

[Descriptive Information and Financial Statements]

1. Descriptive Information on Consolidated Operating Results

(1) Introduction

In order to realize Takeda's goal of establishing itself as a "global pharmaceutical company", the Company has been working on the various strategies defined in the 2006–2010 Medium-term Plan. Of those strategies, with respect to "further strengthening ability to create new drugs", the Company has completed several important transactions this calendar year.

Firstly, the acquisition of U.S.-based Millennium Pharmaceuticals Inc. (Millennium) provides Takeda Group—in addition to its own historical strength in research technology that inhibits cancer cell proliferation—the additional strength of Millennium's novel research technology based on inducing cancer cell apoptosis and also provides outstanding clinical development capabilities, both of which significantly strengthens our in-house R&D capability in the oncology area. By focusing the Group's oncology efforts around Millennium, Takeda will further enhance its presence in the field and will continue to create superior new drugs that meet both the needs of patients suffering from cancer and the needs of the medical community.

Also, as a result of the Company acquiring US-based Amgen Inc. (Amgen)'s Japanese subsidiary, Amgen K.K., and also in-licensing the global rights for one candidate and domestic rights for 12 others from Amgen, a New Drug Application (NDA) was submitted to the Japanese Ministry of Health, Labour and Welfare for the anticancer drug Panitumumab, which was one of the in-licensed products. Also, in the U.S., Millennium's Velcade received an additional indication for first-line treatment of multiple myeloma—which enables the product's use in patients who have not yet received any prior medication.

Moreover with regard to Takeda's U.S. operations, the Company was able to combine the previously independent sales function of TAP Pharmaceutical Products Inc. ("TAP") with Takeda Pharmaceuticals North America Inc. ("TPNA"), and the development function of TAP with Takeda Global Research and Development Center Inc. ("TGRD") in June 2008. Thus, the long-term issue of the Company's U.S. operations structure has been resolved, allowing the creation of a more efficient and robust organization.

Although the consolidation of TAP and Millennium in May increases consolidated sales, there is a concentration of expenses, such as acquisition costs, that will cause a temporary decrease in profit in this fiscal year. However, it is expected these transactions will contribute to Takeda's growth and maximization of Takeda's corporate value over the medium-to-long term, thereby allowing for greater profit distribution to shareholders through a stable increase of dividend payouts and the flexible conduct of share buybacks.

However, due to the U.S. financial crisis which has caused drops in global share indexes of historical proportion and rapid variations in the exchange rate markets, it seems more likely that there will be a global slowdown. Our market environment is becoming more challenging due to the implementation of a stricter approval process for new drugs, in addition to initiatives in Japan, the U.S., and Europe to promote generic drug use and further restrain healthcare expenditures. The Company pays keen attention to changes in its business environment and continues to closely monitor a variety of risk factors affecting its business in order to make steady efforts towards achieving sustained growth of sales and profits. In particular, the priority in this financial year is the leveraging of the Company's established U.S. franchises for Actos and Lansoprazole (U.S. product name; Prevacid), to achieve U.S. marketing approval of SYR-322 (generic name: alogliptin, a drug for Type 2 diabetes treatment), and TAK-390MR (generic name: dexlansoprazole, a drug for peptic ulcer treatment)—both of which are under review by the FDA for marketing approval—and to maximize each product's market potential.

Takeda received notification from the U.S. Food and Drug Administration (FDA) that the agency would not be able to complete its review of the SYR-322 NDA and TAK-390MR NDA by their respective original Prescription Drug User Fee Act (PDUFA) dates(*). These postponements were due to delays in the review process by the FDA, and not related to the data contained in the NDAs. The Company was notified by the FDA that the revised date to complete the review of TAK-390MR is January 31, 2009. The Company has not received any indication from the FDA with respect to the revised date for SYR-322. The Company will continue to work closely with the FDA providing timely and appropriate responses with the aim of receiving market approvals for the two candidates by the end of this fiscal year. We will also aim to receive market approval for TMX-67, a drug for Hyperuricemia in patients with chronic gout, by the end of this fiscal year.

(*) SYR-322: October 27, 2008; TAK-390MR: October 31, 2008 (U.S. time in both cases)

(2) Overview of Six-Month Consolidated Operating Results (April 1 to September 30, 2008)

Six-month consolidated results (April 1 to September 30, 2008) were as follows:

	<i>Billions of yen</i>	Change from the same period last year
Net Sales	¥807.1	[Increase ¥98.7 (13.9%)]
Operating Income	¥85.0	[Decrease ¥179.9 (67.9%)]
Ordinary Income	¥101.0	[Decrease ¥232.7 (69.7%)]
Net Income	¥71.8	[Decrease ¥146.2 (67.1%)]

[Impact of restructuring Takeda's U.S. operations through division and consolidation of TAP into a wholly owned subsidiary, and acquisition of Millennium]

“The Company’s division and consolidation of TAP” and “the acquisition of Millennium” were accounted for in accordance with the US accounting standards, Statement of Financial Accounting Standards No. 141 “Business Combination” and the Japanese accounting standards, “the Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (ASBJ PITF No. 18).

Impacts of these accounting treatments to the six-month consolidated results (April 1 to September 30, 2008) are as follows.

<Division and Consolidation of TAP into a Wholly Owned Subsidiary>

Amortization of intangible assets [Selling, general and administrative expenses]	¥12.4 billion (US\$117 million)
In-process research and development expenses [R&D expenses]	¥57.3 billion (US\$540 million)
Gain from transfer of the Lupron business [Extraordinary income]	¥75.3 billion (US\$709 million)

<Acquisition of Millennium>

Amortization of intangible assets [Selling, general and administrative expenses]	¥19.9 billion (US\$187 million)
Amortization of goodwill [Selling, general and administrative expenses]	¥6.8 billion (US\$64 million)
In-process research and development expenses [R&D expenses]	¥111.4 billion (US\$1,050 million)

(Note) The above figures in Japanese yen were translated by average exchange rate between US dollars and Japanese yen of the first and the second quarters.
Descriptions in [] represent categories on the income statement for the respective items.

[Net sales]

Consolidated net sales increased ¥98.7 billion (13.9%) to ¥807.1 billion over the same period of the previous year.

- While impact of foreign exchange rate fluctuations decreased revenues, the consolidated net sales increased due to inclusion of TAP and Millennium into the consolidation and increase of net sales in Japan.
- The impact of foreign exchange rate fluctuations decreased revenues by ¥28.0 billion compared to the same period of the previous year, as a result of the significant appreciation of the yen against the US dollar.
- The table below shows consolidated sales of Takeda's major international strategic products:

Billions of yen

Drug for Type II diabetes treatment Pioglitazone (Product name: Actos)	¥203.2	Decrease ¥3.9 billion (1.9%) from same period previous year
Drug for peptic ulcer treatment Lansoprazole (Japanese product name: Takepron)	¥149.1	Increase ¥71.5 billion (92.2%) from same period previous year
Drug for hypertension treatment Candesartan (Japanese product name: Blopress)	¥119.4	Increase ¥6.6 billion (5.8%) from same period previous year
Drug for treatment of prostate cancer, breast cancer and endometriosis Leuprorelin (Japanese product name: Leuplin)	¥65.1	Increase ¥0.6 billion (0.9%) from same period previous year

(*) Although sales of Pioglitazone (Product name: Actos) increased on a local currency base in the U.S., sales recorded in the consolidated income statement decreased when compared to the same period of the previous year due to appreciation of the Japanese yen to the US dollar.

Sales of Lansoprazole (Japanese product name: Takepron) increased significantly when compared to the same period of the previous year due to consolidation of TAP, which previously sold the same product in the US market (US product name: Prevacid).

[Operating income]

The Company recorded consolidated operating income of ¥85.0 billion, a decrease of ¥179.9 billion (67.9%) compared with the operating income reported in the same period of the previous year.

- While gross profit increased by ¥88.1 billion (15.5%) to ¥656.4 billion, operating income decreased as a result of Selling, general and administrative expense increase by ¥267.9 billion (88.3%) mainly due to R&D and amortization of intangible assets.
- R&D expenses increased by ¥213.8 billion (199.2%) compared with the same period of the previous year, due to US\$1,590 million of in-process R&D being fully recorded as a result of the consolidation of TAP and Millennium as subsidiaries.
- Selling, general and administrative expenses other than R&D expenses increased by ¥54.2 billion (27.6%) mainly due to amortization of intangible assets acquired in the TAP division and the Millennium acquisition.

[Ordinary income]

The Company recorded consolidated ordinary income of ¥101.0 billion, a decrease of ¥232.7 billion (69.7%) compared with the ordinary income reported in the same period of the previous year.

- In addition to the decrease of the operating income, ordinary income decreased because of non-operating income decreasing by ¥52.8 billion (76.8%) due to a reduction in interest income resulting from a significant decrease in cash at hand in the U.S. and lower interest rates, as well as a decrease in equity in earnings of affiliates due to the consolidation of TAP as a wholly owned subsidiary.
- Equity in earnings of affiliates decreased by ¥29.0 billion (92.0%) to ¥2.5 billion.

[Net income]

The Company recorded consolidated net income of ¥71.8 billion, a decrease of ¥146.2 billion (67.1%) compared with the net income reported in the same period of the previous year.

- While extraordinary income increased by ¥46.1 billion due to a US\$ 709 million gain from transfer of the Lupron business as a part of the division of TAP, net income decreased as a result of the significant decrease in ordinary income.
- Earnings per share decreased by ¥168.21 (65.8%) to ¥87.33 from the same period of the previous year.
- Earnings per share excluding extraordinary income (loss) and other extraordinary factors arising from business acquisitions and similar events (see Note below), which the Company uses as one of its target management indices, decreased by ¥1.13 (0.5%) to ¥234.30.

(Note) "Earnings per share excluding extraordinary income (loss) and other extraordinary factors arising from business acquisitions and similar events" were calculated by deducting the following incomes, losses and charges from net income.

- (1) Extraordinary income/loss resulting from sales of non-drug businesses and idle real properties, and
- (2) Amortization of goodwill and intangible fixed assets, and in-process R&D expenses arising in connection with business acquisitions and other similar events

(3) Results by Segment for the six months (April 1 to September 30, 2008)

1) Business Segments

The following table shows sales and operating income of each business segment for the six months (April 1 to September 30, 2008)

Type of business	Net sales		Operating income	
	Amount	Change from the same period last year	Amount	Change from the same period last year
Pharmaceuticals segment	¥760.3	Increase ¥102.4	¥80.1	Decrease ¥178.2
Ethical Drugs	¥726.4	Increase ¥98.9		
<Japan>	<¥274.4>	<Increase ¥8.7>		
<Overseas>	<¥452.0>	<Increase ¥90.2>		
Consumer healthcare	¥33.9	Increase ¥3.5		
Other Segments	¥46.8	Decrease ¥3.7	¥4.9	Decrease ¥1.5
Total	¥807.1	Increase ¥98.7	¥85.0	Decrease ¥179.9

Note: Net sales for each segment refer to sales to other than consolidated Group companies.

[Pharmaceuticals Segment]

Consolidated net sales by the **Pharmaceuticals** segment increased by ¥102.4 billion (15.6%) to ¥760.3 billion. However, operating income decreased by ¥178.2 billion (69.0%) to ¥80.1 billion compared with the same period of the previous year, which was mainly due to the amortization of intangible assets and recording of in-process R&D expenses in connection with the consolidation of TAP and Millennium as wholly owned subsidiaries.

- Sales by the **Ethical Drugs** business increased by ¥98.9 billion (15.8%) to ¥726.4 billion. **Sales in Japan** increased by ¥8.7 billion (3.3%) to ¥274.4 billion, owing to growth of the sales of Enbrel, a drug for rheumatoid arthritis treatment, Actos, a drug for Type 2 diabetes treatment, and Takepron, a drug for peptic ulcer treatment, despite the unfavorable revision of National Health Insurance (NHI) prices in April 2008.

The following table shows sales results of major products in Japan.

Billions of yen

Blopress (Drug for hypertension treatment)	¥67.6	Decrease of ¥1.0 (1.5%) from same period of the previous year
Takepron (Drug for peptic ulcer treatment)	¥34.2	Increase of ¥2.7 (8.7%) from same period of the previous year
Leuplin (Drug for treatment of prostate cancer, breast cancer and endometriosis)	¥32.9	Decrease of ¥0.4 (1.2%) from same period of the previous year
Basen (Drug for treatment for postprandial hyperglycemia in diabetes mellitus)	¥24.1	Decrease of ¥3.0 (11.2%) from same period of the previous year
Actos (Drug for Type II diabetes treatment)	¥23.7	Increase of ¥3.6 (17.9%) from same period of the previous year
Enbrel (Drug for rheumatoid arthritis treatment)	¥13.0	Increase of ¥4.6 (53.8%) from same period of the previous year

Sales of Ethical drugs in overseas markets increased by ¥90.2 billion (24.9%) to ¥452.0 billion compared to the same period of the previous year, despite the negative effect of the higher yen against the U.S. dollar.

In the U.S., the consolidation of TAP and Millennium as subsidiaries resulted in the inclusion of the sales of Lansoprazole and Velcade (a drug for multiple myeloma), which contributed to the growth in consolidated net sales.

Sales of Actos by TPNA increased by US\$72 million (5.0%) to US\$1,500 million due to Actoplus Met, a combination of Actos and metformin. In Europe, net sales increased, supported by the growth of Actos sales, while sales of Lansoprazole decreased.

Sales by the **Consumer Healthcare** business increased by ¥3.5 billion (11.4%) to ¥33.9 billion, supported by the sales increase in Benza (a cold remedy) and Nicorette (a smoking cessation product) as well as the contribution of Actage SN Tablet (a vitamin product) introduced into the market in November 2007.

[Other Segments]

Sales by **Other Segments** decreased by ¥3.7 billion (7.3%) from the same period of the previous year to ¥46.8 billion. Operating income decreased by ¥1.5 billion (23.7%) to ¥4.9 billion.

2) Geographical Segments

The following table shows sales and operating income of each geographical segment for the six months (April 1 to September 30, 2008):

Billions of yen

Geographical segment	Net sales		Operating income	
	Amount	Change from same period last year	Amount	Change from same period last year
Japan	¥425.7	Decrease ¥11.7	¥272.8	Decrease ¥12.6
North America	¥302.6	Increase ¥110.6	¥104.7	Increase ¥33.3
Europe	¥74.1	Increase ¥0.2	¥19.4	Decrease ¥0.1
Asia	¥4.8	Decrease ¥0.5	¥0.8	Decrease ¥0.4
Elimination/Corporate	—	—	(¥312.6)	Decrease ¥200.0
Total	¥807.1	Increase ¥98.7	¥85.0	Decrease ¥179.9

- (Note 1) Net Sales for each segment refer to sales to other than consolidated Group companies. Operating expenses included in the “Elimination/Corporate” classification include R&D expenses subject to central management of the Group.
- (Note 2) Net sales and operating income of Japan decreased because sales from the Company to TAP were no longer included from May 2008 due to the consolidation of TAP as a wholly owned subsidiary.
- (Note 3) Net sales and operating income of North America increased significantly because of the consolidation of TAP and Millennium from May 2008.

* ASBJ Statement No. 12 “Accounting Standard for Quarterly Financial Reporting” and its Implementation Guidance, ASBJ Guidance No. 14 “Guidance on Accounting Standard for Quarterly Financial Reporting” have been adopted and implemented since the beginning of fiscal 2008. Therefore, the accounting standards applied to the preparation of the six-month income statement of fiscal 2008 are different from those applied to the preparation of the interim income statement of fiscal 2007. “Changes from same period last year” in the above are provided only for reference purposes.

(4) Management Policy

Basic Management Policy

Focusing on “Takeda-ism (which refers to integrity equaling fairness, honesty, and perseverance) as the basis for all its business activities, Takeda is aiming to realize its management mission of “striving toward better health for individuals and progress in medicine by developing superior pharmaceutical products.”

As part of the five-year 2006-2010 Medium-Term Plan, Takeda has been working towards the “creation of a global pharmaceutical company” with a strong medium-to long-term vision. Takeda aims to achieve this goal by focusing its collective efforts so as to enhance its inherent strengths, such as its “capability to establish and implement in-depth strategies from a long-term perspective” and its “high productivity and efficiency.” At the same time, all energies of the Group will be concentrated on the following tasks, with a view to maximizing the company’s corporate value.

1) Enhancement of R&D pipeline centered on creation of new drugs from in-house R&D activities

As a “Research & Development-driven global pharmaceutical company,” Takeda will establish an organization that is able to consistently create new drugs from in-house research. In accordance with predetermined priorities, resources will be concentrated on selected strategic projects in order to improve the speed and efficiency of R&D. The Company will achieve steady growth over the medium-to long-term, mainly driven by its in-house products. Especially in fiscal 2008, Takeda will solidify its R&D infrastructure for cancer drugs, firmly establishing oncology as the second of its core therapeutic fields after lifestyle-related diseases. Moreover, our top priority is on the earliest acquisition of U.S. marketing approval for the next-generation core strategic products (applications for their respective marketing approvals were filed with FDA at the end of 2007) and the maximization of product added value.

2) Realization of independent global marketing operations

Takeda will realize its own unique and efficient marketing operations by sharing best practices in marketing activities and marketing operations structure between Japan, the Americas, Europe and Asia, while also maintaining independent operation management systems that take into account the different regulations and business practices in the respective regions. In particular, in fiscal 2008, Takeda will seek early acquisition of marketing approval of the next generation core strategic products, for which NDAs were filed with the FDA late last year, and maximization of their sales by utilizing its marketing organization formed by the restructuring of operations in the U.S.

3) Promotion of an efficient global management system

In addition to promoting corporate functions, group-wide management of R&D, production, marketing, alliances, and intellectual property will be further promoted. By focusing on both optimum business operations globally and adaptation to the unique business environment in each region, Takeda aims to establish more efficient global management system.

Takeda has the following management indicators. Earnings per share (EPS): annual growth of 7% on average (excluding extraordinary profit/loss, acquisitions and other special factors; see note below); and return on equity (ROE): to maintain the fiscal 2005 level. In order to attain these targets, Takada will actively challenge the above-mentioned tasks and various other management issues.

(Note) EPS (excluding extraordinary income/loss, acquisitions and other special factors)

Net income for the year less:

(1) Extraordinary income/loss resulting from sales of non-drug businesses and unutilized real estate, etc.,

and

(2) Amortization of goodwill, intangible fixed assets and in-process R&D expenses (lump-sum depreciation of fair appraisal value of development pipeline) incurred through M&A activities, etc.,

divided by the average number of outstanding shares during the year.

(5) Restructuring of U.S. Operations

In April 2008, TAP, a joint venture in the U.S. between Takeda America Holdings, Inc. ("TAH") and Abbott Laboratories ("Abbott"), was divided into two separate companies, and TAP became a wholly owned subsidiary of the Company.

As part of this company division, assets relating to the Leuprorelin (U.S. product name: Lupron-depot) business were transferred to Abbott. On the other hand, TAP, which became a wholly owned subsidiary of the Company, continued to own assets relating to Prevacid (already marketed), TAK-390MR (a drug for peptic ulcer treatment, application for marketing approval already filed) and TMX-67 (a drug for hyperuricemia for patients with chronic gout).

Subsequently in June 2008, TAP was merged into TPNA. Simultaneously, TPNA made an investment-in-kind in TGRD by contributing TAP's development function. Through this transaction, the previously separated functions of TPNA, TGRD and TAP were rationalized with the marketing functions concentrated with TPNA, and the development functions concentrated with TGRD, respectively.

By maximizing the efficiencies and synergies of the restructured U.S. operations, Takeda will continue to realize enhancement of its presence in the U.S., the world's largest drug market and to secure the global expansion of the Group.

(6) Acquisition of Millennium

In May 2008, Takeda acquired Millennium for approximately US\$ 8.9 billion through tender offer which was exercised by the Group's wholly owned subsidiary, TAH.

In addition to further strengthening its advantage in the lifestyle-related disease field, the Company has placed oncology as a next generation core therapeutic area due to the considerable unmet needs in this field. To this end, Millennium has been positioned as the core of excellence in oncology for the Takeda Group.

In particular, the Company will establish internal structures to ensure that Millennium can maximize the value of the expertise that they have developed in the oncology field and allow Millennium to take Group leadership for development in the oncology field. Through this strategy, the Company seeks to establish its position as a leading company in the oncology field and to achieve its target of becoming a Top 3 global oncology company in the field, by maximizing the synergies from the Millennium acquisition and enhancing expansion of its R&D pipelines.

<Overview of Millennium>

Millennium is a leading biopharmaceutical company in the oncology field, which was established in 1993. Millennium concentrates on R&D for epoch-making ethical drugs and focuses research on the oncology and inflammation areas, with a strong R&D engine that applies Millennium's knowledge of the human genome, understanding of disease mechanisms and research component technology.

In May 2003, Millennium began marketing VELCADE, a proteasome inhibitor that is highly effective as an innovative anticancer agent. Millennium also has a promising pipeline in the oncology and inflammation disease fields.

(7) Basic Policy for Profit Distribution and Dividends for Fiscal 2008, and Treasury Stock Buyback/Cancellation

1) Basic Policy for Profit Distribution

In order to ensure sustainable growth in corporate value, Takeda will continue to make strategic investments with the aim of enhancing its R&D pipeline in a way suitable to a Research & Development-driven global pharmaceutical company, and of improving its business infrastructure both in Japan and overseas. As for profit distribution, Takeda plans to flexibly buy back shares, in order to improve capital efficiency and further promote return to shareholders, taking into consideration its overall capital requirements, as well as the stable enhancement of the dividend payout ratio.

Takeda's basic dividend policy, from a long-term perspective, is to maintain stable profit distribution that is appropriate to the company's consolidated financial results. At the same time, we plan to gradually increase the consolidated dividend payout ratio, targeting around 45% (on earnings before amortization of intangible assets associated with acquisition on Millennium as a wholly owned subsidiary) in fiscal 2010, the final year of the 2006-2010 Medium-term Plan.

2) Dividends for Fiscal 2008

For six months ended September 30, 2008, the Company will pay an interim dividend of ¥88 per share, an increase of ¥4 over the same period of the previous year. The Company plans to pay a year-end dividend of ¥88 per share. Accordingly, the annual dividends paid to shareholders, the sum of the interim and year-end dividends, will be ¥176 (consolidated payout ratio 41.9%), and increase of ¥8 from the previous year.

3) Treasury Stock Buyback/Cancellation

During the period from April through September 2008, the Company bought back 27,994 thousand shares on the market for ¥157.8 billion, based upon a resolution by the board of directors of the Company. In October 2008, the Company also bought back 9,000 thousand shares on the market for ¥47.6 billion, upon a resolution by the board of directors of the Company. Cumulatively, the Company has bought 82,397 thousand treasury stocks back on the market for ¥547.5 billion since May 2006.

And, on October 20, 2008, the board of directors resolved that the Company is authorized to buy back up to 11 million shares for up to ¥50.0 billion.

Moreover, 74,120 thousand shares of treasury stock (8.33% of the total outstanding shares as of March 31, 2008) were cancelled.

(8) Research & Development

Seeking to enhance its R&D pipelines, which serve as sources for growth, and the earliest possible launch of new products into the market, Takeda intensively invests its management resources in its core therapeutic areas of lifestyle-related diseases; oncology and urological diseases (including gynecology); central nervous system diseases (including bone and joint disorders); and gastroenterological diseases, through the three strategic pillars of in-house research and development, maximization of product added value and in-licensing and alliances. Major results of R&D activities during the six months ended September 30, 2008 are:

[In-house R&D]

- In June 2008, at the 68th convention of the American Diabetes Association, the results of the Phase III clinical trials for alogliptin (a drug for Type II diabetes "SYR-322") were presented. It was confirmed in this trial that oral administration of the drug once a day, in a single use or combined with a therapy using metformins, thiazolidinediones, insulins, or sulfonylurea (SU), all of which are major treatments for Type II diabetes, significantly lowers HbA1c (HemoglobinA1c).

- In September 2008, Takeda filed an application with the Ministry of Health, Labour and Welfare for an approval of production and marketing of alogliptin (a drug for Type II diabetes "SYR-322").

[Maximization of Added Value of Products]

<Voglibose (Japanese product name: Basen)>

- In May 2008, at the 51st convention of the Japan Diabetes Society, the results of the Phase III clinical trials of Voglibose for impaired glucose tolerance were presented. It was confirmed in this trial that onset of Type II diabetes can be controlled by combining the medication of this drug with improvement of patients' life style.

<Bortezomib (Product name: VELCADE)>

- In June 2008, Takeda received approval from the U.S. Food and Drug Administration (FDA) for VELCADE, as a first-line treatment for multiple myeloma.

<Risedronate (Japanese product name: Benet)>

- In July 2008, Takeda acquired the approval from the Ministry of Health, Labour and Welfare for an indication of Paget's disease of bone for Benet Tablet 17.5mg.

<Pioglitazone (Product name: Actos)>

- In September 2008, Takeda submitted a New Drug Application (NDA) to the U.S. Food and Drug Administration (FDA) for marketing approval of alogliptin (SYR-322) /Actos (pioglitazone HCl) in a single tablet, for treatment of Type II diabetes.

- In September 2008, Takeda filed an application with the Ministry of Health, Labour and Welfare for an approval of production and marketing of Actos orally disintegrating tablets 15 and 30 (pioglitazone HCl; Actos OD tablets), for the treatment of Type II diabetes.

- In October 2008, Takeda filed an application with the Ministry of Health, Labour and Welfare for an approval of production and marketing of a fixed dose combination tablet of Actos with metformin, for the treatment of Type II diabetes.

<Candesartan (Japanese product name: Blopess)>

- In September 2008, Data from the DIRECT(*) Trial Programme, the first large-scale study programme assessing the effect of treatment with an angiotensin receptor blocker (ARB) on the incidence and progression of diabetic eye complications, was presented at the 44th European Association of the Study of Diabetes (EASD) congress. The data showed a strong trend in favour of treatment with candesartan in reducing the incidence of diabetic retinopathy in Type I diabetes patients and a significant increase in regression of diabetic retinopathy in Type II diabetes patients.

(*)Diabetic RETinopathy Candesartan Trials

[In-licensing and Alliance Activities]

- In May 2008, Takeda entered into a non-exclusive license agreement and a related joint R&D agreement with Alnylam Pharmaceuticals, Inc. in the U.S., with respect to platform technologies for RNAi therapeutics (*) in the oncology and metabolic disease fields.

* “RNAi therapeutics” are a kind of nucleic acids-based therapeutic. Unlike conventional low-molecular medicines that act on proteins such as enzymes and receptors, RNAi medicines directly and selectively act on genes that produce disease-causing proteins.

- In June 2008, Takeda filed an application with the Ministry of Health, Labour and Welfare for the approval of production and marketing of Panitumumab as an anticancer drug for progressed and /or relapse colorectal cancer.

[Improvement and Reinforcement of R&D Organization]

- In April 2008, Takeda Bio Development Center Limited, a wholly owned subsidiary of Takeda, commenced business operations. Takeda Bio Development Center is engaged in clinical development of antibody drugs for cancers, inflammations, acute pain and other diseases, licensed from Amgen, Inc. in the U.S.

- In September 2008, Takeda established a wholly-owned subsidiary, “Takeda Clinical Research Singapore Private Limited” (TCRS) in the Republic of Singapore as its center of clinical development in the Asia-Oceania region. TCRS supports development activities in Japan, the US and Europe and works closely with “Takeda Pharmaceuticals Asia Private Limited” (TPAsia), a wholly-owned subsidiary of Takeda for overall sales and marketing in Asia that was also established in Singapore at the same time. Through collaboration with TPAsia, TCRS will strive to obtain approvals of its products so as to meet the needs of Asian markets, and also implement management strategies to maximize the added value of such products, especially in the five Asian countries where Takeda has already established marketing subsidiaries and affiliates.

2. Descriptive Information on Consolidated Financial Position

[Assets]

Total assets as of the end of the second quarter (September 30, 2008) were ¥2,979.1 billion, an increase of ¥129.8 billion compared with the end of the previous fiscal year (March 31, 2008). Current assets decreased by ¥695.8 billion due to the payout related to acquisition of Millennium. However, fixed assets increased due to recording of intangible assets as a result of new inclusion of TAP and Millennium into consolidation as subsidiaries.

[Liabilities]

Total liabilities as of the end of the second quarter were ¥787.9 billion, an increase of ¥261.1 billion compared with the end of the previous fiscal year. Deferred tax liabilities were recorded in connection with intangible assets relating to the inclusion of TAP and Millennium into consolidation as subsidiaries. The division of TAP was an equal-value division. Therefore, value adjustment is necessary to make the value of the portion assigned to Abbott equal to the portion acquired by the Company. This adjustment will be made over the succeeding five years. The amount expected to be paid for this adjustment was provided as “other fixed liabilities”. Due to these factors, liabilities increased.

[Net Assets]

Net assets as of the end of the second quarter were ¥2,191.2 billion, a decrease of ¥131.3 billion compared with the end of the previous fiscal year. This decrease was mainly due to the decrease in shareholders' equity as a result of dividend payments and treasury share buy-back.

The shareholders' equity ratio decreased by 7.9 points from the end of the previous year to 72.1%.