

To the Board of Directors of Takeda Pharmaceutical Company Limited:

We have audited the accompanying consolidated balance sheets of Takeda Pharmaceutical Company Limited and subsidiaries as of March 31, 2006 and 2005, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended March 31, 2006, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Takeda Pharmaceutical Company Limited and subsidiaries as of March 31, 2006 and 2005, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2006, in conformity with accounting principles generally accepted in Japan.

As discussed in Note 15 to the consolidated financial statements, the Company changed its allocation method of corporate administrative expenses and related assets to each segment for the year ended March 31, 2006.

As discussed in Note 17 to the consolidated financial statements,

1. Takeda Food Products, Ltd., a wholly-owned subsidiary of the Company, transferred its food and beverage business in April 2006.
2. The Company repurchased treasury stock in accordance with the resolution of the Company's Board of Directors held on May 11, 2006.
3. The Company executed the share exchange to convert Daiwa Real Estate Company, Ltd. and Shinwa Real Estate Company, Ltd. into wholly-owned subsidiaries on June 23, 2006.
4. The Company received a notice of correction for transfer pricing taxation from the Osaka Regional Taxation Bureau on June 28, 2006.

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.



June 29, 2006