

Summary of Consolidated Financial Results for the Fiscal 2003 Third Quarter

January 27, 2004

These financial statements have been prepared for reference only in accordance with accounting principles and practices generally accepted in Japan.

Takeda Chemical Industries, Ltd

(Code number: 4502 Osaka, Tokyo, Nagoya, Fukuoka, Sapporo)

(URL <http://www.takeda.co.jp/>)

Representative: Yasuchika Hasegawa, President

Contact: Toyoji Yoshida, Director and General Manager, Corporate Communications Department

TEL: 81-6-6204-2060, 81-3-3278-2039

1. Summary of Consolidated Financial Results for the Fiscal 2003 Third Quarter (April 1, 2003 - December 31, 2003)

Consolidated Sales

(¥ million)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Fiscal 2003	288,680 4.3%	258,564 2.6%	297,283 3.7%	- -	- -
Fiscal 2002	276,716 -	252,031 -	286,620 -	230,713 -	1,046,081 -

Total from 1st Quarter to 3rd Quarter FY2003	844,528 3.6%
Total from 1st Quarter to 3rd Quarter FY2002	815,367 -

Note: 1. Fiscal 2003: All amounts are rounded to the nearest million yen.

Fiscal 2002: All amounts are rounded down to the nearest million yen.

2. "%" represents quarter-on-quarter change

In this quarter, there are no changes of accounting policies about sales and no events which have material influence on financial position and business performance.

Overview on Net Sales

Year-to-date net sales upto third quarter were ¥844.5 billion, an increase of ¥29.2 billion (3.6 percent) over the same period in the previous year.

The transfer of the agricultural chemicals businesses in November 2002 and the discontinuation of sales of Shimizu Pharmaceutical Co., Ltd. at the end of the previous fiscal year reduced net sales by ¥31.0 billion. In addition, the strengthened yen against the dollar compared with the same period in the previous year resulted in a net ¥4.9 billion translation loss, despite the weakened yen against euro. Increased sales of ethical drugs absorbed these negative impacts and contributed to the overall growth in net sales.

In the ethical drug business, as a result of increased in-house products' sales, mainly international strategic products including candesartan (brand name in Japan: *Blopress*), lansoprazole (brand name in Japan: *Takepron*) and pioglitazone (brand name: *Actos*) etc., net sales increased ¥53.4 billion (8.5 percent) to ¥685.0 billion.

In the domestic market, sales of hypertension treatment *Blopress* (a ¥15.6 billion increase to ¥70.6 billion), the peptic ulcer treatment *Takepron* (a ¥6.8 billion increase to ¥33.4 billion), the osteoporosis treatment *Benet* (a ¥4.4 billion increase to ¥8.1 billion), and other core products including *Basen*, an improving agent for postprandial hyperglycemia in diabetes mellitus increased. As a result, absorbing the reduced net sales by approximately ¥15.0 billion deriving from the discontinuation of sales of Shimizu Pharmaceutical Co., Ltd., the domestic net sales of ethical drugs increased ¥5.4 billion (1.6 percent) to ¥338.6 billion.

In overseas markets, sales of *Actos* for the treatment of diabetes increased US\$169 million to US\$988 million in the United States and sales of international strategic products including lansoprazole and candesartan etc. continuously increased in Europe. As a result, overseas net sales of ethical drugs increased ¥48.0 billion (16.1 percent) to ¥346.4 billion.

In the Consumer Healthcare business, although sales of *Alinamin* tablet increased slightly, net sales decreased ¥4.6 billion to ¥45.9 billion, due to the sluggish market and decreased sales of *Benza* group by discontinuation of production and sales of cold and rhinitis remedy products containing phenylpropanolamine (PPA).

Note: As for sales of main products and updates of R&D pipeline stage, please refer to attachment data.

2. Projected Results for Fiscal 2003 (April 1, 2003 - March 31, 2004)

	Net sales (¥ million)	Ordinary income (¥ million)	Net income (¥ million)
Fiscal 2003	1,065,000	419,000	266,000

Note: Projected results have not been revised

Business Segment Information

Sales to Outside Customers

(¥ million)

		Third Quarter			Total from First Quarter to Third Quarter		
		Fiscal 2003	Fiscal 2002	Change %	Fiscal 2003	Fiscal 2002	Change %
Pharmaceuticals	Ethical Drugs	244,275	229,810	6.3	684,974	631,563	8.5
	Domestic	126,883	126,240	0.5	338,606	333,170	1.6
	Overseas	117,392	103,570	13.3	346,368	298,394	16.1
	Consumer Healthcare	14,973	17,624	(15.0)	45,852	50,466	(9.1)
	Sub Total	259,248	247,434	4.8	730,827	682,030	7.2
Other	Vitamin	2,767	3,850	(28.1)	8,262	11,027	(25.1)
	Life-Environment	3,009	4,007	(24.9)	10,167	12,230	(16.9)
	Others	32,260	31,330	3.0	95,271	110,080	(13.5)
	Sub Total	38,035	39,186	(2.9)	113,701	133,338	(14.7)
Total		297,283	286,620	3.7	844,528	815,367	3.6

Note 1: Change in Business Segments

With the Separation of the Life-Environment Business implemented on April 1, 2003, restructuring of non-pharmaceutical businesses is essentially complete. Takeda has taken this opportunity to change its business segments, which were previously presented as "Pharmaceuticals", "Bulk Vitamin & Food", "Chemical Products", and "Other Businesses", in view of similarities such as the type and nature of their products, to "Pharmaceuticals" and "Other Businesses", based on the actual business management conditions, effective from fiscal 2003.

Note 2: Principal products of each business segment

Business Segment	Business Division	Principal Products
Pharmaceuticals	Ethical Drugs	Ethical pharmaceuticals
	Consumer Healthcare	Over-the-counter pharmaceuticals and quasidrugs
Other	Vitamin	Bulk vitamins
	Life-Environment	Activated carbon, wood preservatives
	Others	Reagents, clinical diagnostics, photographic film chemicals, health foods, beverages, inorganic industrial chemicals, agricultural chemicals, animal health products, real estate leasing and warehousing

Sales of Main Products in third-Quarter FY2003 (Oct.1-Dec.31, Apr.1-Dec.31 2003)

International Strategic Products (Ethical Drugs)

Product	<Third Quarter>			<Year-to-date>		
	Oct.-Dec. 03	Oct.-Dec. 02	increase/ decrease	Apr.-Dec. 03	Apr.-Dec. 02	increase/ decrease
Leuprorelin	30.1	30.3	(0.7%)	85.2	81.7	4.3%
Lansoprazole	40.9	35.4	15.3%	124.0	105.0	18.1%
Candesartan	41.1	30.9	33.3%	106.4	80.1	32.8%
Pioglitazone	44.6	37.6	18.5%	131.2	114.2	14.9%

* In case of the subsidiaries with fiscal year ending December, the sales during July - September were consolidated as 3Q sales.

[Exchange rate] (Yen)	3Q 2003	3Q 2002	[Exchange rate] (Yen)	1-3Q 2003	1-3Q 2002
US\$ Average (Oct.-Dec.)	109	123	US\$ Average (Apr.-Dec.)	115	123
Average (Jul.-Sep.)	118	119	Average (Jan.-Sep.)	118	126
Euro Average (Oct.-Dec.)	129	123	Euro Average (Apr.-Dec.)	132	119
Average (Jul.-Sep.)	132	117	Average (Jan.-Sep.)	132	117

<Reference> Sales including those by unconsolidated affiliates

Product	Launched	<Third Quarter>			<Year-to-date>		
		Oct.-Dec. 03	Oct.-Dec. 02	increase/ decrease	Apr.-Dec. 03	Apr.-Dec. 02	increase/ decrease
Leuprorelin							
Worldwide sales		46.6	50.5	(7.8%)	139.4	147.9	(5.8%)
Japan	(92. 9)	17.1	16.9	0.9%	45.1	44.4	1.4%
Americas	(89. 3)	21.1	26.4	(20.0%)	70.7	82.6	(14.5%)
Europe	(89. 4)	7.9	6.8	16.3%	22.2	19.7	13.1%
others		0.5	0.4	22.8%	1.4	1.2	12.7%
Lansoprazole							
Worldwide sales		116.2	111.2	4.4%	350.5	347.3	0.9%
Japan	(92.12)	12.9	10.4	24.2%	33.4	26.6	25.6%
Americas	(95. 6)	90.6	91.0	(0.4%)	280.0	288.2	(2.9%)
Europe	(91.12)	12.1	9.4	29.3%	35.4	30.9	14.6%
others		0.6	0.5	14.9%	1.7	1.6	11.5%
Candesartan							
Worldwide sales		41.2	30.9	33.4%	106.5	80.2	32.8%
Pioglitazone							
Worldwide sales		44.6	37.6	18.5%	131.3	114.3	14.9%

Net sales of main products in the US 3Q

Product name (generic name)	company	Jul.-Sep. 03	Jul.-Sep. 02	increase/ decrease	Jan.-Sep. 03	Jan.-Sep. 02	increase/ decrease
Actos (pioglitazone)	TPNA	333	283	17.9%	988	819	20.7%
Prevacid (lansoprazole)	TAP	770	761	1.2%	2,363	2,279	3.7%
Lupron (leuprorelin)	TAP	176	216	(18.5%)	588	644	(8.8%)

(Note) "Worldwide sales" represents total sales including the sales of unconsolidated subsidiaries/affiliates outside Japan.

<Suppl. Info.> Net sales of main products in the US 4Q

Product name (generic name)	company	Oct.-Dec. 03	Oct.-Dec. 02	increase/ decrease	Jan.-Dec. 03	Jan.-Dec. 02	increase/ decrease
Actos (pioglitazone)	TPNA	376	307	22.4%	1,364	1,126	21.2%
Prevacid (lansoprazole)	TAP	828	878	(5.8%)	3,190	3,157	1.0%
Lupron (leuprorelin)	TAP	200	232	(13.7%)	788	876	(10.1%)

Ethical Drugs : Domestic sales <Top 15 ranking>

<Third Quarter>

<Year-to-date>

(Billions of Yen)

Product	Launched	Category	Oct.-Dec. 03	Oct.-Dec. 02	increase/ decrease	Apr.-Dec. 03	Apr.-Dec. 02	increase/ decrease
1 Blopres	(99.6)	A -receptor antagonist	28.3	22.5	25.7%	70.6	55.0	28.4%
2 Leuplin	(92.9)	LH-RH agonist	17.1	16.9	0.9%	45.1	44.4	1.4%
3 Basen	(94.9)	-glucosidase inhibitor	16.8	15.4	9.2%	44.9	40.2	11.5%
4 Takepron	(92.12)	Proton pump inhibitor	12.9	10.4	24.2%	33.4	26.6	25.6%
5 Pansoporin	(81.2)	Antibiotics	4.4	5.0	(12.0%)	12.1	13.3	(9.0%)
6 Isovorin	(99.10)	Cytostatics	4.2	4.1	1.7%	11.6	10.5	10.3%
7 Seltouch	(93.9)	Topical NSAID	3.7	3.5	3.7%	10.6	10.3	2.5%
8 Actos	(99.12)	Insulin sensitizer	3.5	2.9	20.7%	9.0	7.5	19.9%
9 Calslot	(90.9)	Calcium channel blocker	3.0	3.3	(9.7%)	8.2	9.1	(10.0%)
10 Benet	(02.5)	Bone resorption inhibitor	3.4	1.7	103.5%	8.1	3.7	119.5%
11 Glovenin	(91.11)	Immuno-globulin	2.3	2.7	(15.0%)	6.7	7.0	(4.9%)
12 Dasen	(68.11)	Anti-inflammatory enzyme	2.6	2.9	(9.7%)	6.6	7.0	(5.1%)
13 Firstcin	(95.8)	Antibiotics	2.4	2.7	(8.2%)	6.6	6.9	(4.2%)
14 Altat	(86.10)	H2-blocker	2.1	2.4	(10.9%)	5.8	6.5	(10.5%)
15 Rheumatrex	(99.8)	Anti-rheumatic	1.6	1.2	26.6%	4.0	3.2	26.2%

Sales of major items - Consumer Healthcare <Top 5 ranking>

<Third Quarter>

<Year-to-date>

(Billions of Yen)

Product	Oct.-Dec. 03	Oct.-Dec. 02	increase/ decrease	Apr.-Dec. 03	Apr.-Dec. 02	increase/ decrease
1 Alinamin A & EX	5.3	5.1	5.1%	14.6	14.5	0.8%
2 Alinamin V/V&V/Dynamic/7	3.8	4.0	(4.8%)	12.2	13.2	(7.3%)
3 Biofermin	1.6	1.6	1.1%	4.7	4.7	(0.4%)
4 Borraginol	1.3	1.3	0.4%	3.4	3.3	3.6%
5 Benza	0.9	3.3	(73.7%)	3.3	7.5	(56.2%)

Overview of project status (new compounds)

Development code <generic name>	Drug Class	Indications or formulation	Country/ region	Stage of development
TAK-375	MT ₁ /MT ₂ receptor agonist	Primary insomnia	Jpn	P-II
<ramelteon>			U.S.	P-III
			EU	P-III
		Circadian rhythm sleep disorder (CRSD)	U.S.	P-II
TAK-559	Insulin resistance-improving drug	Diabetes mellitus	Jpn	P-I
<Not decided yet>			U.S.	P-III
			EU	P-III
TAK-013	LH-RH antagonist	Endometriosis, uterine fibroid	Jpn	P-I
<sufugolix>			U.S.	P-II
			EU	P-II
MCC-135	Ca ⁺⁺ uptake enhancer/ Na ⁺ /Ca ⁺⁺ exchange system inhibitor	Chronic heart failure, myocardial infarction	U.S.	P-II
<caldaret>			EU	P-II
TAK-370	Serotonin 5-HT ₄ receptor agonist	Gastro-esophageal reflux disease (GERD)	U.S.	P-II
<mosapride citrate>				
TAK-475	Squalene synthase inhibitor	Hyperlipemia	EU	P-II
<Not decided yet>				
TAK-428	Neurotrophic factor production accelerator	Diabetic neuropathy	U.S.	P-II
<Not decided yet>			EU	P-II
TAK-654	Insulin resistance-improving drug	Diabetes mellitus	Jpn	P-I
<Not decided yet>			U.S.	P-II
			EU	P-II
TAK-802	AchE inhibitor	Hypoactive bladder	Jpn	P-II
<Not decided yet>				

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	Symptomatic-GERD	Jpn	P-III
Takepron (Jpn , Asia)		Injectable formulation	Jpn	P-III
Prevacid (U.S. , Asia)		Injectable formulation	U.S.	Filed (Dec 02)
Ogast , Agopton , Lansox , etc. (EU)		Smaller capsule	Jpn	Filed (Dec 02)
TAP-144-SR <leuprorelin acetate>	LH-RH agonist	3-Month depot/premenopausal breast cancer	Jpn	P-II
Leuplin (Jpn)		6-month depot/prostate cancer	U.S./EU	P-II/III
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> Blopess (Jpn , EU , Asia) Amias, Kenzen, etc. (EU)	Angiotensin II receptor antagonist	Chronic heart failure Diabetic nephropathy Fixed combination with diuretic High dose Outcome study, DIRECT (DIabetic RETinopathy Candesartan Trial)	Jpn EU Jpn Jpn EU	Filed (Dec 01) P-III P-II Filed (Dec 02) P-III 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) Combination therapy (45mg) Delay in progression of Atherosclerosis	EU U.S. U.S.	P-III Approved (Nov 03) P-III
AO-128 <voglibose> Basen (Jpn , Asia)	α -glucosidase inhibitor	Impaired glucose tolerance (IGT) Fast disintegrating tablet	Jpn Jpn	P-III Filed (Feb 03)
TAK-453-SR <morphine hydrochloride>	Morphine hydrochloride sustained release capsules	Cancerous pain	Jpn	Filed(Nov03)
MH-15E <morphine hydrochloride>	Morphine hydrochloride for extradural administration	Cancerous pain	Jpn	Filed (Jan 03)
NE-58095 <risedronate>	Bone resorption inhibitor	Once-a-week formulation	Jpn	P-III

Progress in pipeline stage (Oct-Dec.2003)

Development code	Indications or formulations	Brand name (country/region)	Progress of development stage
AG-1749	Lansoprazole capsules and naproxen tablets kit	Prevacid NapraPAC (US)	Filed Approved (Nov 03)
AD-4833	Combination therapy(45mg tablet)	Actos (US)	Filed Approved (Nov 03)
TAK-453-SR	Cancerous pain	<Not decided yet>	P-III NDA (Nov 03)

Special Issues

- Takeda had a co-development and co-marketing agreement with Eli Lilly about PKC β inhibitor(LY-333531) for Japanese market. 18 December 2003
- Takeda had a licensing agreement with Andrx about a combination drug of Actos and Fortamet(metformin). 29th December 2003.
- Takeda established "Takeda Global Research & Development Center,Inc" in Lincolnshire,IL USA. January 2004