

**Consolidated Financial Statements for the Third Quarter Ended December 31, 2015
FY2016 (April 1, 2015 - March 31, 2016) [UNAUDITED]**

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 Stock exchange listings: Tokyo Stock Exchange (1st section)
 Code number: 2531
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- Notes: 1. The accompanying financial statements have been prepared in accordance with accounting principles and practices generally accepted in Japan.
 2. Amounts are rounded down to the nearest million yen.

1. Results for the nine months ended December 31, 2015 (April 1, 2015 – December 31, 2015)

(1) Operating results

Note: Percentages indicated changes from the same period of the previous fiscal year.

	Nine months ended December 31, 2015		Nine months ended December 31, 2014	
	(Millions of yen)	(%)	(Millions of yen)	(%)
Net sales	170,250	2.5	166,054	4.1
Operating income(loss)	10,091	(4.6)	10,580	19.0
Ordinary income(loss)	10,858	(1.0)	10,969	19.2
Net income (loss) attributable to owners of the parent	6,546	9.4	5,984	(43.0)
Net income (loss) per share (Yen)	32.53		29.74	
Fully diluted net income per share (Yen)	-		-	
Note: Comprehensive income	4,679	(47.6)	8,932	(61.5)

(2) Financial position

	As of December 31, 2015	As of March 31, 2015
	(Millions of yen)	(Millions of yen)
Total assets	263,167	264,438
Net assets	158,716	158,404
Equity ratio (%)	50.6	49.9
(Reference) Equity	133,134	131,923

2. Dividends

	Dividend per share (Yen)		
	Year ended March 31, 2015	Year ending March 31, 2016	Year ending March 31, 2016 (Forecast)
First quarter end	-	-	
Second quarter end	-	-	
Third quarter end	-	-	
Year end	10.00		11.00
Annual	10.00		11.00

Notes: Correction of dividend forecast from the most recent dividend forecast : No

3. Forecast for the year ending March 31, 2016 (April 1, 2015 – March 31, 2016)

Note: Percentages indicated changes from the same period of the previous fiscal year.

	Year ending March 31, 2016	
	(Millions of yen)	(%)
Net sales	230,000	4.8
Operating income(loss)	11,300	1.8
Ordinary income(loss)	12,000	1.5
Net income (loss) attributable to owners of the parent	6,400	12.2
Net income (loss) per share (Yen)	31.81	

Note: Correction of financial forecast from the most recent financial forecast : No

4. Others

- (1) Material changes in subsidiaries during this period
(Changes in scope of consolidations resulting from change in specific subsidiaries) : No
- (2) Applying of specific accounting treatments of the quarterly consolidated financial statements : No
- (3) Changes in accounting policies, changes in accounting estimates, and retrospective restatement
 - 1) Changes based on revisions of accounting standard : Yes
 - 2) Changes other than ones based on revisions of accounting standard : No
 - 3) Changes in accounting estimates : No
 - 4) Restatement : No
- (4) Number of outstanding shares (common stock)
 - 1) Number of outstanding shares at year end (Treasury stocks are included)
 - As of December 31, 2015 : 217,699,743
 - As of March 31, 2015 : 217,699,743
 - 2) Number of treasury stocks at year end
 - As of December 31, 2015 : 16,475,207
 - As of March 31, 2015 : 16,474,061
 - 3) Average number of outstanding shares
 - Nine months ended December 31, 2015 : 201,225,138
 - Nine months ended December 31, 2014 : 201,228,103

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1. Qualitative Information for the Nine Months Ended December 31, 2015

(1) Consolidated Financial Results

In the nine months ended December 31, 2015, the Japanese economy maintained a moderate recovery as corporate earnings, primarily among export-related companies, and the hiring and income environment improved.

On the other hand, overseas, while the United States maintained a moderate economic expansion, the uncertainty over the outlook for the global economy remained due in part to such factors as the slowdown in the Chinese economy and the accompanying fall in resource prices.

In this environment, under the Takara Group Medium-Term Management Plan FY2017, the second step in its efforts to realize its long-term Takara Group Vision 2020, the Group strived to conduct steady business activities with the aim of improving domestic business profitability and expanding our overseas business intending to further increase the corporate value of the Group, while at the same time building a well-balanced business structure that can hold up well to business environment changes by accelerating the growth of our Biomedical Business.

As a result, in the nine months ended December 31, 2015, net sales were up 2.5% year on year to ¥170,250 million. Gross profit rose 4.3% year on year to ¥67,901 million. Operating income decreased 4.6% year on year to ¥10,091 million while ordinary income was down 1.0% year on year to ¥10,858 million. Net income attributable to owners of the parent increased 9.4% year on year to ¥6,546 million.

Results by business segment were as follows.

Reporting segments were changed from the first quarter ended June 30, 2015. The year on year comparisons shown below compare figures for the same period of the previous fiscal year that have been reclassified into reporting segments following the change.

[Takara Shuzo Group]

For alcoholic beverages, in the nine months ended December 31, 2015, sales of shochu decreased. However, sales of sake increased, as sparkling sake *Sho-Chiku-Bai Shirakabe-gura Mio* continued to sell well, and, overseas, TAKARA SAKE USA INC. performed strongly. Sales of light-alcohol refreshers also rose as the new *Takara Fruit Juice Zero Sugar Chu-Hi Zero Jitate* was launched in June and sales of *Takara Shochu High Ball* remained robust.

Although sales of other alcoholic beverages such as whiskey and wine also rose, sales of alcoholic beverages overall declined due to the major decrease in shochu sales.

In the Seasonings Business, sales of mirin and cooking sake increased while sales of raw alcohol, etc. and transportation sales also increased.

Moreover, sales in the Japanese Food Wholesale Business in overseas markets increased as FOODEX S.A.S. (France) and COMINPORT DISTRIBUCIÓN S.L. (Spain) continued to perform strongly.

As a result, net sales for the Takara Shuzo Group increased 0.5% year on year to ¥146,859 million. Cost of sales was the same as the same period of the previous fiscal year at ¥91,986 million. As a result, gross profit rose 1.2% year on year to ¥54,872 million. SG&A expenses were up 2.2% year on year to ¥46,787 million due to an increase in sales promotion expenses. Accordingly, the Takara Shuzo Group recorded operating income down 4.2% year on year to ¥8,085 million.

[Takara Bio Group]

Net sales for the nine months ended December 31, 2015 increased 19.7% year on year to ¥20,706 million, which was due in part to the impact of the depreciation in the value of the yen in addition to sales of mainstay research reagents, which outperformed the same period of the previous fiscal year. Cost of sales was up 17.3% year on year to ¥9,199 million in conjunction with the increase in net sales. Consequently, gross profit increased 21.7% year on year to ¥11,507 million. SG&A expenses were up 22.9% year on year to ¥10,062 million due to increases in research and development and personnel expenses. Accordingly, the Takara Bio Group recorded operating income up 14.4% year on year to ¥1,444 million.

[Takara Healthcare]

Net sales for the nine month period ended December 31, 2015 increased 11.9% year on year to ¥1,376 million as sales of *fucoidan*-related products etc. continued to grow. Cost of sales was up 8.9% year on year to ¥650 million in conjunction with the increase in net sales. Consequently, gross profit increased 14.8% year on year to ¥725 million. SG&A expenses were up 13.7% year on year to ¥685 million, mainly due to the increase in advertising expenses. As a result, Takara Healthcare recorded operating income up 35.3% year on year to ¥40 million.

[Other]

Net sales of business segments other than the reported segments decreased 4.5% year on year to ¥4,369 million. Cost of sales fell 4.4% year on year to ¥3,836 million. Consequently, gross profit fell 5.0% year on year to ¥532 million. SG&A expenses were up 0.7% year on year to ¥499 million. As a result, operating income in business segments other than the reported segments was down 48.9% year on year to ¥32 million.

Breakdown of sales results by product category

Segment	Equivalent Period of Previous Fiscal Year (From April 1, 2014, to December 31, 2014)	Period under Review (from April 1, 2015, to December 31, 2015)	YoY Comparison
Product category	Amount (Millions of yen)	Amount (Millions of yen)	(%)
Takara Shuzo Group			
Shochu	49,675	45,539	91.7
Sake	19,817	19,848	100.2
Light-alcohol refreshers	20,249	21,263	105.0
Other alcoholic beverages	10,128	10,458	103.3
Alcoholic beverages total	99,870	97,110	97.2
<i>Hon Mirin</i>	11,368	11,933	105.0
Other seasonings	6,969	7,199	103.3
Seasonings total	18,338	19,133	104.3
Raw alcohol, etc.	5,378	5,432	101.0
Transportation	8,671	8,922	102.9
Japanese food wholesales business in overseas markets	12,747	15,164	119.0
Other	1,171	1,096	93.6
Total	146,178	146,859	100.5
Takara Bio Group	17,293	20,706	119.7
Takara Healthcare	1,230	1,376	111.9
Other	4,575	4,369	95.5
Sales not allocated to business segments and intersegment transactions	(3,222)	(3,061)	-
Total	166,054	170,250	102.5

- Notes: 1. Amounts include alcohol tax but do not include consumption tax.
2. From the first quarter of this fiscal year, the Company had made changes to reporting segments, and sales results for the first nine months of the previous fiscal year have been prepared and presented in accordance with reporting segments following the changes. See "3. Consolidated Quarterly Financial Statements (4) Notes on Consolidated Quarterly Financial Statements (Segment Information)" for details of changes to reporting segments.

(2) Consolidated Financial Position

Total assets stood at ¥263,167 million as of December 31, 2015, down ¥1,271 million from March 31, 2015. This included a ¥5,123 million increase in current assets from the end of the previous fiscal year to ¥165,776 million. This primarily resulted from an increase of ¥10,023 million in notes and accounts receivable-trade and a ¥5,786 million decrease in securities.

Non-current assets decreased by ¥6,394 million from the end of the previous fiscal year to ¥97,390 million. The main factor was a decrease of ¥4,879 million in investment securities.

Total liabilities amounted to ¥104,450 million as of December 31, 2015, down ¥1,583 million from March 31, 2015. Current liabilities fell ¥1,196 million from the end of the previous fiscal year to ¥53,680 million. This primarily resulted from a decline of ¥5,000 million in the current portion of bonds and a decline of ¥1,407 million in other current liabilities such as accrued consumption taxes and an increase of ¥5,076 million in accrued alcohol tax.

Non-current liabilities declined ¥386 million from the end of the previous fiscal year to ¥50,770 million.

Net assets stood at ¥158,716 million as of December 31, 2015, up ¥312 million from March 31, 2015. The main factor was an increase of ¥4,507 million in retained earnings despite a decrease of ¥1,316 million in capital surplus, a decrease of ¥1,459 million in foreign currency translation adjustment, and a decrease of ¥899 million in non-controlling interests.

(3) Qualitative Information Regarding Consolidated Forecasts

Net sales, operating income and ordinary income fell somewhat below forecasts during the nine months ended December 31, 2015, which was largely due to the slow pace in the domestic alcoholic beverage business. However, net income attributable to the parent company exceeded forecasts. As a result, the full-year forecasts for the fiscal year ending March 31, 2016 are unchanged from the forecasts announced on May 8, 2015.

2. Summary Information (Notes)

Change in Accounting Policy and Retrospective Restatement of Accounting Estimates

(Change in Accounting Policy)

(Application of Accounting Standard for Business Combinations)

The “Revised Accounting Standard for Business Combinations” (ASBJ Statement No. 21 issued on September 13, 2013, hereinafter the “Business Combinations Accounting Standard”), the “Revised Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013, hereinafter the “Consolidated Financial Statements Accounting Standard”), and the “Revised Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013, hereinafter the “Business Divestitures Accounting Standard”) have been applied from the first quarter of this fiscal year. As a result, for subsidiaries the Company continues to control, differences arising due to changes in the ownership interest are entered in capital surplus and costs associated with the acquisition of ownership interests are now treated as expenses in the consolidated fiscal year in which they are incurred. In addition, for business combinations that are implemented after the beginning of the first quarter of 2015, revisions to the allocation of the cost of acquisitions as determined by provisional accounting treatment are reflected in the quarterly consolidated financial statements for the quarter in which the business combination took place. Additionally, the Company has changed the method of presenting consolidated quarterly net income and changed “minority interests in consolidated subsidiaries” to non-controlling interests in consolidated subsidiaries.” To reflect these changes, the Company has reclassified its quarterly consolidated financial statements for the first nine months of the previous fiscal year and consolidated financial statements for the previous fiscal year.

The Company has applied these standards in accordance with transitional treatment prescribed in Section 58-2(4) of the Business Combinations Accounting Standard, Section 44-5(4) of the Consolidated Financial Statements Accounting Standard, Section 57-4(4) of the Business Divestitures Accounting Standard, and will continue to apply these standards from the beginning of the first quarter of this fiscal year into the future.

As a result of these changes, consolidated operating income, ordinary income and net income before income taxes increased by ¥26 million respectively for the nine months ended December 31, 2015. In addition, capital surplus as of December 31, 2015 decreased by ¥1,316 million.

3. Consolidated Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheets

(Millions of Yen)

	As of Mar. 31, 2015	As of Dec. 31, 2015
Assets		
Current assets		
Cash and deposits	41,296	39,611
Notes and accounts receivable-trade	54,617	64,641
Securities	27,022	21,235
Merchandise and finished goods	28,524	30,829
Work in process	958	1,218
Raw materials and supplies	3,317	3,495
Other	5,148	5,008
Allowance for doubtful accounts	(233)	(264)
Total current assets	160,653	165,776
Noncurrent assets		
Property, plant and equipment	53,085	52,723
Intangible assets		
Goodwill	8,071	7,225
Other	4,286	3,977
Total intangible assets	12,358	11,202
Investments and other assets		
Investment securities	32,900	28,020
Other	5,608	5,612
Allowance for doubtful accounts	(166)	(168)
Total investments and other assets	38,342	33,464
Total noncurrent assets	103,785	97,390
Total assets	264,438	263,167

(Millions of Yen)

	As of Mar. 31, 2015	As of Dec. 31, 2015
Liabilities		
Current liabilities		
Notes and accounts payable-trade	15,680	16,141
Short-term loans payable	5,292	5,357
Current portion of bonds	5,000	-
Accrued alcohol tax	7,615	12,691
Accrued expenses	5,456	5,280
Income taxes payable	2,107	2,397
Provision for sales promotion expenses	1,774	2,082
Other provision	2,255	1,440
Other	9,695	8,287
Total current liabilities	54,877	53,680
Noncurrent liabilities		
Bonds payable	20,000	20,000
Long-term loans payable	10,334	10,295
Net defined benefit liability	8,407	8,546
Long-term deposits received	5,622	5,346
Other	6,792	6,581
Total noncurrent liabilities	51,156	50,770
Total liabilities	106,034	104,450
Net assets		
Shareholders' equity		
Capital stock	13,226	13,226
Capital surplus	3,196	1,879
Retained earnings	108,647	113,154
Treasury stock	(9,937)	(9,938)
Total shareholders' equity	115,132	118,321
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,098	9,042
Deferred gains or losses on hedges	558	137
Foreign currency translation adjustment	7,431	5,971
Remeasurements of defined benefit plans	(297)	(338)
Total accumulated other comprehensive income	16,791	14,813
Noncontrolling interests	26,481	25,581
Total net assets	158,404	158,716
Total liabilities and net assets	264,438	263,167

(2) Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income**(Consolidated Statements of Income)****(For the Nine Months Ended December 31, 2015 and 2014)**

(Millions of Yen)

	FY2015 (Apr. 1, 2014 – Dec. 31, 2014)	FY2016 (Apr. 1, 2015 – Dec. 31, 2015)
Net sales	166,054	170,250
Cost of sales	100,975	102,349
Gross profit	65,078	67,901
Selling, general and administrative expenses	54,497	57,809
Operating income	10,580	10,091
Non-operating income		
Dividends income	414	436
Equity in earnings of affiliates	160	275
Other	382	533
Total non-operating income	957	1,245
Non-operating expenses		
Interest expenses	347	335
Other	220	143
Total non-operating expenses	568	479
Ordinary income	10,969	10,858
Extraordinary income		
Gain on sales of investment securities	249	260
Other	62	67
Total extraordinary income	312	327
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	226	148
Impairment loss	247	-
Other	55	51
Total extraordinary losses	529	199
Income before income taxes and minority interests	10,752	10,986
Income taxes-current	3,578	4,168
Income taxes-deferred	1,009	(122)
Total income taxes	4,588	4,046
Net income	6,163	6,940
Net income attributable to the noncontrolling interest	179	393
Net income attributable to owners of the parent	5,984	6,546

(Consolidated Quarterly Statements of Comprehensive Income)
(For the Nine Months Ended December 31, 2015 and 2014)

(Millions of Yen)

	FY2015 (Apr. 1, 2014 – Dec. 31, 2014)	FY2016 (Apr. 1, 2015 – Dec. 31, 2015)
Net income	6,163	6,940
Other comprehensive income		
Valuation difference on available-for-sale securities	1,602	(56)
Deferred gains or losses on hedges	426	(425)
Foreign currency translation adjustment	776	(1,732)
Remeasurements of defined benefit plans	(138)	(34)
Share of other comprehensive income of associates accounted for using equity method	101	(11)
Total other comprehensive income	2,768	(2,260)
Comprehensive income	8,932	4,679
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	8,602	4,568
Comprehensive income attributable to noncontrolling interest	329	110

(3) Notes on Consolidated Quarterly Financial Statements

(Notes on Premise of Going Concern)

No items to report.

(Notes on Material Changes in Shareholders' Equity)

No items to report.

(Segment Information)

I. Equivalent Period of Previous Fiscal Year (From April 1, 2014, to December 31, 2014)

1. Net sales and Income (Loss) by Reported Segment

<Information for the first nine months of the previous fiscal year prepared in accordance with classifications following changes>

(Millions of yen)

	Reported Segment				Other (Note: 1)	Total	Adjustment (Note: 2)	Amount recognized in consolidated quarterly statements of income (Note: 3)
	Takara Shuzo Group	Takara Bio Group	Takara Healthcare	Subtotal				
Net sales								
External customers	145,928	16,708	1,228	163,864	1,847	165,712	341	166,054
Intersegment	250	585	1	836	2,727	3,564	(3,564)	-
Total	146,178	17,293	1,230	164,701	4,575	169,276	(3,222)	166,054
Segment income (loss)	8,435	1,263	30	9,729	63	9,792	787	10,580

- Notes:
- Other includes business segments that are not part of reported segments, such as the printing business and other subsidiaries.
 - Details of adjustment amounts are as follows.
 - Net sales to external customers are income from real estate rent recognized by the Company.
 - Segment income comprises intersegment eliminations of ¥45 million and income of the Company not allocated to business segments of ¥742 million.
 - Segment income has been adjusted to the operating income of consolidated quarterly statements of income.

2. Information on Impairment Loss on Noncurrent Assets, Goodwill, etc. by Reportable Segment

A ¥247 million impairment loss was recorded in the Takara Bio Group segment with a write-down of the book value of idle assets to the recoverable value.

II. Period under Review (From April 1, 2015, to December 31, 2015)

1. Net sales and Income (Loss) by Reported Segment

(Millions of yen)

	Reported Segment				Other (Note: 1)	Total	Adjustment (Note: 2)	Amount recognized in consolidated quarterly statements of income (Note: 3)
	Takara Shuzo Group	Takara Bio Group	Takara Healthcare	Subtotal				
Net sales								
External customers	146,673	20,048	1,374	168,097	1,807	169,904	346	170,250
Intersegment	185	657	1	845	2,561	3,407	(3,407)	-
Total	146,859	20,706	1,376	168,942	4,369	173,311	(3,061)	170,250
Segment income	8,085	1,444	40	9,570	32	9,603	488	10,091

- Notes:
- Other includes business segments that are not part of reported segments, such as the printing business and other subsidiaries.
 - Details of adjustment amounts are as follows.
 - Net sales to external customers are income from real estate rent recognized by the Company.
 - Segment income comprises intersegment eliminations of ¥28 million and income of the Company not allocated to business segments of ¥459 million.
 - Segment income has been adjusted to the operating income of consolidated quarterly statements of income.

2. Matters concerning Changes to Reporting Segments

(Changes to Classifications for Reporting Segments)

The Company implemented an absorption-type merger for consolidated subsidiary TaKaRa Network System Co., Ltd. on April 1, 2015. With the merger, the business of TaKaRa Network System, which was included in Other until the previous fiscal year, has been included in Adjustment from the first quarter of this fiscal year.

“Net sales and Income (Loss) by Reported Segment” for the first nine months of the previous fiscal year is presented with amounts reclassified following the relevant changes.

(Application of Revised Accounting Standard for Business Combinations, etc.)

As stated in “Change in Accounting Policy,” the “Revised Accounting Standard for Business Combinations” and other standards have been applied from the first quarter of this fiscal year. As a result, for subsidiaries the Company continues to control, differences arising due to changes in the ownership interest are entered in capital

surplus and costs associated with the acquisition of ownership interests are now treated as expenses in the consolidated fiscal year in which they are incurred. In addition, for business combinations that are implemented after the beginning of the first quarter of 2015, revisions to the allocation of the cost of acquisitions as determined by provisional accounting treatment are reflected in the quarterly consolidated financial statements for the quarter in which the business combination took place.

As a result of these changes, segment income for the nine months ended December 31, 2015 increased by ¥26 million for the Takara Shuzo Group as compared with the previous accounting method.

3. Information on Impairment Loss on Noncurrent Assets, Goodwill, etc. by Reportable Segment

No items to report.