
Takeda Pharma A/S

Dybendal Alle 10, DK-2630 Taastrup


Annual Report for 1 April 2015 - 31 March 2016

CVR No 16 40 68 99

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
24/8 2016


Chairman

Sune Reinholth Nyland



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Takeda Pharma A/S for the financial year 1 April 2015 - 31 March 2016.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 March 2016 of the Company and of the results of the Company operations for FY 2015/16.

Further, in our opinion, Management's Review gives a true and fair view of the matters discussed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.


Taastrup, 24 August 2016

Executive Board



Ghita Astrup

Board of Directors



Jean Luc Delay
Chairman

Marianne Hauge
Staff Representative



Lisbet Rankløve



Bjarne Mejlstrup Lange
Staff Representative



Ghita Astrup

Independent Auditor's Report on the Financial Statements

To the Shareholder of Takeda Pharma A/S

Report on the Financial Statements

We have audited the financial statements of Takeda Pharma A/S for the financial year 1 April 2015 – 31 March 2016. The financial statements comprise accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 March 2016 and of the results of the Company's operations for the financial year 1 April 2015 – 31 March 2016 in accordance with the Danish Financial Statements Act.

Independent Auditor's Report on the Financial Statements

Statement on Management's Review

In accordance with the Danish Financial Statements Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Copenhagen, 24 August 2016

KPMG

Statsautoriseret Revisionspartnerselskab

CVR No 25 57 81 98



Benny Lyng Sørensen

State Authorised Public Accountant

Company Information

The Company

Takeda Pharma A/S
Dybendal Alle 10
DK-2630 Taastrup

CVR No: 16 40 68 99
Financial period: 1 April - 31 March
Municipality of reg. office: Høje Taastrup

Board of Directors

Jean Luc Delay, Chairman
Lisbet Rankløve
Ghita Astrup
Marianne Hauge
Bjarne Mejlstrup Lange

Executive Board

Ghita Astrup

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
DK-2100 København Ø

Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2015/16	2014/15	2013/14	2012/13	2012, 3 mth.
	Mio. DKK	Mio. DKK	Mio. DKK	Mio. DKK	Mio. DKK
Key figures					
Profit/loss					
Revenue	1.683	1.910	2.428	2.052	487
Profit/loss before financial income and expenses	29	445	341	47	-37
Net financials	25.288	1.748	1.678	195	173
Net profit/loss for the year	25.297	2.074	1.830	150	96
Balance sheet					
Balance sheet total	100.966	46.953	47.834	47.200	43.776
Equity	100.237	45.287	42.926	43.823	35.084
Number of employees	197	305	488	520	499
Ratios					
Profit margin	1,7%	23,3%	14,0%	2,3%	-7,6%
Return on assets	0,0%	0,9%	0,7%	0,1%	-0,1%
Solvency ratio	99,3%	96,5%	89,7%	92,8%	80,1%
Return on equity	34,8%	4,7%	4,2%	0,4%	0,4%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Management's Review

Main activity

Takeda Pharma A/S is the operating company for the local activities in Denmark as well as for group-related activities. The Company is part of the Japanese pharmaceutical company Takeda Pharmaceutical Company Limited and is the parent company of a number of companies in the Takeda Group.

The activities in Takeda Pharma A/S comprise group functions, production and local marketing activities. The group functions are carried out by all the Group's companies and, In 2015/16, among other things comprised activities within Global Manufacturing and Supply and IT.

In cooperation with the production units in the other companies in the Group, the production unit in Denmark produces pharmaceuticals to the Danish market and for export to other companies in the Takeda Group.

The marketing activities in Denmark include sale, marketing and registration for the Danish market in the business areas Hospitals, General practitioners, Pharmacies and mass market. We have a broad product portfolio with our core business within Inflammatory bowel disease and Oncology. In addition, Takeda Pharma A/S sells non-prescription products such as vitamins, minerals, etc.

The activities in Takeda Pharma A/S' subsidiaries are administered by the local management in cooperation with Group Management.

Development in the year

The income statement of the Company for 2015/16 shows a profit of TDKK 25,296,957, and at 31 March 2016 the balance sheet of the Company shows equity of TDKK 100,236,684.

The past year and follow-up on development expectations from last year

Operating profit for the past year is in line with the expectations from last year.

Management's Review

Special risks - operating risks and financial risks

Operating risks

Management teams in Takeda Pharma A/S as well as the Group are responsible for monitoring and assessing potential business risks that may arise.

The Company's activities are subject to rigorous regulatory control and approval procedures. Moreover, the ongoing cost management by public authorities and the health sector will result in lower prices and reimbursements in the future. Management continuously monitors the development and assesses the effect.

The Company has subsidiaries in countries that are subject to increased political and economic risks. In the short term, economic risk management is used to limit the risks. In the long term, the Company aims to establish businesses in markets with attractive growth potential and a low risk profile.

Several of the Company's products are long-established products that are subject to increasing competition. In order to reduce loss and risk, the Company actively monitors the life cycle of the products.

Future growth and success will depend on Takeda's ability to develop new products and the local companies' ability to market these products. Moreover, the development of sales in the existing product portfolio will be essential to the financial performance of Takeda Pharmá A/S.

Credit risks

The financial risks of Takeda Pharma A/S are administered in accordance with the policies and instructions adopted by the Group. Accordingly, credit risks and outstanding payments are evaluated continuously.

Financial risks are administered centrally in the Group. The Group does not carry out financial transactions that are not related to hedging of the underlying business risks. It is thus not the Group's policy to engage in active speculation in financial risks.

Targets and expectations for the year ahead

The company expects an operating profit for FY 2016/17 in line with the current year realised operating profit.

Management's Review

Environment

Takeda Pharma A/S is comprised by Takeda's global EI-IS policy.

As a global pharmaceutical company, Takeda Pharma A/S strives towards better health for patients worldwide through leading innovation in medicine.

We are committed to achieving sustainable growth by complying with environmental, health and safety requirements. We acknowledge our responsibility for the health and work environment of Takeda's employees, the companies in the Group and local communities. We also acknowledge that we are responsible for environmental protection and sustainability. We aim to meet these goals with due respect for Takeda's way of doing things (Takeda-ism).

Takeda Pharma A/S prepares an annual environmental report, which comprises an environmental report and environmental data which are submitted to national authorities and which are approved by local authorities. In this way, the Company gets an overview of environmental issues, environmental measures and priorities. As a result, our environmental focus has become more visible.

Takeda Pharma A/S continuously works towards replacing chemicals, including solvents, to less dangerous substances where possible.

Work environment

A healthy and safe work environment is a precondition for creating strong results and good products.

The Company is continuously seeking to secure and improve working conditions in order to avoid industrial accidents. Relevant policies and systems as well as teamwork help the Company reduce the number of accidents. Takeda Pharma A/S has also established uniform contingency plans for all locations. The primary purpose of the plans is to save lives and to contribute to reducing any harmful effects on the health of people and on the environment. As part of the contingency plan, a task force has been established which receives training on a regular basis, including first aid courses and basic firefighting courses.

Health

As Takeda Pharma A/S employees represent a great asset to the Company, night time working employees are regularly offered a health check. The Company also offers a number of health-promoting treatments and activities. Employees at Takeda Pharma A/S may thus be treated by among others chiropractors and zone therapist during working hours, and the Company also offers yoga, pilates and zumba training.

Management's Review

Statutory statement of corporate social responsibility

Takeda Pharma A/S as part of Takeda Group participates in CSR actions and initiatives of the Group following the appropriate Group policies.

Since its foundation in 1781, Takeda Group has conducted its business of providing pharmaceuticals with integrity, which is at the core of the unchanging values of "Takeda-ism" (Integrity: Fairness, Honesty and Perseverance). We believe that the essence of CSR for Takeda lies in developing outstanding pharmaceutical products in accordance with these values.

The core rationale for corporate social responsibility (CSR) at Takeda is in the corporate mission of "striving towards better health for people worldwide through leading innovation in medicine." The company management believes it is important to recognize the various effects of the pharmaceutical business value chain on society and therefore strive to maintain and improve sound business processes throughout our operations, and to engage in activities to promote a sustainable society as good corporate citizens. We engage in CSR activities taking this holistic approach.

Takeda is working to support better access to healthcare for people around the world, including emerging and developing countries with the aim of realizing Vision 2020 (Better Health, Brighter Future) for all, making reference to the BSR's Guiding Principles on Access to Healthcare (GPAH), which Takeda helped to draft.

Specific initiatives are centered around the Global Health Project, which comprises members from divisions across the company, including those involved in R&D, pharmaceutical production, emerging markets, the vaccine business, corporate planning, industry negotiations, intellectual property, and CSR. The project discusses Takeda's initiatives from the aspects of both business and corporate citizenship activities, reporting the content of these discussions to management when appropriate. The project is also discussing the formulation of a basic policy on healthcare access to integrate the entire Group. Work on the project has been continued in FY 2015/16.

The Takeda Group is a signatory to the UN's Global Compact. Reference is made to the separate statement on the Group's progress in relation to the UN's Global Compact (Communication on Progress or COP), see:

https://www.unglobalcompact.org/system/attachments/cop_2015/207041/original/CSR_Data_Book_2015.pdf?1446428693

Management's Review

Impact on Human Rights

Takeda Group has prepared internal standards in the form of policies and guidelines based on international human rights standards, and strives to be socially responsible at every stage of the value chain from research and development to procurement, production, distribution, and sales and marketing as it conducts its activities. We also recognize that one of our key priorities is to support the needs of people who do not have adequate access to pharmaceuticals. Takeda has announced its basic stance on tackling the issue of improving access to healthcare by signing the "Guiding Principles on Access to Healthcare" drafted by BSR – a global association of member companies for CSR.

Takeda Group conducts research activities based on a framework of policies and rules that respect the dignity of life and human rights. Takeda has a Research Ethics Investigation Committee chaired by the General Manager of Pharmaceutical Research Division to handle issues associated with human-derived specimens (such as blood, tissue, cells and other substances). Committee members confirm whether or not specimens are used for research in line with the Declaration of Helsinki. Another ethics committee is responsible for research that uses human genome and gene analysis. Six staff consisting of both genders make up this committee and more than half of the permanent members must come from outside the company. The Ethics Committees have continued their work in FY2015/16.

Major Human Rights-Related Rules for Research and Development Activities

- Rules for the Research Ethics Investigation Committee
- Rules for the Bioethics Committee concerning human genome and gene analysis research
- Rules for the Committee for Safety of Gene Recombination Experiments
- Rules for the Clinical Specimen Experiment Committee
- Rules for performing human genome and gene analysis research
- Rules for performing gene recombination experiments

Management's Review

Impact on Climate

Since establishing the Environmental Protection Measures Committee in 1970, Takeda has engaged in environmental protection activities from a long-term perspective. Under the Takeda Group environmental Action Plan, Takeda has set targets for measures to combat global warming, waste reduction, and other initiatives over the mid- and long-term. We review and evaluate our progress each year, and plan our future activities.

Promoting the environment (E), health (H), and safety (S) is an essential responsibility for Takeda in addition to leading innovation in pharmaceuticals, since its mission is to strive towards better health for people. To carry out this responsibility the Company formulated the Takeda Group Environmental Action Plan in 2010, the Global EHS Policy in 2012, and the Global EHS Guideline for Production and Research Sites in 2013. Following on from these, in 2014 Takeda established the Global EHS Guideline for Office Sites and the EHS Guideline Checklist. The Group also held the Global EHS Meeting and network meetings, and shared the concepts fostered within them, as well as promoting a common Group-wide understanding of EHS priorities for realizing "Vision 2020." Harnessing the power of these concepts and networks, Takeda has continued to steadily promote EHS as "Global One Takeda,". During 2015 we saw improved progress towards our 2016 targets for reduction in energy-derived CO₂ compared with fiscal 2005 levels.

Share of the underrepresented gender

There is no gender underrepresentation at either Board or Management level of the Company.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Unusual events

The financial position at 31 March 2016 of the Company and the results of the activities of the Company for the financial year 2015/16 have been affected by Takeda Group Legal Entity Restructuring.

In the course of restructuring, the Company transferred shares in several group companies to Takeda Pharmaceuticals International AG and received shares in group companies from Takeda GmbH and Takeda A/S.

The total financial impact of restructuring amounted to 14.2 billion DKK income and is reflected under Income from investments in subsidiaries and associates.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 April - 31 March

	Note	2015/16 TDKK	2014/15 TDKK
Revenue	1	1.682.747	1.910.204
Expenses for raw materials and consumables		-1.067.458	-845.075
Other external expenses		-402.795	-285.139
Gross profit		212.494	779.990
Staff expenses	2	-157.414	-268.119
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-25.691	-67.019
Profit before financial income and expenses		29.389	444.852
Income from investments in subsidiaries and associates		26.833.735	1.547.905
Financial income	4	196.100	51.645
Financial expenses	5	-1.742.291	148.592
Profit before tax		25.316.933	2.192.994
Tax on profit for the year	6	-19.976	-118.499
Net profit for the year		25.296.957	2.074.495

Distribution of profit

Proposed distribution of profit

Extraordinary dividend paid	0	351.618
Proposed dividend for the year	0	0
Retained earnings	25.296.957	1.722.877
	25.296.957	2.074.495

Balance Sheet 31 March

Assets

	Note	2015/16 TDKK	2014/15 TDKK
Acquired patents		60.302	71.815
Development projects in progress		116	785
Intangible assets	7	60.418	72.600
Land and buildings		82.525	89.510
Plant and machinery		119	1.140
Other fixtures and fittings, tools and equipment		15.220	17.999
Property, plant and equipment in progress		21.771	20.598
Property, plant and equipment	8	119.635	129.247
Investments in subsidiaries	9	98.172.493	45.053.868
Investments in associates	10	29.028	75.891
Other receivables		926	946
Fixed asset investments		98.202.447	45.130.705
Fixed assets		98.382.500	45.332.552
Raw materials and consumables		19.663	15.730
Finished goods and goods for resale		53.410	167.578
Inventories		73.073	183.308
Trade receivables		108.325	97.336
Receivables from group enterprises		2.364.401	1.286.168
Other receivables		472	1.054
Deferred tax asset		30.036	46.546
Prepayments		6.906	5.908
Receivables		2.510.140	1.437.012
Cash at bank and in hand		1	1
Currents assets		2.583.214	1.620.321
Assets		100.965.714	46.952.873

Balance Sheet 31 March

Liabilities and equity

	Note	2015/16 TDKK	2014/15 TDKK
Share capital		956.100	810.100
Retained earnings		99.280.584	44.476.912
Equity	11	100.236.684	45.287.012
Other payables		812	2.341
Deferred income		81.875	93.719
Long-term debt	12	82.687	96.060
Trade payables		57.192	66.509
Payables to group enterprises		508.528	1.284.679
Corporation tax		0	85.836
Other payables	12	68.779	120.933
Deferred income		11.844	11.844
Short-term debt		646.343	1.569.801
Debt		729.030	1.665.861
Liabilities and equity		100.965.714	46.952.873
Contingent assets, liabilities and other financial obligations	13		
Fee to auditors appointed at the general meeting	14		
Related parties and ownership	15		

Statement of Changes in Equity

	<u>Share capital</u>	<u>Retained</u>	<u>Total</u>
	TDKK	earnings	TDKK
Equity at 1 April	810.100	44.476.912	45.287.012
Capital increase	146.000	29.506.715	29.652.715
Net profit/loss for the year	0	25.296.957	25.296.957
Equity at 31 March	956.100	99.280.584	100.236.684

Notes to the Financial Statements

	<u>2015/16</u>	<u>2014/15</u>
	TDKK	TDKK
1 Revenue		
Geographical segments		
Revenue, Denmark	548.405	542.874
Revenue, exports	<u>1.134.342</u>	<u>1.367.330</u>
	<u>1.682.747</u>	<u>1.910.204</u>
Business segments		
Sale of goods	1.347.913	1.415.847
Royalty income	<u>334.834</u>	<u>494.357</u>
	<u>1.682.747</u>	<u>1.910.204</u>
2 Staff expenses		
Wages and salaries	140.403	242.062
Pensions	15.817	23.419
Other social security expenses	<u>1.194</u>	<u>2.638</u>
	<u>157.414</u>	<u>268.119</u>
Including remuneration to the Executive Board and Board of Directors of:		
Salary	4.338	4.270
Pension	<u>539</u>	<u>515</u>
	<u>4.877</u>	<u>4.785</u>
Average number of employees	<u>197</u>	<u>305</u>

In total 15 key management employees are participating in the Takeda Group's long term incentive programs. The programs give the participant the right to receive a number of Restricted Stock Units ("RSU.s"), calculated as a certain percentage of each participants base salary and divided by the Takeda Group stock price at the grant date. Each program has granted vesting, meaning that one third of the RSU's vests after one year. All programs are settled in cash equivalent to the actual Takeda Group share price on the vesting date.

For the 2013-program a total of 17.848 RSU's have been granted at a share price of 310 DKK, and for the 2014-program 16.818 RSU's have been granted at a share price of 253,46 DKK, while 15.895 RSU's have been granted with respect to the 2015-program at a share price of 320,94 DKK.

Notes to the Financial Statements

	<u>2015/16</u>	<u>2014/15</u>
	TDKK	TDKK
3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		
Amortisation of intangible assets	11.544	18.779
Depreciation of property, plant and equipment	13.044	16.709
Impairment of property, plant and equipment	0	17.586
Gain and loss on disposal	1.103	13.945
	<u>25.691</u>	<u>67.019</u>
Which is specified as follows:		
Acquired patents	11.544	18.779
Buildings	7.033	7.853
Plant and machinery	2.833	4.439
Other fixtures and fittings, tools and equipment	3.178	4.417
Loss/(profit) on disposal of property, plant and equipment	1.103	13.945
Impairment of buildings	0	17.586
	<u>25.691</u>	<u>67.019</u>
4 Financial income		
Interest received from group enterprises	1.539	1.042
Other financial income	0	61
Exchange gains	194.561	50.542
	<u>196.100</u>	<u>51.645</u>
5 Financial expenses		
Impairment losses and reversal etc. on investments in subsidiaries	1.571.056	-178.946
Interest paid to group enterprises	7.042	7.212
Other financial expenses	4.356	368
Exchange losses	159.837	22.774
	<u>1.742.291</u>	<u>-148.592</u>

Notes to the Financial Statements

	2015/16 TDKK	2014/15 TDKK
6 Tax on profit for the year		
Current tax for the year	3.466	87.759
Deferred tax for the year	16.510	30.713
Adjustment of tax concerning previous years	0	111
Adjustment of deferred tax concerning previous years	0	-84
	19.976	118.499
7 Intangible assets		
	Acquired pa- tents TDKK	Development projects in progress TDKK
Cost at 1 April	681.713	785
Additions for the year	31	112
Disposals for the year	-37.144	-785
Transfers for the year	0	4
Cost at 31 March	644.600	116
Impairment losses and amortisation at 1 April	609.898	0
Amortisation for the year	11.544	0
Reversal of amortisation of disposals for the year	-37.144	0
Impairment losses and amortisation at 31 March	584.298	0
Carrying amount at 31 March	60.302	116

Notes to the Financial Statements

8 Property, plant and equipment

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress
	TDKK	TDKK	TDKK	TDKK
Cost at 1 April	298.987	57.919	67.579	20.598
Additions for the year	48	2.486	1.459	1.289
Disposals for the year	-1.025	-11.294	-15.250	-112
Transfers for the year	0	0	0	-4
Cost at 31 March	298.010	49.111	53.788	21.771
Impairment losses and depreciation at 1 April	209.477	56.779	49.580	0
Depreciation for the year	7.033	2.833	3.178	0
Reversal of impairment and depreciation of sold assets	-1.025	-10.620	-14.190	0
Impairment losses and depreciation at 31 March	215.485	48.992	38.568	0
Carrying amount at 31 March	82.525	119	15.220	21.771

Notes to the Financial Statements

	2015/16	2014/15
	TDKK	TDKK
9 Investments in subsidiaries		
Cost at 1 April	45.885.307	45.739.297
Additions for the year	130.312.370	691.891
Disposals for the year	-76.500.985	-545.881
Cost at 31 March	<u>99.696.692</u>	<u>45.885.307</u>
Value adjustments at 1 April	-831.439	-1.015.977
Disposals for the year	831.439	0
Revaluations for the year, net	-1.524.199	184.538
Value adjustments at 31 March	<u>-1.524.199</u>	<u>-831.439</u>
Carrying amount at 31 March	<u>98.172.493</u>	<u>45.053.868</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
Takeda Pharmaceuticals FZCO*	Dubai, UAE	TAED 1.000	90%	24.603	8.154
Multilab Indústria e Comércio de Produtos Farmacêuticos Ltda	Brazil	TBRL 525.153	100%	79.282	-134.175
Takeda Latvia SIA	Republic of Latvia	TEUR 6	100%	409	88
Takeda UAB	Republic of Lithuania	TEUR 3	100%	1.115	119
Takeda Pharmaceuticals International AG	Switzerland	TCHF 3.495	94%	14.835.733	-434.781
Takeda Re-Insurance AG	Switzerland	TCHF 16.000	100%	43.510	786
Takeda Ecuador Cia Ltda.	Ecuador	TUSD 1.400	100%	737	180
Nycomed Christiaens BV	Netherlands	TEUR 500	100%	340	-4.560
Takeda SRL	Peru	TPEN 8.427	99%	9.057	-2.261
Takeda Pharmaceutical Egypt LLC	Egypt	TEGP 240	100%	1.630	4.255
Takeda Israel Ltd	Israel	TILS 1	100%	1.455	762
Takeda Pharmaceuticals Taiwan Ltd.	Taiwan	TNTD 9.000	100%	982.154	114.656

* = Figures are according to group GAAP (IFRS), as the statutory accounts are not yet available.

Notes to the Financial Statements

	2015/16 TDKK	2014/15 TDKK
10 Investments in associates		
Cost at 1 April	75.891	75.891
Cost at 31 March	75.891	75.891
Value adjustments at 1 April	0	0
Revaluations for the year, net	-46.863	0
Value adjustments at 31 March	-46.863	0
Carrying amount at 31 March	29.028	75.891

Investments in associates are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
GE Healthcare Nycomed Ltd.	Ireland	TEUR 0,1	49%	8.107	-193

The latest published annual report for GE Healthcare Nycomed Ltd. is for the calendar year 2015.

Notes to the Financial Statements

11 Equity

The share capital is broken down as follow:

	<u>Number</u>	<u>Nominal value</u> TDKK
A-shares	1.386	138.600
B-shares	8.175	817.500
		<u>956.100</u>

The share capital has developed as follows:

	<u>2015/16</u> TDKK	<u>2014/15</u> TDKK	<u>2013/14</u> TDKK	<u>2012/13</u> TDKK	<u>2011/12</u> TDKK
Share capital at 1 April	810.100	810.000	810.000	803.000	800.000
Capital increase	146.000	100	0	7.000	3.000
Capital decrease	0	0	0	0	0
Share capital at 31 March	<u>956.100</u>	<u>810.100</u>	<u>810.000</u>	<u>810.000</u>	<u>803.000</u>

12 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	<u>2015/16</u> TDKK	<u>2014/15</u> TDKK
Other payables		
Between 1 and 5 years	812	2.341
Long-term part	812	2.341
Other short-term payables	68.779	120.933
	<u>69.591</u>	<u>123.274</u>
Deferred income		
After 5 years	34.499	46.343
Between 1 and 5 years	47.376	47.376
Long-term part	81.875	93.719
Within 1 year	0	0
Other deferred income	11.844	11.844
	<u>93.719</u>	<u>105.563</u>

Notes to the Financial Statements

	2015/16	2014/15
	TDKK	TDKK
13 Contingent assets, liabilities and other financial obligations		
Rental agreements and leases		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	4.842	4.735
Between 1 and 5 years	11.233	3.721
After 5 years	9.380	0
	25.455	8.456

Contractual obligations

Guarantee commitments	14.976	15.012
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Contingent liabilities

The Company is sometimes involved in legal proceedings instituted in connection with the ordinary operation of the Company. The Company decides on a case-by-case basis whether to end legal proceedings or whether to defend its position. Management believes that the outcome of proceedings will not materially affect the Company's financial performance or financial position. The Company maintains its indemnity insurance in order to limit the effects on the financial statements of any rulings not favouring the Company.

The Company has certain other contingent liabilities relating to claims, performance guarantees and other obligations resulting from ordinary operations. Management does not believe that the probable outcome of other contingent liabilities will materially affect financial performance or the financial position.

The Company is taxed jointly with other Danish companies in the Takeda Group. The Company has unlimited and joint and several liability together with the other jointly taxed companies for Danish income taxes and withholding taxes on dividends, interest and royalties within the jointly taxed companies.

	2015/16	2014/15
	TDKK	TDKK
14 Fee to auditors appointed at the general meeting		
Audit fee	662	842
Other services	171	109
	833	951

Notes to the Financial Statements

15 Related parties and ownership

Basis

Controlling interest

Takeda A/S	Parent company
Takeda Pharmaceutical Company Limited, Japan	Ultimate Parent Company

Other related parties

The Company's other related parties include group enterprises and associates, including such companies' Boards of Directors, Executive Boards and executive staff as well as their family members. Related parties also include entities and companies in which the abovementioned persons have a significant interest, as well as persons and companies with a significant interest in the parent.

Transactions

No transactions were made with members of the Supervisory Board or others in the periods referred to besides ordinary intra-group transactions relating to goods and services.

Ownership

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Takeda A/S, Dybendal Allé 10, 2630 Taastrup, Danmark

Consolidated Financial Statements

The Company is included in the consolidated financial statements of the Ultimate Parent Company Takeda Pharmaceutical Company Limited.

The consolidated financial statements of the Ultimate Parent Company can be obtained at the address:

Takeda Pharmaceutical Company Limited, 1-1, Doshomachi 4-chome Chou-ku, Osaka-shi 540-8645, Japan

Accounting Policies

Basis of Preparation

The Annual Report of Takeda Pharma A/S for FY 2015/16 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

Financial Statements for 2015/16 are presented in TDKK.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of Takeda Pharmaceutical Company Limited, the Company has not prepared consolidated financial statements.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Takeda Pharmaceutical Company Limited, the Company has not prepared a cash flow statement.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including amortisations, depreciations and write-downs, as well as provisions and reversals, as a consequence of revised accounting estimates, of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Accounting Policies

Translation policies

Transactions in foreign currencies are translated at the corporate exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the corporate exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

Income Statement

Revenue

Revenue from the sale of goods is recognised in the income statement when delivery and transfer of risk to the buyer have been made before year end.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the core activities of the enterprise, including management fee income from its subsidiaries as well as profit/loss on the sale of intellectual property rights etc.

Accounting Policies

Income from investments in subsidiaries and associates

Dividend from investments in subsidiaries and associates is recognised in the Company's income statement in the financial year in which the dividend is declared. If distributed dividend exceeds accumulated earnings after the date of acquisition the cost of the investment is impaired.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with Danish group enterprises. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 8 years.

Development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Production buildings	5-39	years
Plant and machinery	5-10	years
Other fixtures and fittings, tools and equipment	3-10	years

Accounting Policies

Investments in subsidiaries and associates

Investments in subsidiaries and associates are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Inventories

Inventories are measured at cost based on the lower of the weighted average cost formula and net realisable value.

Net realisable value is calculated using the expected selling price accounting for obsolescence, less any remaining production and distribution costs.

The cost of manufactured and completed products as well as semi-manufactures includes raw material, direct payroll costs, other material needed for the production and production overhead. Production overhead includes indirect payroll costs and materials, maintenance costs and depreciation of operating equipment and buildings that have been used in the production process and cost for production administration and management.

Goods for resale are measured at cost plus delivery costs.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions are made based on an evaluation of the claims that are estimated to involve a risk of loss.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

Accounting Policies

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial liabilities

On initial recognition, borrowing and lending are measured at the fair value of proceeds received these transaction costs that are directly associated with the transaction. Subsequent to initial recognition, financial liabilities are measured at amortised cost under the effective interest method. Gains and losses are recognised in the income statement when the relevant liability has been removed from the balance sheet and through amortisation.

Other liabilities are measured at amortised cost, substantially corresponding to nominal value.

Financial Highlights

Explanation of financial ratios

Profit margin	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$