

# Summary of Financial Statements for the Six Month Period Ended September 30, 2012 (Japan GAAP, Consolidated)

October 31, 2012

## Takeda Pharmaceutical Company Limited

Stock exchange listings: Osaka, Tokyo, Nagoya, Fukuoka, Sapporo

TSE Code: 4502

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

Representative: Yasuchika Hasegawa, President & CEO

Contact: Hiroshi Ohtsuki

Telephone: +81-3-3278-2037

Corporate Officer, Senior Vice President,

Corporate Communications Department

Scheduled date of securities report submission: November 14, 2012

Scheduled date of dividend payment commencement: December 3, 2012

Supplementary materials for the quarterly financial statements: Yes

Presentation to explain for the quarterly financial statements: Yes

(Millions of yen, rounded to the nearest million)

## 1. Consolidated Financial Results for the Six Month Period Ended September 30, 2012 (April 1 to September 30, 2012)

### (1) Consolidated Operating Results (year to date)

(Percentage figures represent changes over the same period of the previous year)

|   | Net sales   |            | Operating income |            | Ordinary income |            | Net income  |            |
|---|-------------|------------|------------------|------------|-----------------|------------|-------------|------------|
|   | (¥ million) | change (%) | (¥ million)      | change (%) | (¥ million)     | change (%) | (¥ million) | change (%) |
| Six month period ended September 30, 2012 | 786,936     | 12.0       | 108,576          | (48.6)     | 113,099         | (46.0)     | 119,790     | (11.7)     |
| Six month period ended September 30, 2011 | 702,502     | (1.6)      | 211,046          | (4.8)      | 209,551         | (7.1)      | 135,660     | (5.9)      |

(Note) Comprehensive income  
 Six month period ended September 30, 2012 ¥ (18,969) million (—%)  
 Six month period ended September 30, 2011 ¥ (32,202) million (—%)

|   | Earnings per share (¥) | Fully diluted earnings per share (¥) |
|---|------------------------|--------------------------------------|
| Six month period ended September 30, 2012 | 151.74                 | 151.71                               |
| Six month period ended September 30, 2011 | 171.85                 | 171.83                               |

### (2) Consolidated Financial Position

|                          | Total assets (¥ million) | Net assets (¥ million) | Shareholders' equity ratio (%) | Shareholders' equity per share (¥) |
|--------------------------|--------------------------|------------------------|--------------------------------|------------------------------------|
| As of September 30, 2012 | 3,482,163                | 1,971,198              | 54.9                           | 2,422.03                           |
| As of March 31, 2012     | 3,577,030                | 2,071,866              | 56.2                           | 2,548.53                           |

(Reference) Shareholders' equity  
 As of September 30, 2012 ¥ 1,912,078 million  
 As of March 31, 2012 ¥ 2,011,841 million

## 2. Dividends

|                          | Annual dividend per share (¥) |                 |                 |          |       |
|--------------------------|-------------------------------|-----------------|-----------------|----------|-------|
|                          | 1st quarter end               | 2nd quarter end | 3rd quarter end | Year-end | Total |
| Fiscal 2011              | —                             | 90.0            | —               | 90.0     | 180.0 |
| Fiscal 2012              | —                             | 90.0            | —               | —        | —     |
| Fiscal 2012 (Projection) | —                             | —               | —               | 90.0     | 180.0 |

(Note) Modifications in the dividend projection from the latest announcement: None

## 3. Forecasts for Consolidated Operating Results for Fiscal 2012 (April 1, 2012 to March 31, 2013)

(Percentage figures represent changes from the previous year.)

|             | Net sales   |            | Operating income |            | Ordinary income |            | Net income  |            | Earnings per share (¥) |
|-------------|-------------|------------|------------------|------------|-----------------|------------|-------------|------------|------------------------|
|             | (¥ million) | change (%) | (¥ million)      | change (%) | (¥ million)     | change (%) | (¥ million) | change (%) |                        |
| Fiscal 2012 | 1,550,000   | 2.7        | 160,000          | (39.6)     | 150,000         | (44.5)     | 155,000     | 24.8       | 196.35                 |

(Note) Modifications in forecasts of consolidated operating results from the latest announcement: None

#### 4. Additional Information

- (1) Changes in significant subsidiaries during the period : No  
(changes in specified subsidiaries resulting in the change in consolidation scope)
- (2) Adoption of special accounting treatments for quarterly consolidated financial statements: Yes  
(Note) For details, refer to “2. Additional Information in Summary” on Page 11.
- (3) Changes in accounting policies, changes in accounting estimates and restatements
- |  |       |
|--|-------|
| 1) Changes in accounting policies due to revisions of accounting standards, etc. | : Yes |
| 2) Changes in accounting policies other than 1)                                  | : No  |
| 3) Changes in accounting estimates   | : Yes |
| 4) Restatements  | : No  |
- (Note) For details, refer to “2. Additional Information in Summary” on Page 11.
- (4) Number of shares outstanding (common stock)
- |  |                    |
|--|--------------------|
| 1) Number of shares outstanding (including treasury stock) at term end:                      |                    |
| September 30, 2012   | 789,666,095 shares |
| March 31, 2012   | 789,666,095 shares |
| 2) Number of shares of treasury stock at term end:   |                    |
| September 30, 2012   | 214,547 shares     |
| March 31, 2012   | 252,486 shares     |
| 3) Average number of outstanding shares (for the six month period ended September 30, 2012): |                    |
| September 30, 2012   | 789,422,792 shares |
| September 30, 2011   | 789,387,660 shares |

##### \* Implementation status about the quarterly review

- This summary of financial statements is exempt from quarterly review procedures required by Financial Instruments and Exchange Act. A part of quarterly review for securities report based on Financial Instruments and Exchange Act has not finished at the time of disclosure of this summary of financial statements. The securities report for the six month period ended September 30, 2012 is scheduled to be disclosed on November 14, 2012 after completion of the quarterly review.

##### \* Note to ensure appropriate use of forecasts, and other comments in particular

- The operating results of the Company are subject to various risks at present and in the future, such as changes of business environment and the impact from foreign exchange rate fluctuation. All forecasts in this presentation are based on information currently available to the management. The company will disclose necessary information in a timely manner when the management believes there will be significant impacts to the consolidated results due to the changes in the business environment or other events. For further details, please refer to “1. Qualitative Information for the Six Month Period Ended September 30, 2012 (3) Outlook for Fiscal 2012” on Page 10.
- Supplementary materials for the financial statement, presentation materials for the earnings release conference which is scheduled on October 31, 2012 and video of the conference including question-and-answer session will be promptly posted on the Company’s website.  
(Website of the Company)  
[http://www.takeda.com/investor-information/quarterly-results/index\\_869.html](http://www.takeda.com/investor-information/quarterly-results/index_869.html)



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## 1. Qualitative Information for the Six Month Period Ended September, 2012

### (1) Analysis of Consolidated Operating Results

#### (i) Overview

In the world economy, the financial crisis in Europe remains unpredictable and may result in slower economic growth not only in developed countries but also in emerging markets. Regarding the Japanese economy, prospects are challenged by decreased international competitiveness of domestic companies, as well as the worsening Japan-China relationship impacting Japanese business activities in China.

In the global pharmaceutical market, negative factors including a string of patent lapses for major products, economic stagnation as well as increasingly severe national policies for medical cost reduction in many countries have impacted sales growth, mainly in developed countries. In the area of R&D, companies have been facing a number of challenges, such as relatively limited novel drug breakthroughs caused by difficulties in the translating of new innovations to products in the marketplace as well as increasingly stringent criteria for the approval of new drugs. Meanwhile, there are high expectations for new innovations with the potential for creating new drugs to meet currently unmet medical needs, including the application of iPS cells produced by Professor Shinya Yamanaka, winner of the 2012 Nobel Prize in Physiology or Medicine.

Based on the “2012-2014 Mid-Range Plan,” Takeda Pharmaceutical Company Limited (“Takeda”) has been striving to achieve “Growth” through “Innovation” and “Culture” in order to realize the goal of “Transformation into a New Takeda.” Specifically, the company is striving to strengthen its global presence by achieving the early launch of products, particularly in the countries in which a sales infrastructure was added as part of the Nycomed acquisition, and by providing products suitable to the respective market needs in developed and emerging markets. In addition to obtaining approvals for late-stage pipeline products and creating new compounds by intensively allocating resources to core therapeutic areas, Takeda continues efforts to improve R&D productivity, including the elucidation of pathologic mechanisms. The company is working to develop evaluation methods in drug discovery utilizing iPS cells and other technologies as described above while also making investments that are essential to sustainable growth in the future.

#### <Initiatives in Developed Countries>

In June 2012, Takeda strengthened its franchise in gout treatment in the U.S., through the acquisition of URL Pharma, Inc. with its leading product Colcrys (a drug for treatment of acute gout). Here, Takeda is able to realize synergy with its existing product Uloric (a drug for hyperuricemia for adult patients with chronic gout). New products include the April 2012 marketing launch of OMONTYS (a drug for treatment of anemia due to chronic kidney disease) in the U.S. OMONTYS is the first once-monthly erythropoiesis stimulating agent approved in the U.S. for adult patients on dialysis. In Japan, Takeda began marketing AZILVA (a drug for hypertension) in May 2012. In clinical trials comparing its effectiveness with Blopress (angiotensin II receptor blocker), one of Takeda’s core products and the most popular prescription drug in Japan, the superior effectiveness of AZILVA for lowering blood pressure was verified.

#### <Initiatives in Emerging Markets>

Takeda has strengthened efforts in emerging markets which are expected to contribute approximately 70% of global pharmaceutical market growth in the next several years.

In July 2012, to respond to diverse medical needs in Brazil, Takeda completed the acquisition of Multilab Indústria e Comércio de Produtos Farmacêuticos Ltda. (“Multilab”). Multilab provides its own brand generic drugs (branded drugs that have lost exclusivity), OTC products including Multigrip, the country’s best-selling OTC product for cold and flu treatment, and other drugs that have strong demand in Brazil. This acquisition positions Takeda as one of the top ten pharmaceutical companies in the country.

In September 2012, Takeda completed construction of its pharmaceutical manufacturing facility in Yaroslavl, Russia. This facility is expected to be fully operational by 2014 and anticipated to contribute to the sustainable growth of



Takeda's business in the Russian market which is the company's largest of the emerging markets in terms of revenues.

In Mexico, Takeda began marketing EDARBI (a drug for hypertension) in March 2012 and obtained marketing approvals for Edarbyclor (a drug for hypertension) in July 2012 and SYR-322 (generic name: alogliptin) for type 2 diabetes in August 2012.

Takeda's efforts in emerging countries are proceeding steadily.

#### <Initiatives of R&D>

In April 2012, Takeda filed a Marketing Authorisation Application (MAA) for SYR-322 (generic name: alogliptin) for type 2 diabetes in Europe. In addition, the company obtained European marketing authorizations for Rienso (a drug for the treatment of iron deficiency anaemia) in June 2012 and Rivestive (a drug for the treatment of adult patients with short bowel syndrome) in September 2012. Moreover, in September 2012, Takeda received marketing approval from the Japanese Ministry of Health, Labour and Welfare for Lotriga in Japan (a drug for the treatment of hyperlipidemia).

Regarding NESINA (generic name: alogliptin) and fixed-dose combination of NESINA and ACTOS in the U.S. for type 2 diabetes, Takeda received a Complete Response Letter from the Food and Drug Administration (FDA) in April 2012. Following a meeting with the FDA in late June 2012, the company resubmitted New Drug Applications (NDAs) to the FDA for NESINA and fixed-dose combination of NESINA and ACTOS in July 2012.

In addition, as described in the latter portion of this document (refer to section (v) [Activities and Results of "Research & Development"] on page 8), Takeda is strongly promoting joint research and alliance activities with outside parties in order to raise R&D productivity.

#### <CSR Activities>

Takeda is active in the area of corporate social responsibility (CSR) in a consistent and long-term manner as a good corporate citizen. Further, these efforts to date have been recognized favorably by third parties. For example, in September 2012, Takeda was selected for the third consecutive year as a constituent company in the Asia Pacific version of the Dow Jones Sustainability Indexes (DJSI)\*, which serve as one of the most important indices for investors evaluating the CSR initiatives of companies.

\*These indexes are leading global sustainability benchmarks for investors making decisions based on criteria including responsibilities from social, ethical, environmental perspectives, in addition to standard financial analysis.

Over a long corporate history exceeding 230 years, Takeda has developed a corporate philosophy of "Takeda-ism = integrity, meaning fairness, honesty and perseverance." Based on this philosophy, Takeda continues to fulfill its responsibilities as a global company including the practice of environmental conservation and strict compliance with laws and regulations governing its operations. Takeda conducts activities according to a corporate mission to "strive towards better health for patients worldwide through leading innovation in medicine."

(Note) Major products introduced in and after 2010 follow.

#### **<Reference> Major new products launched in and after 2010**

##### **[Japan]**

##### Launched in 2010

*Nesina* (a drug for type 2 diabetes, generic name: alogliptin benzoate)

*Unisia* (a drug for treatment of hypertension: a fixed dose combination of Blopress and a calcium channel blocker (amlodipine besilate))

*Vectibix* (a cancer drug, generic name: panitumumab)

*Rozerem* (an insomnia drug, generic name: ramelteon)

*Metact* (a drug for type 2 diabetes: a fixed dose combination of Actos and biguanide (metformin hydrochloride))



*Actos OD (orally-disintegrating tablets)* (a drug for type 2 diabetes)

*Lampion pack* (a drug for secondary eradication of Helicobacter Pylori: a single pack containing Takepron, amoxicillin hydrate and metronidazole)

Launched in 2011

*Reminyl* (a drug for Alzheimer's dementia, generic name: galantamine hydrobromide, licensed from Janssen and jointly marketed with the licensor)

*Sonias* (a drug for type 2 diabetes: a fixed dose combination of Actos and sulfonylurea (glimepiride))

*Liovel* (a drug for type 2 diabetes: a fixed dose combination of Actos and Nesina)

Launched in May 2012

*Azilva* (a drug for treatment of hypertension, generic name: azilsartan)

**[North America]**

**<U.S.A.>**

Launched in 2010

*Actoplus met XR* (a drug for type 2 diabetes: a fixed dose combination of Actos and biguanide (metformin timed-release drug))

Launched in 2011

*Edarbi* (a drug for treatment of hypertension, generic name: azilsartan medoxomil)

Launched in February 2012

*Edarbyclor* (a drug for treatment of hypertension, a fixed dose combination of Edarbi and thiazide diuretic (chlorthalidone))

Launched in April 2012

*Omontys injection* (a drug for treatment of anemia due to chronic kidney disease (CKD) in adult patients on dialysis, generic name: peginesatide)

**<Canada>**

Launched in 2010

*Dexilant* (a drug for gastroesophageal reflux disease, generic name: dexlansoprazole)

*Uloric* (a drug for hyperuricemia for patients with chronic gout, generic name febuxostat)

Launched in 2011

*Daxas* (a drug for chronic obstructive pulmonary disease, generic name: roflumilast)

**[Europe]**

Launched in 2010

*Mepact* (a drug for non-metastatic osteosarcoma, generic name: mifamurtide)

Launched in January 2012

*Edarbi* (a drug for treatment of hypertension, generic name: azilsartan medoxomil)

Planned to be launched in series in and after November 2012

*Rienso* (a drug for treatment of iron deficiency anaemia, generic name: ferumoxytol)

**[Emerging markets]**

**<Brazil>**

Launched in 2011

*Daxas* (a drug for chronic obstructive pulmonary disease, generic name: roflumilast)

**<Russia>**

Launched in March 2012

*Daxas* (a drug for chronic obstructive pulmonary disease, generic name: roflumilast)

**<Mexico>**

Launched in 2011

*Dexilant* (a drug for gastroesophageal reflux disease, generic name: dexlansoprazole)

*Mepact* (a drug for non-metastatic osteosarcoma, generic name: mifamurtide)

Launched in March 2012

*Edarbi* (a drug for treatment of hypertension, generic name: azilsartan medoxomil)



## (ii) Operating Results

Consolidated results (April 1 to September 30, 2012):

|                  | <i>Billions of yen</i> | <i>Year-on-year change</i> |                 |
|------------------|------------------------|----------------------------|-----------------|
| Net sales        | ¥786.9                 | Increase                   | ¥ 84.4 (12.0%)  |
| Operating income | ¥108.6                 | Decrease                   | ¥ 102.5 (48.6%) |
| Ordinary income  | ¥113.1                 | Decrease                   | ¥ 96.5 (46.0%)  |
| Net income       | ¥119.8                 | Decrease                   | ¥ 15.9 (11.7%)  |

### [Net Sales]

Over the six month period ended September 30, 2012, consolidated net sales were ¥786.9 billion, an increase of ¥84.4 billion (12.0%) compared to the same period of the previous year.

- In Japan, sales of Nesina (a drug for type 2 diabetes treatment) increased, and in the U.S, sales of VELCADE (a drug for multiple myeloma treatment), DEXILANT (a drug for gastroesophageal reflux disease) and ULORIC (a drug for hyperuricemia for patients with chronic gout) also increased.

Sales increased mainly in Europe and emerging markets including Asia as a result of the expansion of sales channels due to the acquisition of Nycomed at the end of September 2011. The sales contribution of URL Pharma, Inc. in the U.S. acquired in June 2012 also added to consolidated net sales. Such positive factors absorbed negative factors including the yen's appreciation (negative impact: ¥4.3 billion) and the decrease in sales of Actos (a drug for type 2 diabetes treatment) and Candesartan (a drug for hypertension treatment) in the U.S., Europe and Japan.

In total, consolidated net sales increased.

- Consolidated sales of Takeda's major ethical drugs:

|   | <i>Billions of yen</i> |   |
|---|------------------------|---|
| Drug for type 2 diabetes treatment<br>Pioglitazone (Japan product name: Actos)                                      | ¥92.0                  | Decrease of ¥79.0 billion (46.2%) over the same period of the previous year |
| Drug for hypertension treatment<br>Candesartan (Japan product name: Blopress)                                       | ¥89.2                  | Decrease of ¥23.1 billion (20.6%) over the same period of the previous year |
| Drug for treatment of prostate cancer, breast cancer and endometriosis<br>Leuprorelin (Japan product name: Leuplin) | ¥57.4                  | Decrease of ¥3.5 billion (5.8%) over the same period of the previous year   |
| Drug for peptic ulcer treatment<br>Lansoprazole (Japan product name: Takepron)                                      | ¥55.9                  | Decrease of ¥6.4 billion (10.3%) over the same period of the previous year  |
| Drug for peptic ulcer treatment<br>Pantoprazole   | ¥36.8                  | Increase of ¥36.8 billion ( - %) over the same period of the previous year  |
| Drug for multiple myeloma treatment<br>VELCADE (U.S. sales)   | ¥35.7                  | Increase of ¥7.6 billion (27.0%) over the same period of the previous year  |

### [Operating Income]

Consolidated operating income was ¥108.6 billion, a decrease of ¥102.5 billion (48.6%) compared to the same period of the previous year.



- Although gross profit increased by ¥27.9 billion (5.1%) due to higher sales, selling, general and administrative expenses increased by ¥130.4 billion (39.3%) over the same period of the previous year. As a result, operating income decreased.
- R&D expenses were ¥154.7 billion, an increase of ¥35.7 billion (30.0%) compared to the same period of the previous year.
- Selling, general and administrative expenses, excluding R&D expenses, were ¥307.6 billion, an increase of ¥94.7 billion (44.5%) compared to the same period of the previous year, mainly due to increased amortization of goodwill and intangible assets related to the Nycomed business combination as well as increased expenses resulting from the acquisition.

[Ordinary Income]

Consolidated ordinary income was ¥113.1 billion, a decrease of ¥96.5 billion (46.0%) compared to the same period of the previous year.

- Although total non-operating income and losses were favorable by ¥6.0 billion compared to the same period of the previous year, ordinary income decreased due to the decrease in operating income.

[Net Income]

Consolidated net income was ¥119.8 billion, a decrease of ¥15.9 billion (11.7%) compared to the same period of the previous year. Although the company recorded net extraordinary income of ¥17.2 billion (\*1) and refund for past paid taxes (\*2), these factors did not fully absorb the decrease in ordinary income.

(\*1) Gains on sales of investment securities [gain ¥17.0 billion], interest on the refund related to transfer price tax [gain ¥11.6 billion] and restructuring costs in overseas subsidiaries [loss ¥11.4 billion]

(\*2) Past paid tax refund related to transfer price taxation [gain ¥45.6 billion]

- Earnings per share (“EPS”) was ¥151.74, a decrease of ¥20.11 (11.7%) compared to the same period of the previous year.
- EPS excluding extraordinary income (loss) and other special factors arising from business acquisitions and similar events (\*3) was ¥149.79, a decrease of ¥49.89 (25.0%) compared to the same period of the previous year.
- (\*3) EPS excluding extraordinary income (loss) and special factors is calculated by deducting any extraordinary income (loss), special factors such as amortization of goodwill and intangible assets, etc. related to business acquisitions and tax refund related to transfer price taxation from net income.

**(iii) Results by Segment**

Sales and operating income by business segment (April 1 to September 30, 2012):

*Billions of yen*

| Type of Business    | Net sales |  | Operating income |  |
|---------------------|-----------|--|------------------|--|
|                     | Amount    | Change over the same period of the previous year | Amount           | Change over the same period of the previous year |
| Ethical Drug        | ¥ 710.4   | Increase ¥ 83.4                                  | ¥ 95.3           | Decrease ¥103.0                                  |
| (Japan)             | <¥ 296.3> | <Increase ¥ 0.2>                                 |                  |  |
| (Overseas)          | <¥ 414.1> | <Increase ¥ 83.1>                                |                  |  |
| Consumer Healthcare | ¥ 33.6    | Increase ¥ 1.8                                   | ¥ 8.4            | Increase ¥ 1.0                                   |
| Other               | ¥ 45.2    | Decrease ¥ 0.8                                   | ¥ 5.8            | Decrease ¥ 0.5                                   |
| Total               | ¥ 786.9   | Increase ¥ 84.4                                  | ¥ 108.6          | Decrease ¥102.5                                  |

(Note) Net sales for each segment refer to sales to outside customers.





[Ethical Drug Business]

Net sales in the Ethical Drug Business were ¥710.4 billion, an increase of ¥83.4 billion (13.3%) compared to the same period of the previous year, while operating income was ¥95.3 billion, a decrease of ¥103.0 billion (51.9%).

- Net sales in Japan were ¥296.3 billion, an increase of ¥0.2 billion (0.1%), compared to the same period of the previous year. Despite a drop in sales of Actos and Blopress, the increase in sales of other products, including Nesina and Vectibix, both launched in 2010, absorbed the decrease.
- The following table shows sales results of major products in Japan:

*Billions of yen*

|   |       |   |
|---|-------|---|
| Blopress (Drug for hypertension treatment)  | ¥67.3 | Decrease of ¥3.6 billion (5.1%)<br>over the same period of the previous year    |
| Takepron (Drug for peptic ulcer treatment)  | ¥34.8 | Decrease of ¥2.8 billion (7.5%)<br>over the same period of the previous year    |
| Leuplin (Drug for treatment of prostate cancer,<br>breast cancer and endometriosis) | ¥32.9 | Decrease of ¥0.8 billion (2.4%)<br>over the same period of the previous year    |
| Nesina (Drug for type 2 diabetes treatment)   | ¥15.3 | Increase of ¥10.0 billion (188.6%)<br>over the same period of the previous year |
| Actos (Drug for type 2 diabetes treatment)  | ¥10.2 | Decrease of ¥8.7 billion (46.2%)<br>over the same period of the previous year   |
| Vectibix (Drug for cancer treatment)  | ¥ 9.6 | Increase of ¥1.5 billion (18.5%)<br>over the same period of the previous year   |

- Sales in overseas markets were ¥414.1 billion, an increase of ¥83.1 billion (25.1%) compared to the same period of the previous year mainly due to sales increases in Europe and emerging markets including Asia, accompanied by the acquisition of Nycomed and the sales contribution of URL Pharma, Inc. in the U.S. These factors more than offset the decline in sales of Actos and Candesartan in the U.S. and Europe as well as the negative effects of the yen's appreciation.

[Consumer Healthcare Business]

Net sales in the Consumer Healthcare Business were ¥33.6 billion, an increase of ¥1.8 billion (5.6%) compared to the same period of the previous year, mainly due to an increase in sales of Alinamin health tonics (vitamin-containing products) and Benza medicines (combination cold remedy). Operating income rose by ¥1.0 billion (13.4%) to ¥8.4 billion due to the increase in gross profit accompanied by sales growth.

[Other Business]

Sales in the Other Business were ¥45.2 billion, a decrease of ¥0.8 billion (1.6%) compared to the same period of the previous year, and operating income decreased by ¥0.5 billion (8.3%) to ¥5.8 billion.

**(iv) Basic Policy for Profit Distribution and Dividends for Fiscal 2012**

1) Basic Policy for Profit Distribution

Takeda continues stable profit distribution based on a policy emphasizing shareholder return.

The basic policy calls for dividends per share in fiscal years 2012 and 2013 to be maintained as annual dividends of ¥180 per share, as well as striving for stable profit distribution in fiscal year 2014 and beyond.

## 2) Dividend for Fiscal 2012

For the six months ended September 30, 2012, the company will pay an interim dividend of ¥90 per share.

Further, a ¥90 per share dividend is planned for the fiscal year-end. Accordingly, total annual dividends paid to shareholders in the current fiscal year are planned as ¥180 per share, the same amount as the previous fiscal year.

## (v) Activities and Results of Research & Development

Takeda determines R&D strategy based on the latest medical needs. In the “2012-2014 Mid-Range Plan,” Takeda’s core therapeutic areas have been redefined as Cardiovascular & Metabolic, Oncology, Central Nervous System, Respiratory & Immunology, General Medicine (Gastrointestinal and Genitourinary) and Vaccine. By concentrating investment of management resources in these therapeutic areas, Takeda strives to achieve leading innovation in medicine. Major activities and results of R&D thus far during the reporting period are:

### [In-house R&D activities]

- In April 2012, Takeda received a complete response letter from the FDA regarding New Drug Applications (NDAs) for SYR-322 (generic name: alogliptin) and fixed-dose combination (FDC) of SYR-322 and pioglitazone, both for the treatment of type 2 diabetes. In July 2012, Takeda resubmitted NDAs to the FDA for SYR-322 and FDC of SYR-322 and pioglitazone.

- In May 2012, Takeda received confirmation of the acceptance of the submission of a Marketing Authorisation Application (MAA) to the European Medicines Agency (EMA) for SYR-322 for the treatment of type 2 diabetes.

- In May 2012, Takeda announced top-line results that met primary endpoints of improvement in clinical remission in induction and maintenance phase from the GEMINI II Phase III trial evaluating IBD (Inflammatory Bowel Disease) drug MLN0002 (generic name: vedolizumab) in patients with moderately to severely active Crohn’s disease who have failed at least one conventional therapy, including TNF $\alpha$  antagonists.

- In June 2012, Takeda presented Phase I and Phase I/II preliminary results from three studies evaluating the safety, tolerability and dosing of MLN9708 (generic name: ixazomib citrate) in patients with relapsed and/or refractory multiple myeloma (MM), at the annual meeting of the American Society of Clinical Oncology (ASCO). In June 2012, Takeda initiated an international Phase III clinical trial, TOURMALINE-MM1, evaluating MLN9708, the first oral proteasome inhibitor, in patients with relapsed and/or refractory multiple myeloma.

- In June 2012, Takeda presented the results from a Phase II trial of prostate cancer drug TAK-700 (generic name: orteronel) dosed without prednisone in patients with non-metastatic castration resistant prostate cancer (nmCRPC) and rising prostate-specific antigen (PSA) in a poster discussion session at the annual meeting of ASCO.

- In August 2012, Takeda submitted an application to the Japanese Ministry of Health, Labour and Welfare seeking an approval of *Helicobacter pylori* (“H. pylori”) gastritis as an additional indication for H. pylori eradication by concomitant therapy with the proton pump inhibitor lansoprazole in Japan. This concomitant therapy consists of lansoprazole, amoxicillin hydrate and either clarithromycin or metronidazole.

### [Fixed Dose Combination activities]

- In June 2012, Takeda received confirmation of the acceptance of the submission of MAAs to the EMA for a FDC of SYR-322 and pioglitazone, and a FDC of SYR-322 and metformin, for the treatment of type 2 diabetes.

### [Alliance activities]

- In April 2012, Takeda received a positive opinion from the Committee for Medicinal Products for Human Use (CHMP) of the EMA for Rienso (generic name: ferumoxytol), which Takeda in-licensed from AMAG Pharmaceuticals of the U.S, for the treatment of iron deficiency anaemia (IDA) in adult patients with chronic kidney disease (CKD). In June 2012, Takeda was granted marketing authorisation by the European Commission for Rienso.



- In June 2012, Takeda received a positive opinion from the CHMP of the EMA for Revestive (generic name: teduglutide), which Takeda in-licensed from NPS Pharmaceuticals of the U.S., for the treatment of short bowel syndrome (SBS). In September 2012, Takeda was granted marketing authorisation by the European Commission for Revestive.
- In June 2012, Takeda and Amgen of the U.S. entered into a new agreement which provides Takeda with the exclusive worldwide rights to independently develop, manufacture and commercialize AMG706 (generic name: motesanib diphosphate). In July 2012, Takeda initiated a phase III clinical trial in Japan, Hong Kong, South Korea and Taiwan, evaluating AMG706 in combination with chemotherapy in patients with advanced non-squamous non-small cell lung cancer (NSCLC).
- In July 2012, Takeda received a positive opinion from the CHMP of the EMA for lymphoma drug ADCETRIS (generic name: brentuximab vedotin), which Takeda in-licensed from Seattle Genetics of the U.S., for the treatment of relapsed or refractory CD30 positive Hodgkin lymphoma (HL) following autologous stem cell transplant (ASCT) or following at least two prior therapies when ASCT or multi-agent chemotherapy is not a treatment option, and for the treatment of adult patients with relapsed or refractory systemic anaplastic large cell lymphoma (sALCL). ADCETRIS was granted orphan drug status in both the EU and Korea.
- In August 2012, Takeda decided to stop the Japanese portion of the global Phase III trial in metastatic adenocarcinoma of the pancreas for AMG479 (generic name: ganitumab), which Takeda in-licensed from Amgen of the U.S., following the decision of Amgen to halt the global trial.
- In September 2012, Takeda received an approval from the Japanese Ministry of Health, Labor and Welfare for Lotriga (generic name: omega-3-acid ethyl esters 90), which Takeda in-licensed from Pronova of Norway, for the treatment of hyperlipidemia.
- In October 2012, Takeda submitted an NDA to the U.S. FDA for multimodal antidepressant Lu AA21004 (generic name: vortioxetine), which Takeda in-licensed from Lundbeck of Denmark, for the treatment of major depressive disorder (MDD) in adult patients.
- In October 2012, Takeda received confirmation of the acceptance of the submission of an MAA to the EMA for atypical antipsychotic lurasidone hydrochloride, which Takeda in-licensed from Dainippon Sumitomo of Japan, for the treatment of schizophrenia.
- In October 2012, Takeda submitted an NDA to the Japanese Ministry of Health, Labour and Welfare for ATL-962 (generic name: cetilistat), which Takeda in-licensed from Norgine BV of the Netherlands, for the treatment of obesity.

#### [Joint Research]

- In August 2012, Takeda formed a research collaboration with the BC Cancer Agency of Canada to explore new drug targets based on gene analysis at Takeda's Shonan Research Center. The partnership will be the first project conducted as part of Takeda's new Shonan Incubation Laboratories. Through this program, distinguished researchers from external institutions will work side-by-side with Takeda researchers in the Shonan Research Center, bringing new insights to drug discovery through intensely collaborative research.
- In October 2012, Takeda and Advinus Therapeutics Ltd., a research-based pharmaceutical company in India, entered into an agreement to initiate a three-year discovery collaboration focused on novel targets for major therapeutic areas, including Inflammatory, CNS and Metabolic diseases.

#### [Improvement and Reinforcement of R&D organization]

- In October 2012, Takeda and LigoCyte Pharmaceuticals, Inc. entered into a definitive agreement for Takeda to acquire LigoCyte to advance Takeda's commitment to vaccines and global public health.



## (2) Analysis of Consolidated Financial Position

### [Assets]

Total assets as of September 30, 2012 were ¥3,482.2 billion, a decrease of ¥94.9 billion compared to the previous fiscal year end. Current assets decreased by ¥37.2 billion mainly due to a decrease in marketable securities, and noncurrent assets decreased by ¥57.6 billion mainly due to a decrease in intangible assets including goodwill.

### [Liabilities]

Total liabilities as of September 30, 2012 were ¥1,511.0 billion, an increase of ¥5.8 billion compared to the previous fiscal year end.

Current liabilities decreased by ¥263.5 billion mainly due to the repayment of short term borrowing accompanied with the Nycomed acquisition for refinancing, while noncurrent liabilities increased by ¥269.3 billion mainly due to the issuance of \$3.0 billion in unsecured senior notes.

### [Net Assets]

Total net asset as of September 30, 2012 were ¥1,971.2 billion, a decrease of ¥100.7 billion compared to the previous fiscal year end, mainly due to a decrease in foreign currency translation adjustment caused by the yen's appreciation. The shareholders' equity ratio decreased by 1.3 pt. to 54.9% from the previous fiscal year end.

## (3) Outlook for Fiscal 2012

The forecast of consolidated results for the fiscal year ending March 31, 2013 is unchanged from the forecast disclosed as part of the financial results announcement on July 30, 2012. Although the amounts are unchanged, forecasts now include the results of the six month period under review as well as the effect of the business combination of LigoCyte Pharmaceuticals, Inc. announced in October 2012.

[Full-year consolidated forecasts (April 1, 2012 to March 31, 2013)]

|             | <i>Billions of yen</i> |                  |                 |            |
|-------------|------------------------|------------------|-----------------|------------|
|             | Net Sales              | Operating income | Ordinary income | Net income |
| Fiscal 2012 | ¥1,550.0               | ¥160.0           | ¥150.0          | ¥155.0     |

### [Assumptions for the Forecast]

The average of foreign exchange rates for the full year of fiscal 2012 are assumed to be US\$1 = ¥80 and Euro1 = ¥100.

### [Forward looking statements]

The operating results of the Company are subject to various risks at present and in the future, such as changes of business environment and the impact from foreign exchange rate fluctuations. When Takeda judges operating results will be significantly impacted by an event or events, which are not incorporated in this forecast, the company will announce such facts promptly.

The effects of the acquisitions of URL Pharma, Inc., Multilab and LigoCyte Pharmaceuticals, Inc. included in the forecast for FY2012 may be changed within one year from the acquisition date, according to the business combination accounting standards. The final amount will be settled through the audit by an independent auditor.



## 2. Additional Information in Summary

### (1) Changes in significant subsidiaries during the period

#### (changes in specified subsidiaries resulting in the change in consolidation scope):

No applicable event occurred during the period.

### (2) Adoption of special accounting treatments for quarterly consolidated financial statements

#### ( i ) Calculation of tax expenses

The effective tax rate expected to be imposed on pretax net income (after tax effect accounting) applicable to the tax year in which this reporting period is included was estimated based on reasonable assumptions. Then, tax expenses for the six month period ended September 30, 2012 were calculated by multiplying the pretax net income for the reporting period by the estimated effective tax rate.

### (3) Changes in accounting policies, changes in accounting estimates and restatements

- Changes in accounting policies which are difficult to distinguish from changes in accounting estimates

#### ( i ) Effective from the three month period ended June 30, 2012, the Company and its domestic subsidiaries changed the depreciation method for the relevant tangible assets newly acquired from April 1, 2012 according to the amendment of the Corporation Tax Act in Japan.

However this change had only minor impact on operating income, ordinary income and income before income taxes and minority interests in the six month period ended September 30, 2012.



### 3. Consolidated Financial Statements for the Six Month Period Ended September 30, 2012

#### (1) Consolidated Balance Sheets

|                                    | <i>Millions of yen</i> |                          |
|------------------------------------|------------------------|--------------------------|
|                                    | As of March 31, 2012   | As of September 30, 2012 |
| <b>ASSETS</b>                      |                        |                          |
| <b>Current assets</b>              |                        |                          |
| Cash and deposits                  | 214,885                | 212,538                  |
| Notes and accounts receivable      | 344,679                | 334,347                  |
| Marketable securities              | 240,740                | 199,477                  |
| Merchandise and products           | 93,514                 | 99,816                   |
| Work in process                    | 52,594                 | 55,440                   |
| Raw materials and supplies         | 48,906                 | 53,183                   |
| Deferred tax assets                | 221,230                | 212,239                  |
| Other current assets               | 65,303                 | 78,019                   |
| Allowance for doubtful receivables | (2,855)                | (3,293)                  |
| Total current assets               | 1,278,996              | 1,241,767                |
| <b>Non-current assets</b>          |                        |                          |
| Tangible assets                    | 488,702                | 489,585                  |
| Intangible assets                  |                        |                          |
| Goodwill                           | 582,257                | 567,982                  |
| Patent rights                      | 322,537                | 360,757                  |
| Sales rights                       | 570,166                | 505,659                  |
| Other intangible assets            | 41,288                 | 41,834                   |
| Total intangible assets            | 1,516,247              | 1,476,232                |
| Investments and other assets       |                        |                          |
| Investment securities              | 186,697                | 159,693                  |
| Other assets                       | 106,507                | 114,970                  |
| Allowance for doubtful receivables | (119)                  | (84)                     |
| Total investments and other assets | 293,085                | 274,578                  |
| Total non-current assets           | 2,298,035              | 2,240,396                |
| <b>Total Assets</b>                | 3,577,030              | 3,482,163                |



*Millions of yen*

|   | As of March 31, 2012 | As of September 30, 2012 |
|---|----------------------|--------------------------|
| <b>LIABILITIES</b>  |                      |                          |
| <b>Current liabilities</b>                                  |                      |                          |
| Notes and accounts payable                                  | 101,950              | 98,006                   |
| Short-term loans  | 241,411              | 1,511                    |
| Income taxes payable  | 24,097               | 63,334                   |
| Reserve for employees' bonuses                              | 35,288               | 35,848                   |
| Other reserves  | 11,883               | 10,891                   |
| Other current liabilities                                   | 337,103              | 278,691                  |
| <b>Total current liabilities</b>                            | <b>751,731</b>       | <b>488,281</b>           |
| <b>Non-current liabilities</b>                              |                      |                          |
| Bond  | 190,000              | 428,830                  |
| Long-term loans   | 111,393              | 111,460                  |
| Deferred tax liabilities                                    | 301,758              | 289,195                  |
| Reserve for employees' retirement benefits                  | 54,430               | 51,370                   |
| Other reserves  | 10,941               | 11,744                   |
| Other non-current liabilities                               | 84,911               | 130,084                  |
| <b>Total non-current liabilities</b>                        | <b>753,433</b>       | <b>1,022,684</b>         |
| <b>Total liabilities</b>                                    | <b>1,505,165</b>     | <b>1,510,964</b>         |
| <b>NET ASSETS</b>   |                      |                          |
| <b>Shareholders' equity</b>                                 |                      |                          |
| Common stock  | 63,541               | 63,541                   |
| Capital surplus   | 49,638               | 41,121                   |
| Retained earnings   | 2,254,075            | 2,302,732                |
| Treasury stock  | (808)                | (629)                    |
| <b>Total shareholders' equity</b>                           | <b>2,366,446</b>     | <b>2,406,766</b>         |
| <b>Accumulated other comprehensive income</b>               |                      |                          |
| Unrealized gains on available-for-sale securities           | 87,046               | 71,503                   |
| Deferred gains/losses on derivatives under hedge accounting | 2                    | 254                      |
| Foreign currency translation adjustments                    | (441,653)            | (566,446)                |
| <b>Total accumulated other comprehensive income</b>         | <b>(354,605)</b>     | <b>(494,688)</b>         |
| <b>Stock acquisition rights</b>                             | <b>504</b>           | <b>651</b>               |
| <b>Minority interests in income</b>                         | <b>59,522</b>        | <b>58,470</b>            |
| <b>Total net assets</b>                                     | <b>2,071,866</b>     | <b>1,971,198</b>         |
| <b>Total liabilities and net assets</b>                     | <b>3,577,030</b>     | <b>3,482,163</b>         |



## (2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

### Consolidated Statements of Income

*Millions of yen*

|  | Six month period ended<br>September 30, 2011 | Six month period ended<br>September 30, 2012 |
|--|--|--|
| Net sales  | 702,502                                      | 786,936                                      |
| Cost of sales                                      | 159,565                                      | 216,060                                      |
| Gross profit                                       | 542,937                                      | 570,876                                      |
| Selling, general and administrative expenses       |  |  |
| R&D expenses                                       | 119,001                                      | 154,677                                      |
| Other  | 212,890                                      | 307,623                                      |
| Total selling, general and administrative expenses | 331,891                                      | 462,300                                      |
| Operating income                                   | 211,046                                      | 108,576                                      |
| Non-operating income                               |  |  |
| Interest income                                    | 954  | 493  |
| Dividend income                                    | 2,164  | 2,218  |
| Gains from foreign exchange                        | —  | 1,087  |
| Equity in earnings of affiliates                   | 84   | 494  |
| Gain on transfer of operation                      | 3,030  | 3,933  |
| Other non-operating income                         | 7,131  | 5,220  |
| Total non-operating income                         | 13,362                                       | 13,446                                       |
| Non-operating expenses                             |  |  |
| Interest expenses                                  | 607  | 1,548  |
| Donations and contributions                        | 2,504  | 589  |
| Loss from foreign exchange                         | 8,072  | —  |
| Fair value adjustment of contingent consideration  | —  | 2,269  |
| Other non-operating expenses                       | 3,674  | 4,517  |
| Total non-operating expenses                       | 14,857                                       | 8,923  |
| Ordinary income                                    | 209,551                                      | 113,099                                      |
| Extraordinary income                               |  |  |
| Gains on sales of investment securities            | —  | 17,034                                       |
| Interest on tax refund                             | —  | 11,593                                       |
| Total extraordinary income                         | —  | 28,627                                       |
| Extraordinary loss                                 |  |  |
| Restructuring costs                                | —  | 11,406                                       |
| Total extraordinary loss                           | —  | 11,406                                       |
| Income before income taxes and minority interests  | 209,551                                      | 130,320                                      |
| Income taxes                                       | 72,105                                       | 54,703                                       |
| Refund for past paid taxes                         | —  | (45,622)                                     |
| Total income taxes                                 | 72,105                                       | 9,080  |
| Income before minority interests                   | 137,446                                      | 121,239                                      |
| Minority interests                                 | 1,786  | 1,449  |
| Net income   | 135,660                                      | 119,790                                      |





## Consolidated Statements of Comprehensive Income

|   | <i>Millions of yen</i>                       |  |
|---|--|--|
|   | Six month period ended<br>September 30, 2011 | Six month period ended<br>September 30, 2012 |
| Income before minority interests  | 137,446                                      | 121,239                                      |
| Other comprehensive income  |  |  |
| Unrealized gains/losses on available-for-sale securities                            | (3,660)                                      | (15,573)                                     |
| Deferred gains/losses on derivatives under hedge accounting                         | 425  | 252  |
| Foreign currency translation adjustments  | (166,345)                                    | (124,879)                                    |
| Share of other comprehensive income of affiliates accounted for using equity method | (68)   | (9)  |
| Total other comprehensive income  | <u>(169,648)</u>                             | <u>(140,208)</u>                             |
| Comprehensive income  | <u>(32,202)</u>                              | <u>(18,969)</u>                              |
| [Comprehensive income attributable to]  |  |  |
| Comprehensive income attributable to owners of the parent                           | (33,289)                                     | (20,293)                                     |
| Comprehensive income attributable to minority interests                             | 1,088  | 1,324  |



**(3) Consolidated Statements of Cash Flows**

*Millions of yen*

|   | Six month period<br>ended September 30,<br>2011 | Six month period<br>ended September 30,<br>2012 |
|---|---|---|
| Net cash provided by (used in) operating activities                                       |   |   |
| Net income before income taxes and minority interests                                     | 209,551   | 130,320   |
| Depreciation and amortization   | 49,901  | 80,341  |
| Amortization of goodwill  | 6,624   | 16,114  |
| Interest and dividend income  | (3,118)   | (2,711)   |
| Interest expenses   | 607   | 1,548   |
| Equity in (earnings) loss of affiliates   | 767   | (428)   |
| Loss (gain) on sales and disposal of property, plant and equipment                        | 147   | 424   |
| Loss (gain) on sales of investment securities   | (71)  | (17,034)  |
| Interest on tax refund received   | —   | (11,593)  |
| Decrease (increase) in notes and accounts receivable                                      | (3,969)   | 5,806   |
| Decrease (increase) in inventories  | (1,841)   | (8,396)   |
| Increase (decrease) in notes and accounts payable   | (8,149)   | (6,650)   |
| Other   | (11,833)  | (34,314)  |
| Sub total   | 238,617   | 153,427   |
| Interest and dividends received   | 3,149   | 2,670   |
| Interest paid   | (545)   | (1,561)   |
| Income tax paid   | (79,485)  | (31,348)  |
| Tax refund and Interest on tax refund received  | —   | 57,191  |
| Net cash provided by (used in) operating activities                                       | 161,736   | 180,379   |
| Net cash provided by (used in) investing activities                                       |   |   |
| Proceeds from sales and redemption of marketable securities                               | 368   | —   |
| Payments for deposit of funds into time deposit   | (11)  | (11)  |
| Proceeds from redemption of time deposit  | 2,207   | 523   |
| Payments for purchases of property, plant and equipment                                   | (25,012)  | (44,363)  |
| Proceeds from sales of property, plant and equipment                                      | 144   | 788   |
| Payments for purchases of investment securities   | (67)  | (423)   |
| Payments for acquisition of subsidiaries' shares, resulting in consolidation scope change | (1,029,580)                                     | (77,492)  |
| Other   | (8,792)   | (9,252)   |
| Net cash provided by (used in) investing activities                                       | (1,060,744)                                     | (130,230)                                       |
| Net cash provided by (used in) financing activities                                       |   |   |
| Net increase (decrease) in short-term loans   | 569,840   | (243,170)                                       |
| Proceeds from issuance of bonds   | —   | 237,976   |
| Payments for treasury stock buyback   | (10)  | (9)   |
| Dividends paid  | (71,006)  | (71,092)  |
| Other   | (1,852)   | (1,615)   |
| Net cash provided by (used in) financing activities                                       | 496,971   | (77,910)  |
| Effect of exchange rate changes on cash and cash equivalents                              | (65,957)  | (17,095)  |
| Net increase (decrease) in cash and cash equivalents                                      | (467,993)                                       | (44,855)  |
| Cash and cash equivalents, beginning of period  | 872,710   | 454,247   |
| Cash and cash equivalents, end of period  | 404,717   | 409,392   |



**(4) Note regarding going concern assumptions**

Six month period ended September 30, 2012 (April 1 to September 30, 2012)

No events to be noted for this purpose

**(5) Note regarding significant changes in shareholders' equity**

Six month period ended September 30, 2012 (April 1 to September 30, 2012)

No events to be noted for this purpose

**(6) Segment Information**

(i) Net sales and profit by business segment

Six month period ended September 30, 2011 (April 1 to September 30, 2011)

|                                  | Business Segments |                     |        | Total   | Adjustments | Amount reported on statement of income |
|----------------------------------|-------------------|---------------------|--------|---------|-------------|--|
|                                  | Ethical Drug      | Consumer Healthcare | Other  |         |             |  |
| Net sales                        |                   |                     |        |         |             |  |
| Sales to outside customers       | 627,037           | 31,825              | 45,961 | 704,823 | (2,320)     | 702,502                                |
| Intersegment sales and transfers | 1,713             | 65                  | 3,193  | 4,970   | (4,970)     | —                                      |
| Total                            | 628,749           | 31,889              | 49,154 | 709,793 | (7,291)     | 702,502                                |
| Segment profit                   | 198,374           | 7,451               | 6,347  | 212,173 | (1,126)     | 211,046                                |

Millions of yen

Six month period ended September 30, 2012 (April 1 to September 30, 2012)

|                                  | Business Segments |                     |        | Total   | Adjustments | Amount reported on statement of income |
|----------------------------------|-------------------|---------------------|--------|---------|-------------|--|
|                                  | Ethical Drug      | Consumer Healthcare | Other  |         |             |  |
| Net sales                        |                   |                     |        |         |             |  |
| Sales to outside customers       | 710,389           | 33,595              | 45,208 | 789,192 | (2,256)     | 786,936                                |
| Intersegment sales and transfers | 1,583             | 186                 | 3,223  | 4,992   | (4,992)     | —                                      |
| Total                            | 711,972           | 33,781              | 48,431 | 794,184 | (7,248)     | 786,936                                |
| Segment profit                   | 95,345            | 8,448               | 5,821  | 109,614 | (1,038)     | 108,576                                |

Millions of yen

(Note) Segment profit equals operating income on each segment.

(ii) Information regarding regions

Net Sales

Six month period ended September 30, 2011 (April 1 to September 30, 2011)

| Japan   | Americas      |               |             | Europe |    | Asia   | Other | Total   |
|---------|---------------|---------------|-------------|--------|----|--------|-------|---------|
|         | United States | Latin America | Russia /CIS |        |    |        |       |         |
| 366,968 | 233,925       | 226,464       | 2,416       | 83,432 | 40 | 13,692 | 4,486 | 702,502 |

Millions of yen

Six month period ended September 30, 2012 (April 1 to September 30, 2012)

| Japan   | Americas      |               |             | Europe  |        | Asia   | Other  | Total   |
|---------|---------------|---------------|-------------|---------|--------|--------|--------|---------|
|         | United States | Latin America | Russia /CIS |         |        |        |        |         |
| 368,251 | 231,252       | 193,789       | 29,432      | 147,657 | 29,517 | 28,868 | 10,909 | 786,936 |

Millions of yen



(Note)

1. Effective from the three month period ended June 30, 2012, the Company changed the regional classification for the purpose of providing more detailed sales information (previous "Asia and other regions" was divided into "Asia" and "Other"). In addition, two regions ("Latin America" in "Americas" and "Russia/CIS" in "Europe") were newly added. For fair comparison over the same period last year, the amounts reported in the same period of last year are modified according to the new classification. In addition, the regional category of some countries in other than Americas was also changed as this reclassification.
2. The "Other" region includes Middle East, Oceania and Africa.

**(7) Sales Results (Sales to outside customers)**

Six month period ended September 30, 2011 (April 1 to September 30, 2011)

*Millions of yen*

| Ethical Drug |            |          | Consumer Healthcare | Other  | Adjustments | Amount reported on statement of income | [Royalties] |
|--------------|------------|----------|---------------------|--------|-------------|--|-------------|
| (Japan)      | (Overseas) | Subtotal |                     |        |             |  |             |
| 296,037      | 331,000    | 627,037  | 31,825              | 45,961 | (2,320)     | 702,502                                | [20,760]    |

Six month period ended September 30, 2012 (April 1 to September 30, 2012)

*Millions of yen*

| Ethical Drug |            |          | Consumer healthcare | Other  | Adjustments | Amount reported on statement of income | [Royalties] |
|--------------|------------|----------|---------------------|--------|-------------|--|-------------|
| (Japan)      | (Overseas) | Subtotal |                     |        |             |  |             |
| 296,279      | 414,110    | 710,389  | 33,595              | 45,208 | (2,256)     | 786,936                                | [20,389]    |