixes assets	474.1	493.4	608.8	620.1	585.7	29.5%	34.3	602.0
(Unconsolidated)	(332.0)	(375.3)	(472.0)	(436.8)	(457.8)		(21.0)	(427.3)
Tangible fixed assets	224.2	240.5	220.3	213.3	207.7	10.5%	5.6	200.2
Acquisition value	657.8	703.8	686.3	636.3	615.4		20.9	622.4
Accumulated depreciation	433.6	463.2	466.0	422.9	407.6		15.2	422.1
Intangible fixed assets	4.1	3.2	5.9	5.4	12.5	0.6%	7.1	6.2
Investment and other assets	245.7	249.6	382.5	401.3	365.4	18.4%	35.8	395.5
Investment securities	192.2	207.2	369.2	388.7	353.7		35.0	382.8
Deferred income taxes	36.6	32.6	5.0	5.2	5.8		0.6	5.3
Others	17.0	9.7	8.3	7.4	6.0		1.4	7.5
Allowance for doubtful receivables	0.1	0.0	0.1	0.1	0.2		0.0	0.1
Total assets	1,313.8	1,431.6	1,747.7	1,965.2	1,982.3	100.0%	17.1	1,853.3
(Unconsolidated)	(966.8)	(1,111.4)	(1,352.0)	(1,423.7)	(1,453.7)		(30.0)	(1,388.7)

< Liabilities and shareholders' equity >

(Billions of Yen)

	FY98	FY99	FY00	FY01	FY02 1st half	% of Total	vs. 1st half FY2001	FY2001 1st half
Total liabilities	390.6	419.5	497.6	505.8	466.1	23.5%	39.7	484.5
(Unconsolidated)	(281.6)	(305.1)	(358.6)	(335.3)	(305.8)		(29.4)	(327.0)
Current liabilities	278.8	314.7	345.6	371.7	344.1	17.4%	27.6	341.5
(Unconsolidated)	(193.7)	(225.4)	(266.6)	(266.6)	(237.3)		(29.3)	(246.7)
Notes and accounts payable	113.9	115.4	97.3	88.9	79.0	4.0%	9.9	81.0
Short-term loans	10.9	15.6	8.6	5.8	6.5	0.3%	0.6	6.9
Convertible bonds due in one year	-	0.1	0.7	0.5	0.5	0.0%	0.0	0.7
Income taxes payable	38.6	49.5	77.3	82.7	78.3	4.0%	4.4	80.9
Allowances and reserves	28.6	34.0	39.8	38.8	38.4	1.9%	0.4	39.4
Other current liabilities	86.5	99.9	121.6	154.7	141.3	7.1%	13.4	132.3
Long-term liabilities	111.7	104.7	152.0	134.0	121.9	6.2%	12.1	143.0
(Unconsolidated)	(87.9)	(79.6)	(92.0)	(68.6)	(68.5)		(0.0)	(80.2)
Reserve for retirement benefits	-	-	71.2	56.2	52.9	2.7%	3.3	61.6
Reserve for directors' retirement	-	-	1.9	1.9	1.8	0.1%	0.0	1.7
Reserve for termination and retirement benefit	93.9	87.9	-	-	-	-	-	-
Deferred income taxes	-	0.4	62.7	59.6	51.2	2.6%	8.3	63.9
Other long term liabilities	17.7	16.3	16.2	16.2	15.8	0.8%	0.4	15.7
Minority interests	29.2	37.0	37.0	39.0	39.8	2.0%	0.8	37.7
Shareholders' equity	894.0	975.0	1,213.0	1,420.2	1,476.3	74.5%	56.0	1,331.0
(Unconsolidated)	(685.1)	(806.3)	(993.3)	(1,088.3)	(1,147.8)		(59.4)	(1,061.6)
Paid-in capital	63.5	63.5	63.5	63.5	63.5		-	63.5
Capital reserve	49.6	49.6	49.6	49.6	49.6		-	49.6
Retained earnings	794.1	896.8	989.1	1,175.9	1,282.7		106.8	1,097.6
Unrealized gains on securities	-	-	122.3	115.7	91.9		23.8	119.0
Foreign exchange translation	13.0	34.3	11.3	16.4	9.5		26.0	1.5
Treasury stock	0.3	0.5	0.2	1.0	2.0		0.9	0.2
Total liabilities and shareholders' equity	1,313.8	1,431.6	1,747.7	1,965.2	1,982.3	100.0%	17.1	1,853.3
(Unconsolidated)	(966.8)	(1,111.4)	(1,352.0)	(1,423.7)	(1,453.7)		(30.0)	(1,388.7)

Note: Along with the revision of rules governing consolidated financial statements, the percentages figures of the previous years were re-calculated using the revised methods of presentation.

< Guarantees >

Guarantees	10.8	10.3	9.3	8.4	7.9		0.4	9.0
Commitments	1.7	-	-	-	-		-	-

2 .Assets by business segment/Capital expenditure & Depreciation

【Assets by business segment】

(Billions of Yen)

	FY98	FY99	FY00	FY01	FY2001 1st half	FY2002 1st half	vs. 1st half FY2001
Assets	1,314.0	1,431.6	1,747.7	1,965.2	1,853.3	1,982.3	17.1
Pharmaceuticals	531.6	588.5	554.6	595.6	612.5	633.6	38.0
Bulk Vitamin & Food	59.3	53.9	50.1	53.1	48.9	33.3	19.7
Chemical Products	125.2	111.5	132.5	88.0	79.0	87.2	0.8
Agro Products and Other business segments	75.2	87.9	96.0	82.5	76.8	73.6	8.9
Corporate	522.5	589.6	914.4	1,145.8	1,035.9	1,154.4	8.5

Note: As a consequence of a revision of asset categorization on FY 2001, surplus operating capital of the U.S. holding company has been reclassified to Corporate Assets. Figures of the previous years have been retroactively restated.

【Capital expenditures & Depreciation】

(Billions of Yen)

	FY98	FY99	FY00	FY01	FY2001 1st half	FY2002 1st half	vs. 1st half FY2001
Capital expenditures	29.2	37.8	27.4	44.7	12.5	15.6	3.0
Pharmaceuticals	19.1	25.5	18.8	30.3	8.9	12.6	3.6
Bulk Vitamin & Food	1.5	1.7	1.1	1.8	0.8	0.8	0.0
Chemical Products	6.6	8.1	5.5	9.4	1.3	1.1	0.1
Agro Products and Other business segments	2.0	2.4	1.9	3.1	1.3	1.0	0.3
(Unconsolidated)	(18.3)	(20.6)	(15.6)	(25.6)	(7.3)	(8.0)	(0.7)
Payment basis	28.9	35.4	26.9	39.6	10.2	13.9	3.6
Depreciation	32.6	33.3	33.6	28.4	13.6	12.6	1.0
Pharmaceuticals	20.0	20.5	21.9	21.6	10.4	9.8	0.5
Bulk Vitamin & Food	3.9	3.0	2.1	1.3	0.6	0.3	0.3
Chemical Products	6.3	6.5	6.4	2.6	1.2	1.1	0.1
Agro Products and Other business segments	2.2	3.1	2.9	2.8	1.3	1.2	0.0
(Unconsolidated)	(21.6)	(21.4)	(21.5)	(17.6)	(8.0)	(6.5)	(1.5)

3 Statement of cash flows

Cash flows for the interim period continued to result in a net surplus, totaling ¥111.8 billion, despite increased taxes and dividends paid, because of factors such as an increase in dividend income from companies accounted for by the equity method and proceeds from the transfer of the food business. As a result, cash and cash equivalents (marketable securities and time deposits that mature or are redeemable within 3 months of the date of acquisition) at the end of the period totaled ¥810.1 billion.

(Billions of Yen)

	FY99	FY00	FY01	FY2001 1st half	FY2002 1st half	vs. 1st half FY2001
Net cash provided by operating activities	158.9	212.6	240.5	87.3	116.9	29.6
Income before income taxes and minority interests	202.7	263.0	373.4	212.6	211.8	0.7
Depreciation	33.3	33.6	28.4	13.6	12.6	1.0
Gain on sale of businesses	-	3.8	26.4	26.4	7.5	18.9
Interest income, interest expenses and dividend income	6.6	8.9	8.8	4.9	4.8	0.1
Undistributed earnings of unconsolidated subsidiaries/affiliates	19.7	34.6	21.5	37.2	4.1	41.3
Loss on sales and disposals of property, plant and equipment	0.2	0.8	0.3	0.2	2.3	2.6
Extraordinary losses on bulk vitamin cartel cases	19.9	2.9	12.2	-	3.3	3.3
Working capital	3.7	35.0	3.6	1.4	4.2	2.7
Decrease (increase) in notes and accounts receivable	6.9	42.3	5.8	1.6	3.8	5.5
Decrease (increase) in inventory	1.5	1.7	1.6	6.0	0.1	5.9
Decrease (increase) in notes and accounts payable	1.6	9.0	0.5	5.8	8.2	2.3
Interest and dividends received, and interest paid	6.2	8.0	10.6	6.1	5.1	0.9
Income taxes paid	72.6	92.0	132.8	74.1	78.4	4.2
Payment related to the bulk vitamin cartel cases	8.1	6.7	7.1	2.0	5.9	3.8
Other	7.4	16.0	9.3	0.8	16.9	17.8
Net cash used in investing activities	51.6	58.2	125.2	57.2	43.3	13.8
Net increase in marketable securities	5.3	15.2	90.6	21.6	46.3	67.9
Net increase in time deposits	24.6	42.2	217.7	20.4	20.0	0.4
Payment for acquisition of property, plant and equipment	35.4	26.9	37.5	10.2	13.9	3.6
Proceeds from sales of property, plant and equipment	3.0	0.2	1.4	0.0	3.1	3.0
Net increase in investment securities	0.4	23.5	23.7	10.7	23.8	34.5
Proceeds from sale of businesses	-	16.5	58.9	58.9	18.0	40.9
Payment for acquisition of shares of subsidiaries with subsequent change of consolidation range	-	-	-	-	6.0	6.0
Other	0.4	2.3	0.8	1.0	0.3	0.7
Net cash used in financing activities	27.9	41.9	52.6	22.3	27.9	5.5
Net increase in short-term loans	0.3	0.3	1.2	0.3	0.6	0.9
Proceeds from issuance of long-term debt	3.0	3.7	1.5	1.2	-	1.2
Repayment of long-term debt	1.9	8.3	2.2	0.9	0.6	0.3
Dividends paid	28.0	36.6	48.5	22.0	26.4	4.4
Other	0.7	0.3	2.1	0.1	1.4	1.2
Effect of exchange rate changes	4.9	8.3	23.4	8.5	20.5	29.0
Net increase in cash and cash equivalents	74.4	120.8	336.6	130.7	111.8	18.9
Cash and cash equivalents, beginning of year	163.9	241.9	361.6	361.6	698.3	336.6
Cash and cash equivalents increased by consolidation of subsidiaries previously accounted for by equity method	3.4	-	-	-	-	-
Cash and cash equivalents decreased by elimination of previously consolidated companies	-	1.1	-	-	-	-
Cash and cash equivalents, end of year	241.9	361.6	698.3	492.4	810.1	317.7

.Subsidiaries and affiliates

【Consolidated subsidiaries】

						(Billions of Yen)		
		FY98	FY99	FY00	FY01	FY2001 1st half	FY2002 1st half	vs. 1st half FY2001
Wako Pure Chemical Industries, Ltd.	Net sales	55.3	57.6	58.6	57.8	28.8	30.1	1.2
Nihon Pharmaceutical Co., Ltd.	Net sales	13.3	16.6	16.9	17.0	8.8	8.8	0.0
Mizusawa Industrial Chemicals, Ltd.	Net sales	14.2	14.2	14.4	13.2	6.7	6.5	0.2
Takeda Food Products, Ltd.	Net sales	25.8	33.4	33.0	36.8	20.2	20.9	0.7
Laboratoires Takeda	Net sales	13.4	13.7	13.8	18.5	9.0	11.9	2.8
[~ 2001: Millions of F.Fr 2002 ~ : Millions of Euro]		[604]	[743]	[913]	[1,116]	[550]	[102]	
Takeda Italia Farmaceutici S.p.A.	Net sales	9.8	13.5	12.7	16.8	8.4	10.2	1.8
[~ 2000: Billions of LIT 2001 ~ : Millions of Euro]		[128]	[215]	[247]	[154]	[78]	[88]	[10]
Takeda UK Limited	Net sales	0.3	0.9	1.3	1.8	0.8	0.8	0.0
[Millions of pound sterling]		[1]	[4]	[8]	[10]	[5]	[4]	[0]
Takeda Pharmaceuticals North America, Inc.	Net sales	-	8.2	62.8	111.1	65.3	69.6	4.2
[Millions of US\$]		[-]	[72]	[583]	[914]	[543]	[536]	[6]
Takeda Pharma GmbH(*)	Net sales						11.3	11.3
[Millions of Euro]							[97]	[97]

(*) Takeda Pharma GmbH was added into consolidated subsidiaries starting FY2002.

Reference: Summarized financial results of TAP Pharmaceuticals Inc.

(Millions of US\$)

	FY98	FY99	FY00	FY01	FY2001 1st half	FY2002 1st half	vs. 1st half FY2001
Sales	2,062	2,927	3,538	3,787	1,926	1,946	19
Lupron	753	776	799	832	410	428	18
Prevacid	1,308	2,151	2,739	2,951	1,516	1,517	1
Net income	532	814	925	669	68	651	719
Exchange rate (Yen)	131	114	108	122	120	130	9
Equity in earnings for Takeda	348	464	188	710	373	422	49

Note: TAP Pharmaceutical Products Inc. (TAP) booked loss relating to the investigation by the U.S. Department of Justice on TAP's sales and marketing practices of Lupron in its FY2000 and 1st half of FY2001. The financial impact on Takeda already was reflected in Takeda's consolidated statements of income for fiscal 2000, as part of equity in earnings of affiliates.

.Shareholders

Number of shareholders 63,406 Number of shares 889,272,395

【By ownership】

		FY98	FY99	FY00	FY01	FY2002 1st half	vs. 1st half FY2001
Financial Institutions	No. of shareholders	330	341	399	386	400	14
	No. of shares(1000)	429,819	430,129	424,502	425,893	416,736	9,157
	% of shares outstanding	48.33	48.37	47.74	47.89	46.86	1.03
Securities Companies	No. of shareholders	32	37	47	48	72	24
	No. of shares(1000)	1,267	1,889	3,352	5,292	7,902	2,610
	% of shares outstanding	0.14	0.21	0.38	0.60	0.89	0.29
Other institutions	No. of shareholders	753	730	734	778	838	60
	No. of shares(1000)	45,938	43,619	44,640	44,379	44,307	72
	% of shares outstanding	5.17	4.91	5.02	4.99	4.98	0.01
Foreign investors	No. of shareholders	860	943	992	1,023	1,031	8
	No. of shares(1000)	231,519	246,501	266,559	269,209	267,280	1,929
	% of shares outstanding	26.03	27.72	29.98	30.27	30.06	0.22
Private investors and others	No. of shareholders	52,084	49,444	48,749	51,129	61,065	9,936
	No. of shares(1000)	180,726	167,131	150,217	144,497	153,045	8,548
	% of shares outstanding	20.32	18.79	16.89	16.25	17.21	0.96
Total	No. of shares(1000)	889,272	889,272	889,272	889,272	889,272	0

【By number of shares held each】

		FY98	FY99	FY00	FY01	FY2002 1st half	vs. 1st half FY2001
5,000,000 ~	No. of shareholders	29	33	27	31	34	3
	No. of shares(1000)	455,857	458,380	431,418	463,288	465,170	1,881
	% of shares outstanding	51.26	51.55	48.51	52.10	52.31	0.21
1,000,000 ~ 4,999,999	No. of shareholders	80	88	92	83	83	0
	No. of shares(1000)	192,277	195,366	213,040	183,171	185,655	2,484
	% of shares outstanding	21.62	21.97	23.96	20.60	20.88	0.28
100,000 ~ 999,999	No. of shareholders	327	347	378	383	353	30
	No. of shares(1000)	110,678	113,245	125,389	122,273	112,635	9,638
	% of shares outstanding	12.45	12.73	14.10	13.75	12.67	1.08
10,000 ~ 99,999	No. of shareholders	2,015	1,910	1,857	1,835	1,862	27
	No. of shares(1000)	45,440	44,783	43,859	42,104	44,068	1,964
	% of shares outstanding	5.11	5.04	4.93	4.73	4.96	0.22
1,000 ~ 9,999	No. of shareholders	35,414	33,046	32,802	35,294	37,063	1,769
	No. of shares(1000)	81,164	73,647	71,804	74,677	76,606	1,929
	% of shares outstanding	9.13	8.28	8.07	8.40	8.61	0.22
100 ~ 999	No. of shareholders	13,782	13,643	13,351	13,315	21,316	8,001
	No. of shares(1000)	3,774	3,767	3,679	3,677	5,044	1,366
	% of shares outstanding	0.42	0.42	0.41	0.41	0.57	0.15
Less than 99	No. of shareholders	2,412	2,428	2,414	2,423	2,695	272
	No. of shares(1000)	80	81	80	80	91	10
	% of shares outstanding	0.01	0.01	0.01	0.01	0.01	0.00
合計	No. of shares(1000)	889,272	889,272	889,272	889,272	889,272	0

【10 largest shareholders】

Shareholders	September 30, 2002		Change from March 31, 2002	
	No. of shares held (1000)	% of shares outstanding	No. of shares increase (decrease)	Previous ranking
1 Nippon Life Insurance Company	62,700	7.05	2,295	(1)
2 Dai-ichi Life Insurance company	54,438	6.12	3,285	(2)
3 Japan Trustee Services Bank, Ltd.	47,739	5.37	528	(3)
4 The Master Trust Bank of Japan, Ltd.	41,536	4.67	-	-
5 Mitsui Asset Trust and Banking Co., Ltd.	32,889	3.70	1,212	(5)
6 The UFJ Trust and Banking Co., Ltd.	28,713	3.23	2,530	(7)
7 Trust & Custody Services Bank, Ltd.	27,148	3.05	1,684	(8)
8 State Street Trust & Banking Co., Ltd.	19,780	2.22	7,282	(6)
9 Takeda Science Foundation	17,911	2.01	0	(10)
10 The Chase Manhattan N.A. London S. L. Omnibus Account	17,519	1.97	5,302	(14)

.Financial ratios

	FY98	FY99	FY00	FY01	FY2001 1st half	FY2002 1st half
[Growth rates]						
Net sales (%)	0.3	9.3	4.4	4.3	7.7	3.6
Operating income (%)	7.0	20.5	31.9	24.4	24.8	7.0
Ordinary income (%)	12.6	22.3	17.7	37.0	22.2	10.1
Net income (%)	12.4	30.4	22.8	60.5	45.3	2.2
[Profitability ratios]						
Operating margin (%)	16.8	18.6	23.5	28.0	28.8	29.8
Ordinary margin (%)	21.6	24.1	27.2	35.7	36.5	38.8
Net margin (%)	10.9	13.0	15.2	23.4	25.6	25.3
Ordinary income to total assets (%)	14.0	16.2	16.5	19.3	20.7	20.8
Return on assets (%)	7.0	8.7	9.2	12.7	14.5	13.5
Return on equity (%)	10.7	12.8	13.4	17.9	20.6	18.5
[Stability ratios]						
Equity to assets (%)	68.0	68.1	69.4	72.3	71.8	74.5
Current ratio (%)	301.1	298.1	329.5	361.8	366.4	405.8
Fixed assets to long-term capital (%)	47.2	45.7	44.6	39.9	40.8	36.6
[Efficiency ratios]						
Asset turnover (times)	0.64	0.64	0.55	0.51	0.55	0.53
Fixed-asset turnover (times)	1.78	1.87	1.58	1.62	1.70	1.81
Notes and accounts receivable turnover (times) *	3.69	3.91	4.02	4.48	4.47	4.71
[Other ratios]						
R&D expenses to net sales (%)	9.5	8.4	9.3	10.0	9.1	10.7
BPS (Book value of equity per share) (Yen)	1,006	1,105	1,374	1,609	1,508	1,673
EPS (Earnings per share) (Yen)	103.5	135.6	166.4	267.0	148.3	151.5
Payout ratio (%)	28.0	23.6	30.0	22.5	20.2	21.1
Dividend on equity (%)	2.9	2.9	3.6	3.7	4.0	3.8

* After adjustment of outstanding balance at each fiscal year end and/or 1st half of fiscal year if the ending day falls on Saturday or Sunday, and to be paid on the beginning day of the following fiscal term.

.Research and Development

Research Activities

Main joint research projects

Recent fruits of Takeda research

Product Pipeline

Overview of project status

Progress in pipeline stage (FY2002 1st half)

Discontinuation of development (FY2002 1st half)

Outline of Pipeline Projects

Stage of product pipeline in Japan, U.S. and E.U.

Pre-clinical/Phase-I projects already announced as exceptional cases

Outcome studies

Main joint research activities

(1) Joint researches with domestic research organizations and companies

Partners	Research subject	Schedule
RIKEN (The Institute of Physical and Chemical Research)	Research for physiological function of p51 oncogene, an original form of p53, and its application to medical treatment	Oct-00 - Mar-04
New Energy & Industrial Technology Development Organization (NEDO) Project	Development of a support system for screening of pharmaceutical compounds (NEDO project)	Jul-99 - Mar-04
BF Research Institute	Basic research for development of medicines for dementia	Feb-97 - Feb-04
Biomolecular Engineering Research Institute	Research for application of biomolecular functions	Jun-01 -
Kagoshima University	Joint research on efficacy evaluation of anti-HIV drugs	Oct-97 - Mar-04
Pharma SNP Consortium	Study on genomic polymorphism relating to the pharmacokinetics in Japanese	Sep-00 - Mar-03
Shin Nippon Biomedical Laboratories	Research for toxico-genomics	Jan-02 - Jan-06
Keio University	Research for human genome relating to hypertension and diabetic organopathy	Mar-02 - Feb-05
RIKEN (The Institute of Physical and Chemical Research)	Research for human genome relating to osteoarthritis	Jul-02 - Mar-05

(2) Joint researches with overseas research organizations and companies

Partner	Country	Research subject	Schedule
Celera	U.S.	Joint research on human genome	Mar-00 - Feb-05
WHO		Joint research on antimalarial drug discovery	Oct-99 - Oct-04
Array BioPharma	U.S.	Joint research on lead compound synthesis	Jul-01 - Jan-03
Gene Logic	U.S.	Data base of gene expression	Mar-02-Mar-05
Oxford University	U.K.	Partnership with Oxford Diabetes Centre	Jun-02 - May-07

Recent Fruits of Takeda Research

(1) Discovery of a gene related to respiratory disease

An example of Takeda research involving disease-specific expression profiles for differentially regulated genes was the discovery of the gene CLCA1 related to respiratory disease, as published in the April 20, 2001 edition of the *Proceedings of the National Academy of Science of the USA*.

We identified the fact that the human gene CLCA1 is involved in the pathological onset of respiratory diseases such as bronchial asthma and confirmed that the mouse counterpart gene is related to the onset of this disease in a mouse model. We have also started work on the discovery of low molecular weight compounds with the potential for new drugs, based on a functional analysis of the protein produced by the CLCA1 gene. This research is one of the few examples worldwide where the relationship between disease-specific expression profiles for a differentially regulated gene and the human pathological condition has actually been proved.

(2) Discovery of a physiologically active peptide that controls cancer metastasis

An example of Takeda's orphan receptor and ligand research using genomic data was published in the journal *Nature* on May 31, 2001. The report covered the discovery of 'metastin', a novel physiologically active peptide that suppresses cancer metastasis.

As well as being the first research team in the world to discover the ligand to the orphan receptor OT7T175, we were able to demonstrate that this ligand is a peptide (named metastin) produced by the KiSS-1 gene known to control cancer metastasis.

In further mouse experiments, we confirmed that metastin significantly suppresses cancer metastasis. While further research is required to determine whether metastin exhibits the same effect in human cancer cells, we are driving forward with our research in the expectation that this compound may be developed into the world's first therapeutic agent to inhibit cancer metastasis.

Novel Orphan Receptors and Ligands Identified by Takeda

Receptor or Ligand discovered	Expected target disease
Prolactin-releasing peptide (PrRP)	Ob/Gy fields
Apelin	HIV infection
Galanin-like peptide (GALP)	Obesity
RF amide	Ob/Gy fields
MCH	Obesity
Urotensin	Cardiovascular disorders
Neuromedin U	Hypertension
Metastin	Cancer

Disease-specific Expression Profiles for Differentially Regulated Genes Identified by Takeda

Gene discovered	Expected target disease
CLCA1	Respiratory diseases
LLPL	Arteriosclerosis

Overview of project status (new compounds)

Development code (generic name)	Drug Class	Indications or formulation	Country/ region	Stage of development
TAK-147 (zanapexil)	Acetylcholinesterase inhibitor	Dementia of Alzheimer's type	Jpn	P-III
TAK-375 (Not decided yet)	Melatonin receptor agonist	Primary insomnia	U.S. EU Jpn	P-III P-III P-II
TAK-637*	NK1 receptor antagonist	Circadian rhythm sleep disorder (CRSD) Urinary incontinence	U.S. U.S.	P-II P-II
(Not decided yet)		Depression Irritative bowel syndrome (IBS)	Jpn EU U.S.	P-I P-II P-II
TAK-427 (Not decided yet)	Eosinophilic infiltration inhibitor	Allergic rhinitis	Jpn	P-II
TAK-677 (Not decided yet)	β3-adrenaline receptor agonist	Diabetes mellitus Obesity	U.S. U.S.	P-II P-II
TAK-013 (Not decided yet)	LH-RH antagonist	Endometriosis, uterine fibroid	Jpn U.S. EU	P-I P-II P-II
MCC-135 (caldaret)	Ca ⁺⁺ uptake enhancer/ Na ⁺ /Ca ⁺⁺ exchange system inhibitor	Chronic heart failure, myocardial infarction	U.S. EU	P-II P-II
TAK-559 (Not decided yet)	Insulin resistance-decreasing drug	Diabetes mellitus	Jpn U.S. EU	P-I P-II P-II
TAK-370 (Mosapride citrate)	Serotonin 5-HT ₄ receptor agonist	Gastro-esophageal reflux disease (GERD)	U.S.	P-II
TAK-475 (Not decided yet)	Squalene synthase inhibitor	Hyperlipemia	EU	P-II
TAK-428 (Not decided yet)	Neurotrophic factor production accelerator	Diabetic neuropathy	U.S. EU	P-II P-II

* Clinical trials of TAK-637 are placed on clinical hold.

Overview of project status (additional indications / new formulations)

Development code <generic name> Brand name (country/region)	Drug Class	Indications or formulation	Country/ region	Stage of development
AG-1749 <lansoprazole>	Proton pump inhibitor	Fast disintegrating tablets	U.S.	Approved (Jun 02)
Takepron (Jpn, Asia)		Symptomatic GERD	Jpn	P-III
Prevacid (U.S., Asia)		Injectable formulation	U.S.	P-III
Ogast, Agopton, Lansox, etc. (EU)			Jpn	P-III
TAP-144-SR <leuprorelin acetate>	LH-RH agonist	3-Month depot/prostate cancer	Jpn	Approved (Jul 02)
Leuplin (Jpn)		3-Month depot/premenopausal breast cancer	Jpn	P-II
Lupron Depot (U.S.)				
Enantone etc. (EU, Asia)				

Development code <generic name> Brand name (country/region)	Drug Class	Indications or formulation	Country/ region	Stage of development
TCV-116 <candesartan cilexetil> Blopress (Jpn , EU , Asia) Amias, Kenzen, etc. (EU)	Angiotensin II receptor antagonist	Chronic heart failure	U.S. Jpn EU	P-III Filed (Dec 01) P-III
		Diabetic nephropathy	Jpn	P-II
		Fixed combination with diuretic	Jpn	P-II/III
		High dose	Jpn	P-III
		Outcome study, DIRECT (Diabetic REtinopathy Candesartan Trial)	EU	P-III
AD-4833 <pioglitazone hydrochloride> Actos (Jpn , U.S., EU , Asia)	Insulin resistance-decreasing drug	Outcome study, PROACTIVE (PROspective pioglitazone Clinical Trial In macroVascular Events)	EU	P-III
		Monotherapy	EU	P-III
		Delay in progression of Atherosclerosis	US	P-III
AO-128 <voglibose> Basen (Jpn , Asia)	α -glucosidase inhibitor	Impaired glucose tolerance (IGT)	Jpn	P-III
TAK-453-SR <morphine hydrochloride>	Morphine hydrochloride sustained release capsules	Cancerous pain	Jpn	P-III

Progress in pipeline stage (FY2002 1st half)

Development code	Indications or formulations	Brand name (country/region)	Progress of development stage	
AD-4833	Concomitant use with α -glucosidase inhibitor	Actos (Japan)	NDA Filed	Approved(Jun 02)
AG-1749	Fast disintegrating tablets	Takepron (Japan)	Approved	Launched(Jun 02)
AG-1749	Pediatric GERD	Prevacid (U.S.)	Filed	Approved(Jul 02)
AG-1749	Combination pack for Hp eradication	Lansap(Japan)	Filed	Approved (Jul 02)
AG-1749	Fast disintegrating tablets	Prevacid (U.S.)	Filed	Approved(Aug 02)
AG-1749	Symptomatic GERD	Takepron(Japan)		P-III
AD-4833	Delay in progression of Atherosclerosis	Actos (U.S.)		P-III
TAP-144-SR	3-Month depot/prostate cancer	Leuplin SR 11.25 (Japan)	Approved	Launched(Aug 02)
TAK-375	Primary insomnia	Not decided yet (U.S. EU)		P-II P-III

< Progresses after Jun.30, 2002 are indicated in lower column. >

Discontinuance of development (FY2002 1st half)

Development code	Indications / Stage of development	Reason of discontinuation
TAK-778-SR	Bone fracture / P-II	Results of P-II study, conducted in EU and Japan, did not verify the enough efficacy in a treatment for bone fracture.
TAP-144-SR(4M)	Prostate cancer / P-III (Europe)	In consideration for the marketability in Europe and the priority, discontinuance of the development was decided.
AG - 1749	Gstritis / P-II (Japan)	Discontinuance was concluded by reason of a difficulty for having the approval in gastritis to PPI.

< Progresses after Jun.30, 2002 are indicated in lower column. >

Stage of product pipeline in Japan, U.S. and EU

Development code	Indications/action or classification	Phase I	Phase II	Phase III	Filed	Launched
TAK-147	Acetylcholinesterase inhibitor Dementia of Alzheimer's type			Japan		
[Product name]	Not decided yet	[Dosage form] Tablet				
[Generic name]	Zanapezil (p- INN)	Original				
<p>[Mechanism of action/description] (Acetylcholinesterase inhibitor)</p> <p>This drug inhibits the acetylcholinesterase, a neurotransmitter, so as to increase the cerebral acetylcholine level and to enhance the mental function of patients with dementia of Alzheimer's type. It is well distributed into the brain and rapidly metabolized in the peripheral. It is expected to act selectively on the CNS with less peripheral adverse reactions.</p> <p>[Publications] -J. Pharmacol. Exp. Ther.(1997), 280, 1261-1269 -CNS Drug Reviews (1997), 3, 301-324 -J. Pharmacol. Exp. Ther.(1996), 277, 1292</p>						

Development code	Indications/action or classification	Phase I	Phase II	Phase III	Filed	Launched
TAK-375	Melatonin receptor agonist Primary insomnia		Japan	U.S. EU		
	Circadian rhythm sleep disorder (CRSD)		U.S.			
[Product name]	Not decided yet	[Dosage form] Tablet				
[Generic name]	Not decided yet	Original				
<p>[Mechanism of action/description] (Melatonin receptor agonist)</p> <p>This drug is highly specific to the ML-1 receptor and induces sleep very akin to natural sleep in monkeys and cats. It has also been recognized that the drug has less adverse reactions such as movement disorder, disturbance of memory and drug dependence that are clinically relevant with the existing benzodiazepine hypnotic drugs.</p> <p>[Publications] -International Journal of Neuropsychopharmacology (2000) 3, Sup.1 S214 -Japanese Journal of Pharmacology (2001) 85, Sup.I 257P</p>						

Development code	Indications/action or classification	Phase I	Phase II	Phase III	Filed	Launched
TAK-637	NK 1 receptor antagonist (1) Urinary incontinence	Japan	U.S. EU			
	(2) Depression		U.S.			
	(3) IBS (irritable bowel syndrome)		U.S.			
[Product name]	Not decided yet	[Dosage form] Tablet				
[Generic name]	Not decided yet	Original				
<p>[Mechanism of action/description] [Mechanism of action/description]</p> <p>The drug is considered to inhibit the micturition reflex mediated by the antagonistic action of NK1 receptor, namely inhibiting the sensorial input from the bladder to the spinal code to increase the threshold of micturition. NK1 receptor is one of the receptors of the neuropeptides generically called tachykinin (substance P, neurokinin). Clinical trials are placed on clinical hold.</p> <p>[Publications] -J. Med. Chemistry 42, (19), 3982-3993, 1999</p>						

Stage of product pipeline in Japan, U.S. and EU

Development code	Indications/action or classification	Phase I	Phase II	Phase III	Filed	Launched
TAK-427	Eosinophilic infiltration inhibitor Allergic rhinitis		Japan			
[Product name]	Not decided yet	[Dosage form] Tablet				
[Generic name]	Not decided yet	Original				
[Mechanism of action/description] (Eosinophilic infiltration inhibitor)						
<p>This is a new type of drug for treatment of allergic diseases that has effects of inhibiting infiltration of the inflammatory cells, especially of eosinophils, of the skin as well as antihistamine action of less CNS-orientation. The drug also inhibits increase in nasal cavity resistance, increased nasal discharge secretion and sneezing and nose scratching behaviors in the experimental allergic rhinitis model.</p>						
[Publications] · Jap. J. Inflamm. (2000) 20, 417						

Development code	Indications/action or classification	Phase I	Phase II	Phase III	Filed	Launched
TAK-677 (AJ-9667)	3-adrenaline receptor agonist Diabetes mellitus, obesity	Japan (Dainippon)	U.S.			
[Product name]	Not decided yet	[Dosage form] Tablet				
[Generic name]	Not decided yet	In-licensed (Dainippon)				
[Mechanism of action/description] (α -3 adrenaline receptor agonist)						
<p>This drug is a α-3-adrenaline receptor agonist which improves both lipid and glycemic metabolism by reducing insulin resistance and is accordingly expected to be a new class of anti-diabetic agent for type 2 diabetes. Based on its function of promoting energy consumption, it is developed as an anti-obesity drug as well.</p>						
[Publications] · Diabetes (2001) 50, 113-122 Dainippon Pharm is preparing Phase II studies in Japan.						

Development code	Indications/action or classification	Phase I	Phase II	Phase III	Filed	Launched
TAK-013	LH-RH antagonist Endometriosis, uterine fibroid	Japan	U.S. EU			
[Product name]	Not decided yet	[Dosage form] Tablet				
[Generic name]	Not decided yet	Original				
[Mechanism of action/description] (LH-RH antagonist)						
<p>This drug is an LH-RH antagonist that can be administered by oral route. It has a potent hormonal inhibitory action. It is expected to be a drug that is convenient for use in endometriosis and uterine fibroid. It is characterized by various points such as no induction of "flare up" that is clinically relevant with LH-RH agonists, fast onset of action and convenience of once-a-day administration.</p>						

Stage of product pipeline in Japan, U.S. and EU

Development code	Indications/action or classification	Phase I	Phase II	Phase III	Filed	Launched
MCC-135	CHF and myocardial infarction		EU U.S.			
[Product name]	Not decided yet	[Dosage form] Tablet				
[Generic name]	Not decided yet	In-licensed (Mitsubishi Pharma)				
[Mechanism of action/description]						
(Ca++ intake promotion/Na+/Ca++ exchange system inhibitor)						
The drug exhibits heart dilating disorder-improving effect and cardiac muscle-protecting (inhibiting necrosis of heart muscle) by the promoting action of Ca ion intake in the myoplasmic reticulum of the cardiac muscle cells as well as by the inhibiting action of Na-Ca ion exchange system. It is expected to be a drug for treatment of cardiac diseases having a new mechanism of action.						

Development code	Indications/action or classification	Phase I	Phase II	Phase III	Filed	Launched
TAK-559	Diabetes mellitus	Japan	EU U.S.			
[Product name]	Not decided yet	[Dosage form] Tablet				
[Generic name]	Not decided yet	Original				
[Mechanism of action/description]						
(Insulin resistance-decreasing drug)						
This is an insulin resistance-improving drug of a non thiazolidinedion (TZD) compound. It controls blood glucose levels by improving the insulin resistance in liver and peripheral tissues. It is expected to have less possibility of unfavorable reactions such as body weight gain and edema compared to the TZD compounds.						

Development code	Indications/action or classification	Phase I	Phase II	Phase III	Filed	Launched
TAK-370	Gastro-esophageal reflux disease (GERD)		U.S.			
[Product name]	Not decided yet	[Dosage form] Tablet				
[Generic name]	Mosapride citrate	In-licensed (Dainippon)				
[Mechanism of action/description]						
(Gastroprokinetic drug)						
This is a gastroprokinetic drug that enhances gastrointestinal motility by acting on serotonin 5-HT ₄ receptor selectively. It has less adverse reactions such as development of extrapyramidal symptoms and lactation abnormality, which are often reported with conventional drugs of that class, as well as less possibility of adverse effect on heart (prolongation of QT interval), which was recognized in a part of analogous drugs.						
In Japan it has been marketed by Dainippon since October 1998 as a drug for improving the gastrointestinal symptoms (heartburn, nausea and vomiting) associated with chronic gastritis.						
Takeda has been granted a world-wide right of development and marketing excluding Japan, China, Taiwan and Korea.						

Stage of product pipeline in Japan, U.S. and EU

Development code	Indications/action or classification	Phase I	Phase II	Phase III	Filed	Launched
TAK-475	Hyperlipemia		EU			
[Product name]	Not decided yet	[Dosage form] Tablet				
[Generic name]	Not decided yet	Original				
<p>[Mechanism of action/description] (Squalene synthase inhibitor)</p> <p>This is an anti-hyperlipidemic drug having a new mechanism of action based on its squalene synthase inhibitory action. It is expected that the drug has less possibility of developing rhabdomyolysis compared to HMG-CoA reductase inhibitors that currently offer the first-line therapy for this disease.</p>						

Development code	Indications/action or classification	Phase I	Phase II	Phase III	Filed	Launched
TAK-428	Diabetic neuropathy		EU U.S.			
[Product name]	Not decided yet	[Dosage form] Tablet				
[Generic name]	Not decided yet	Original				
<p>[Mechanism of action/description] (Neurotrophic factor production accelerator)</p> <p>This is a diabetic neuropathy treatment drug of a new concept that increasing neurotrophic factors repair and regenerate the peripheral nerve tissues damaged by diabetes mellitus.</p>						

Stage of product pipeline in Japan, U.S. and EU

Development code	Indications/action or classification	Phase I	Phase II	Phase III	Filed	Approved
AG-1749 (New dosage form)	Proton pump inhibitor Peptic ulcers					
(Additional indication)	Symptomatic GERD			Japan		
(New dosage form)	Injection			U.S. Japan		
[Product name]	Takepron (Jpn), Prevacid (U.S.), Zoton (U.K.)	Original				
[Generic name]	Lansoprazole					
[Mechanism of action/description] (Proton pump inhibitor) This is a proton pump inhibitor having a potent inhibitory action on the gastric secretion. It suppresses the gastric acid secretion by inhibiting the proton pump within the gastric wall cells and exhibits the antiulcer action. The drug has already been put on the markets as a therapeutic agent for peptic ulcers in more than 90 countries of the world. Injection is under development (Phase III) in Japan and the U.S. Clinical trials for the treatment of symptomatic GERD are at Phase III stage.						

Development code	Indications/action or classification	Phase I	Phase II	Phase III	Filed	Launched
TAP-144-SR 3M DPS (New dosage form)	LH-RH agonist 3-Month depot formulation		Japan (Breast cancer)			U.S. EU Japan
[Product name]	Leuplin (Japan), Lupron (U.S.), Enantone etc. (EU)	[Dosage form] Injection Original				
[Generic name]	Leuprorelin acetate					
[Mechanism of action/description] (LH-RH agonist) This is the 3-month depot formulation of already available "Leuplin" of once-a-month dosing. This formulation has already been put on the market abroad, and the 4-month depot has already been marketed in the U.S. The 3-month depot formulation for prostate cancer was launched in Japan in August 2002.						

Development code	Indications/action or classification	Phase I	Phase II	Phase III	Filed	Launched
TCV-116 (Additional indications)	Angiotensin II receptor antagonist (1) Chronic heart failure (CHF)			U.S. EU	Japan	
	(2) Diabetic nephropathy		Japan			
	(3) Fixed combination with diuretic			Japan		U.S./EU
	(4) High dose			Japan		
	(5) Diabetic RETinopathy Candesartan Trial(DIRECT)			EU		
[Product name]	Blpress (Jpn, EU), Atacand (U.S.), Amias (U.K.), Kenzen (Fr)	[Dosage form] Tablet Original				
[Generic name]	Candesartan cilexetil					
[Mechanism of action/description] (Angiotensin receptor antagonist) The drug lowers blood pressures by suppressing the effect of angiotensin (A), a hypertensive hormone, at the receptor level. It shows efficacy equivalent or superior to that of angiotensin converting enzyme (ACE) inhibitors which are widely in use. It has almost no adverse reaction of cough that is often reported with ACE inhibitors. It is expected that the drug would be also effective for heart failure, diabetic retinopathy and nephropathy. Clinical evaluation for additional application of these indications are now going on. Outcome study "DIRECT" is being conducted in EU to invest prevention/treatment efficacy on diabetic retinopathy.						
[Publications] • Journal of Human Hypertension (1997) 11, Suppl. 2 • J. Clin. Therap. Medicines (1996) 12, 2613-2661						

Stage of product pipeline in Japan, U.S. and EU

Development code	Indications/action or classification	Phase I	Phase II	Phase III	Filed	Launched
AD-4833 (Additional indication)	Insulin resistance-decreasing drug (1) PROspective pioglitAzone Clinical Trial In macroVascular Events (PROactive) (2) Monotherapy (3) Delay in progression of Atherosclerosis			EU		
[Product name] [Generic name]	Actos (Japan), Actos (U.S., EU) Pioglitazone hydrochloride	[Dosage form] Tablet Original				
[Mechanism of action/description] (Insulin resistance-decreasing drug) This is a drug that controls blood glucose levels by improving the sensitivity to insulin in the liver and peripheral tissues. The drug is taken only once daily. It does not exert action on normoglycemia and does not induce hypoglycemia. In Japan, the concomitant therapy with α -glucosidase was approved in Jun. 2002. Approval for type 2 diabetes mellitus :Japan (99/09/22), U.S. (99/07/15), EU (00/10/13) [Publications] • JAP. J. CLI. MED.(1997), 74(5), 162-296 • JAP. J. CLI. MED.(1997), 74(6), 165-311						

Development code	Indications/action or classification	Phase I	Phase II	Phase III	Filed	Launched
AO-128 (Additional indication)	-glucosidase inhibitor Impaired glucose tolerance (IGT)			Japan		
[Product name] [Generic name]	Basen (Japan) Voglibose	[Dosage form] Tablet Original				
[Mechanism of action/description] (α -glucosidase inhibitor) The drug inhibits the hydrolase (α -glucosidase) for disaccharides that catalyzes decomposition of disaccharides into monosaccharides, thereby delaying the digestion and absorption of carbohydrates, resulting in improvement of postprandial hyperglycemia. The mechanism of action is different from those of other oral hypoglycemic drugs, therefore, this drug has less possibility of developing hypoglycemic symptoms. The drug is already available in the Japanese market as an improving agent for postprandial hyperglycemia in diabetes mellitus. Clinical studies are going on with the intension of supplementing the indication of glucose tolerance abnormality (suppression of development of insulin non-dependent diabetes mellitus).						

Development code	Indications/action or classification	Phase I	Phase II	Phase III	Filed	Launched
TAK-453-SR	Morphine hydrochloride sustained release capsule Cancerous pain			Japan		
[Product name] [Generic name]	Not decided yet Morphine hydrochloride	[Dosage form] Capsule				
[Mechanism of action/description] This is a small-sized sustained release capsule of once-a-day administration used for treatment of various types of cancers associated with agonizing pain.						

Note: Criteria for disclosure of information on R&D pipeline: Under Phase II in either Japan, USA or EU.

Pre-clinical/Phase-I projects already announced as exceptional cases

TAK-165	Original	Presented at: The 93rd American Association for Cancer Research (Apr.2002)
		Stage Phase-I (Japan, U.S., EU)
Description		
<p>This is a novel anti-cancer agent discovered by Takeda. TAK-165 suppresses the growth of HER2 positive cell by inhibition of HER2 tyrosine kinase in vivo. The agent also demonstrates anti-tumor activity against HER2 over-expressing xenograft models. TAK-165 was assigned as fast-track product by the U.S. FDA in March 2002, for treatment of metastatic breast cancers that are either refractory to Herceptin treatment or where the patients are not eligible for that treatment.</p>		

TAK-201	Licensed from: Meiji Milk Products Co., Ltd.	Agreed Nov. 2000
		Stage Phase-I (Japan)
Description		
<p>This substance acts directly onto immunocytes (T cells) to prevent allergic response in patients of cryptomeria pollinosis.</p>		

TAK-128	Licensed from: Mitsubishi Pharma Corporation (Then: Welfide Corp.)	Agreed Feb. 2001
		Stage Under preparation for clinical trials
Description		
<p>Unlike ARI, TAK-128 enhances nerve regeneration and has prolonged effect against diabetic nerve damage.</p>		

Outcome studies

TCV-116 (1)

Study title	CHARM (Candesartan in Heart failure Assessment of Reduction in Mortality)		
Brief outline			
<p>This is a comparative study vs. placebo on the mortality/ hospitalization ratio in patients with heart failure.</p>			
Place	Around 26 countries	Registered population	7,601 patients
Status	Patient enrollment has been completed. The result will be available in 2003 after the 3.5-year period of following-up.		

TCV-116 (2)

Study title	DIRECT (Diabetic RETinopathy Candesartan Trial)		
Brief outline			
<p>The world's first large scale study to investigate prevention/treatment efficacy on diabetic retinopathy (D.B.T. vs. placebo)</p>			
Place	26 countries	Target population	4,500 patients
Status	On-going. The result is expected to be available in 2005.		

AD-4833

Study title	PROactive(PROspective pioglitAzon Clinical Trial In macroVascular Events)		
Brief outline			
<p>This is a study to investigate the preventive effects on the progression of macrovascular disease in type 2 diabetes patients. AD-4833 or placebo will be added to conventional oral anti-diabetic drugs for comparative purpose. Endpoints are heart attack, stroke, below-knee amputation and cardiovascular events.</p>			
Place	15 countries in Europe	Target population	5,000 patients
Status	Patients recruitment completed. The result is expected to be available in 2005.		

News Releases

Major news releases during April 2002 - September 2002 are as below.

Please refer to our Web site for details (<http://www.takeda.co.jp>)

Date	Summary
05-Apr-02	Health Tonic "Alinamin 7 Gold" to be Launched
10-Apr-02	Vitamin C Preparation "Hicee White 2" to be Launched
10-Apr-02	Takeda Develops New Anti-cancer Agent
08-May-02	Risedronate Sodium (Benet) Launched in Japan for Treatment of Osteoporosis
17-May-02	Notice of Change in the Trading Unit of Common Shares
04-Jun-02	OTC Products Transferred from Wyeth Lederle Japan
04-Jun-02	Takeda to Launch Topical Analgesic "Apain Cool"
12-Jun-02	Partnership with Oxford Diabetes Centre
24-Jun-02	Transfer of Over-the-Counter Drugs from Wyeth Lederle Japan
27-Jun-02	Reducing Hypertension in the Elderly Leads to a Significant Reduction in the Incidence of Stroke
04-Jul-02	Tylenol Receives New Claim; "Can Be Taken on Empty Stomach"
31-Jul-02	Sumitomo Chemical and Takeda To Form Business Alliance Takeda To Transfer Its Agrochemicals Business To A New Joint Venture Company
01-Aug-02	Cold Remedy "Benza Block IP Sairyuu" to be Launched
02-Aug-02	Takeda To Transfer Synthetic Rubber Latex Business To Nippon A&L
05-Aug-02	Announcement for Execution of Co-Marketing Agreement on "mitiglinide", a blood glucose lowering agent
21-Aug-02	Nicorette 24 Gum Pack to be Launched in Response to Consumer Demand
30-Aug-02	Takeda to launch "Leuplin SR 11.25"
09-Sep-02	Takeda and Biosense agree on Collaboration to Market and Sale ELISA Kits for Detection of Endocrine Disruptors.
12-Sep-02	Antitussive/Expectorant "Benza Block Sekidome Jo" to be Launched



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