

The original disclosure in Japanese was released on July 27, 2017 at 15:30 (GMT+9)

**Consolidated Financial Statements for the First Quarter Ended June 30, 2017  
FY2018 (April 1, 2017 - March 31, 2018) [UNAUDITED]**

Company name: Takara Holdings Inc.  
 Stock exchange listings: Tokyo Stock Exchange (1st section)  
 Code number: 2531  
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Quarterly statement filing date (as planned): August 8, 2017

- 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 three months ended June 30, 2017 (April 1, 2017 - June 30, 2017)**

**(1) Operating results**

Note: Percentages indicated changes from the previous fiscal year.

	Three months ended June 30, 2017		Three months ended June 30, 2016	
	(Millions of yen)	(%)	(Millions of yen)	(%)
Net sales	63,368	21.1	52,311	2.7
Operating income (loss)	2,074	27.3	1,630	151.0
Ordinary income (loss)	2,247	12.4	1,998	88.3
Net income (loss) attributable to owners of the parent	1,163	7.3	1,084	63.7
Net income (loss) per share (Yen)	5.78		5.39	
Fully diluted net income per share (Yen)	-		-	
Note: Comprehensive income	171	-	(3,242)	-

**(2) Financial position**

	As of June 30, 2017	As of March 31, 2017
	(Millions of yen)	(Millions of yen)
Total assets	280,443	274,368
Net assets	163,099	165,920
Equity ratio (%)	47.5	49.2
(Reference) Equity	133,088	135,043

**2. Dividends**

	Dividend per share (Yen)		
	Year ended March 31, 2017	Year ending March 31, 2018	Year ending March 31, 2018 (Forecast)
First quarter end	-	-	-
Second quarter end	-	-	-
Third quarter end	-	-	-
Year end	13.00	-	14.00
Annual	13.00	-	14.00

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

**3. Forecast for the year ending March 31, 2018 (April 1, 2017 - March 31, 2018)**

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

	Six months ending September 30, 2017		Year ending March 31, 2018	
	(Millions of yen)	(%)	(Millions of yen)	(%)
Net sales	125,000	16.3	268,000	14.4
Operating income (loss)	4,700	(9.7)	14,000	3.3
Ordinary income (loss)	4,700	(16.3)	14,400	0.4
Net income (loss) attributable to owners of the parent	2,400	(24.5)	8,500	0.2
Net income per share (Yen)	11.93		42.24	

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 subsidiaries) : Yes  
Newly included: 2 (Name) WaferGen Bio-systems, Inc., Rubicon Genomics, Inc.  
Excluded: 1 (Name) Rubicon Genomics, Inc.
- (2) Applying of specific accounting of the consolidated quarterly financial statements : No
- (3) Changes in accounting policies, accounting estimates and retrospective restatement
  - 1) Changes based on revisions of accounting standard : No
  - 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 June 30, 2017 : 217,699,743  
As of March 31, 2017 : 217,699,743
  - 2) Number of treasury stocks at year end  
As of June 30, 2017 : 16,475,746  
As of March 31, 2017 : 16,475,431
  - 3) Average number of outstanding shares  
Three months ended June 30, 2017 : 201,224,001  
Three months ended June 30, 2016 : 201,224,342

Contents of the attached document

1. Qualitative Information for the Three Months Ended June 30, 2017-----	2
(1) Consolidated Financial Results -----	2
(2) Consolidated Financial Position -----	3
(3) Qualitative Information Regarding Consolidated Forecasts -----	3
2. Consolidated Quarterly Financial Statements and Primary Notes -----	6
(1) Consolidated Quarterly Balance Sheets -----	6
(2) Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income (For the Three Months Ended June 30, 2017and 2016) -----	8
Consolidated Quarterly Statements of Income (For the Three Months Ended June 30, 2017 and 2016) ---	8
Consolidated Quarterly Statements of Comprehensive Income (For the Three Months Ended June 30, 2017 and 2016) -----	9
(3) Notes on Consolidated Quarterly Financial Statements -----	10
(Notes on Premise of Going Concern) -----	10
(Notes on Material Changes in Shareholders' Equity) -----	10
(Material Changes in Subsidiaries during the Three Months Ended June 30, 2017) -----	10
(Segment Information) -----	10

Supplement for the Consolidated Quarterly Financial Statements

## 1. Qualitative Information for the Three Months Ended June 30, 2017

### (1) Consolidated Financial Results

In the three months ended June 30, 2017, although the Japanese economy maintained a moderate recovery as the corporate earnings and hiring environment improved, personal spending remained weak.

On the other hand, overseas, the global economy continued to be uncertain due to issues such as the uncertainty in emerging economies, the Brexit matter in the U.K., and the effects of future policies in the U.S.

Under these economic circumstances, in fiscal 2018, the Company initiated the Takara Group Medium-Term Management Plan FY2020, as the last step towards achieving its long-term Takara Group Vision 2020. By further increasing the overseas sales ratio together with having a full product line-up and many products with a competitive edge both in Japan and overseas, the Company is aiming to build up a great number of fields in which it can beat competitors and establish a balanced business foundation able to grow revenues significantly no matter what environmental changes occur.

As a result, in the three months ended June 30, 2017, net sales were up 21.1% year on year to ¥63,368 million. Gross profit rose 17.9% year on year to ¥24,662 million. Operating income increased by 27.3% year on year to ¥2,074 million. Ordinary income increased by 12.4% year on year to ¥2,247 million. Net income attributable to owners of the parent increased by 7.3% to ¥1,163 million.

Results by business segment were as follows.

In accordance with the spinning off of the overseas business of Takara Shuzo Co., Ltd. on July 3, 2017 and the establishment of Takara Shuzo International Co., Ltd., the Company changed its reporting segments starting from the three months ended June 30, 2017, and the year on year comparisons below compare the figures for the same period of the previous fiscal year reclassified into the post-change segments.

#### [Takara Shuzo]

For alcoholic beverages, in the three months ended June 30, 2017, while sales of shochu were in line with the same period of the previous fiscal year, sales of sake, where *Sho Chiku Bai Ten* performed well, and sales of light-alcohol refreshers, where *Takara Shochu High Ball* remained robust, rose, and sales of alcoholic beverages overall increased.

In the Seasonings Business, sales increased due to healthy sales of mirin and cooking sake while sales of raw alcohol and other products were also up.

As a result, net sales for the Takara Shuzo Group rose 5.2% year on year to ¥36,029 million. Cost of sales increased by 4.2% to ¥21,665 million. As a result, gross profit rose 6.9% year on year to ¥14,363 million. SG&A expenses were up by 5.1% year on year to ¥14,212 million due to increases in promotion expenses and transportation expenses. Accordingly, the Takara Shuzo Group recorded operating income of ¥151 million (operating loss of ¥85 million in the same period of the previous fiscal year).

#### [Takara Shuzo International Group]

In the three months ended June 30, 2017, sales in the Japanese food wholesale business in overseas markets increased with the contribution of sales from Mutual Trading Co., Inc. (U.S.), which became a consolidated subsidiary at the end of the third quarter of the previous fiscal year, and other companies. As a result, net sales for the Takara Shuzo International Group increased by 121.3% year on year to ¥16,450 million. Cost of sales increased by 134.2% year on year to ¥11,683 million. As a result, gross profit rose by 95.1% year on year to ¥4,767 million. SG&A expenses were up by 107.2% year on year to ¥3,807 million due to an increase in personnel expenses. Accordingly, the Takara Shuzo International Group recorded operating income up 58.4% year on year to ¥960 million.

#### [Takara Bio Group]

Net sales for the three months ended June 30, 2017 were roughly in line with the same period of the previous fiscal year up by 0.8% year on year to ¥6,355 million as sales of contract services greatly exceeded those of the same period of the previous fiscal year although sales of mainstay research reagents fell year on year due to the influence of the strong yen. As to cost of sales, the cost rate decreased by 8% year on year to ¥2,245 million due to changes in the structure of sales for each product and other factors and, consequently, gross profit increased by 6.3% year on year to ¥4,109 million. Selling, general and administrative (SG&A) expenses increased by 19.4% year on year to ¥3,846 million due to increases in R&D expenses, personnel costs, and other factors. Accordingly, operating income declined 59.2% year on year to ¥262 million.

#### [Other]

Net sales of business segments other than the reported segments for the three months ended June 30, 2017 increased by 5.6% year on year to ¥9,634 million as sales in the transportation business and other businesses were healthy overall. Cost of sales increased by 2.6% to ¥8,000 million. Consequently, gross profit increased by 23.6% year on year to ¥1,634

million. SG&A expenses were down by 2.5% to ¥880 million. As a result, operating income up by 79.6% year on year to ¥753 million was recorded.

### Breakdown of sales results by product category

Segment	Equivalent Period of Previous Fiscal Year (From April 1, 2016, to June 30, 2016)	Period under Review (from April 1, 2017, to June 30, 2017)	YoY Comparison
Product category	Amount (Millions of yen)	Amount (Millions of yen)	(%)
<b>Takara Shuzo</b>			
Shochu	13,987	14,089	100.7
Sake	3,888	4,214	108.4
Light-alcohol refreshers	7,364	8,469	115.0
Other alcoholic beverages	1,722	1,641	95.3
Alcoholic beverages total	26,963	28,415	105.4
<i>Hon Mirin</i>	3,327	3,359	101.0
Other seasonings	2,175	2,306	106.0
Seasonings total	5,502	5,666	103.0
Raw alcohol, etc.	1,769	1,947	110.1
<b>Total</b>	<b>34,235</b>	<b>36,029</b>	<b>105.2</b>
<b>Takara Shuzo International Group</b>			
Overseas Alcoholic Beverages Business	2,264	2,340	103.4
Japanese Food Wholesales Business in overseas markets	5,311	14,516	273.3
Elimination of intra-Group transaction on consolidation	(142)	(406)	-
<b>Total</b>	<b>7,432</b>	<b>16,450</b>	<b>221.3</b>
<b>Takara Bio Group</b>	<b>6,306</b>	<b>6,355</b>	<b>100.8</b>
<b>Reported segment total</b>	<b>47,974</b>	<b>58,835</b>	<b>122.6</b>
Other	9,121	9,634	105.6
<b>Segment total</b>	<b>57,095</b>	<b>68,470</b>	<b>119.9</b>
Sales not allocated to business segments and intersegment transactions	(4,784)	(5,101)	-
<b>Total</b>	<b>52,311</b>	<b>63,368</b>	<b>121.1</b>

Note: Amounts include alcohol tax but do not include consumption tax.

### (2) Consolidated Financial Position

As of June 30, 2017, current assets were ¥166,758 million, a decrease of ¥7,153 million compared with that at the end of the previous fiscal year. This was primarily due to a decrease in cash and deposits of ¥15,749 million and an increase in securities of ¥6,333 million.

Non-current assets were ¥113,684 million, an increase of ¥13,228 million compared with that at the end of the previous fiscal year. This was primarily due to an increase in intangible assets of ¥12,451 million.

As a result, total assets were ¥280,443 million, an increase of ¥6,074 million compared with that at the end of the previous fiscal year.

As of June 30, 2017, current liabilities were ¥58,804 million, a decrease of ¥6,701 million compared with that at the end of the previous fiscal year. This was primarily due to decreases in current portion of bonds of ¥5,000 million and income taxes payable of ¥1,037 million. Non-current liabilities were ¥58,539 million, an increase of ¥15,597 million compared with that at the end of the previous fiscal year. This was primarily due to an increase in bonds payable of ¥15,514 million.

As a result, total liabilities were ¥117,344 million, an increase of ¥8,896 million compared with that at the end of the previous fiscal year.

As of June 30, 2017, total net assets were ¥163,099 million, a decrease of ¥2,821 million compared with that at the end of the previous fiscal year. This was primarily due to decreases of ¥1,452 million in retained earnings and ¥1,716 million in foreign currency translation adjustments.

As a result, the equity ratio totaled 47.5%, compared with 49.2% at the end of the previous fiscal year.

### (3) Qualitative Information Regarding Consolidated Forecasts

The consolidated performance for the three months ended June 30, 2017 exceeded initial forecasts. Nevertheless, the Company has not revised the consolidated forecasts for the six months ending September 30, 2017 or for the fiscal year ending March 31, 2018 that were released on May 9, 2017 because the proportion of the Group's annual income accounted for by income in the first quarter of the fiscal year is relatively low.

## 2. Consolidated Quarterly Financial Statements

### (1) Consolidated Quarterly Balance Sheets

(Millions of Yen)

	As of Mar. 31, 2017	As of June 30, 2017
<b>Assets</b>		
Current assets		
Cash and deposits	58,073	42,324
Notes and accounts receivable-trade	57,951	57,682
Securities	13,237	19,571
Merchandise and finished goods	35,300	36,202
Work in process	1,244	1,399
Raw materials and supplies	3,306	3,428
Other	5,035	6,418
Allowance for doubtful accounts	(236)	(266)
<b>Total current assets</b>	<b>173,912</b>	<b>166,758</b>
Noncurrent assets		
Property, plant and equipment	59,174	58,685
Intangible assets		
Goodwill	6,626	13,902
Other	3,630	8,805
<b>Total intangible assets</b>	<b>10,256</b>	<b>22,707</b>
Investments and other assets		
Investment securities	25,583	27,017
Other	5,533	5,364
Allowance for doubtful accounts	(90)	(90)
<b>Total investments and other assets</b>	<b>31,025</b>	<b>32,291</b>
<b>Total noncurrent assets</b>	<b>100,456</b>	<b>113,684</b>
<b>Total assets</b>	<b>274,368</b>	<b>280,443</b>



(Millions of Yen)

	As of Mar. 31, 2017	As of June 30, 2017
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	16,804	16,258
Short-term loans payable	9,206	9,084
Current portion of bonds	10,000	5,000
Accrued alcohol tax	7,593	7,568
Accrued expenses	5,562	4,629
Income taxes payable	2,468	1,431
Provision for bonuses	2,449	3,540
Other provision	2,002	2,483
Other	9,418	8,807
Total current liabilities	65,506	58,804
Noncurrent liabilities		
Bonds payable	10,000	25,514
Long-term loans payable	10,996	10,940
Net defined benefit liability	8,961	8,911
Long-term deposits received	5,342	5,324
Other	7,640	7,847
Total noncurrent liabilities	42,941	58,539
Total liabilities	108,447	117,344
Net assets		
Shareholders' equity		
Capital stock	13,226	13,226
Capital surplus	1,650	1,803
Retained earnings	119,729	118,277
Treasury stock	(9,939)	(9,939)
Total shareholders' equity	124,667	123,367
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,583	10,515
Deferred gains or losses on hedges	0	121
Foreign currency translation adjustment	1,426	(290)
Remeasurements of defined benefit plans	(634)	(625)
Total accumulated other comprehensive income	10,375	9,720
Noncontrolling interests	30,877	30,010
Total net assets	165,920	163,099
Total liabilities and net assets	274,368	280,443

**(2) Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income****(Consolidated Statements of Income)****(For the Three Months Ended June 30, 2017 and 2016)**

(Millions of Yen)

	FY2017 (Apr. 1, 2016 – June 30, 2016)	FY2018 (Apr. 1, 2017 – June 30, 2017)
Net sales	52,311	63,368
Cost of sales	31,391	38,705
Gross profit	20,919	24,662
Selling, general and administrative expenses	19,289	22,588
Operating income	1,630	2,074
Non-operating income		
Dividends income	232	268
Other	310	237
Total non-operating income	542	505
Non-operating expenses		
Interest expenses	107	173
Bond issuance cost	-	112
Other	67	47
Total non-operating expenses	174	333
Ordinary income	1,998	2,247
Extraordinary income		
Gain on sales of noncurrent assets	6	6
Other	0	-
Total extraordinary income	7	6
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	14	33
Other	1	-
Total extraordinary losses	16	33
Income before income taxes and minority interests	1,989	2,220
Income taxes-current	1,234	1,364
Income taxes-deferred	(463)	(442)
Total income taxes	770	922
Net income	1,218	1,297
Net income attributable to the noncontrolling interest	134	134
Net income attributable to owners of the parent	1,084	1,163

**(Consolidated Quarterly Statements of Comprehensive Income)**  
**(For the Three Months Ended June 30, 2017 and 2016)**

(Millions of Yen)

	FY2017 (Apr. 1, 2016 – June 30, 2016)	FY2018 (Apr. 1, 2017 – June 30, 2017)
Net income	1,218	1,297
Other comprehensive income		
Valuation difference on available-for-sale securities	(273)	931
Deferred gains or losses on hedges	(505)	122
Foreign currency translation adjustment	(3,485)	(2,195)
Remeasurements of defined benefit plans	(2)	15
Share of other comprehensive income of associates accounted for using equity method	(193)	-
Total other comprehensive income	(4,461)	(1,126)
Comprehensive income	(3,242)	171
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	(2,800)	508
Comprehensive income attributable to noncontrolling interest	(441)	(337)

### (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.

#### (Material Changes in Subsidiaries during the Three Months Ended June 30, 2017)

Due to Takara Bio Inc.'s wholly owned subsidiary Takara Bio USA Holdings Inc. acquiring shares of WaferGen Bio-systems, Inc., WaferGen Bio-systems, Inc. and its subsidiaries WaferGen BioSystems Europe S.a.r.l. and WaferGen, Inc. are included in the scope of consolidation for the three months ended June 30, 2017. Note that during this period WaferGen Bio-systems, Inc. qualifies as a specified subsidiary of the Company.

In addition, due to the acquisition of shares of Rubicon Genomics, Inc., this company had been included in the scope of consolidation as a specified subsidiary for the three months ended June 30, 2017. However, as Rubicon Genomics, Inc. was extinguished due to an absorption-type merger in which the consolidated subsidiary Takara Bio USA, Inc. was the surviving company, Rubicon Genomics, Inc. has been excluded from the scope of consolidation for the three months ended June 30, 2017.

#### (Segment Information)

##### I. Equivalent Period of Previous Fiscal Year (From April 1, 2016 to June 30, 2016)

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

<Information for the three months ended June 30, 2016 stated based on post-change classifications>

(Millions of yen)

	Reported Segment				Other (Note: 1)	Total	Adjustment (Note: 2)	Amount recognized in consolidated quarterly statements of income (Note: 3)
	Takara Shuzo	Takara Shuzo Internation al Group	Takara Bio Group	Subtotal				
Net sales								
External customers	34,226	7,312	6,077	47,617	4,694	52,311	0	52,311
Intersegment	9	120	228	357	4,427	4,784	(4,784)	-
Total	34,235	7,432	6,306	47,974	9,121	57,095	(4,784)	52,311
Segment income (loss)	(85)	606	643	1,164	419	1,583	46	1,630

- Notes:
1. Other includes business segments that are not part of reported segments, such as the Company's real estate rental business and the transportation business of domestic Group companies among others.
  2. Details of adjustment amounts are as follows.
    - (1) Net sales to external customers are income from business contracting recorded at the Company.
    - (2) Segment income (loss) comprises intersegment eliminations of ¥61 million and income of the Company not allocated to business segments of ¥-15million.
  3. Segment income (loss) has been adjusted to the operating income of consolidated quarterly statements of income.

##### 2. Information on Impairment Loss on Non-current Assets, Goodwill, etc. by Reportable Segment

No items to report.

## II. Period under Review (From April 1, 2017, to June 30, 2017)

### 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	Takara Shuzo Internation al Group	Takara Bio Group	Subtotal				
Net sales								
External customers	36,018	16,354	6,175	58,547	4,820	63,368	0	63,368
Intersegment	10	96	180	287	4,814	5,101	(5,101)	-
Total	36,029	16,450	6,355	58,835	9,634	68,470	(5,101)	63,368
Segment income	151	960	262	1,374	753	2,128	(53)	2,074

- Notes:
- Other includes business segments that are not part of reported segments, such as the Company's real estate rental business and the transportation business of domestic Group companies among others.
  - Details of adjustment amounts are as follows.
    - Net sales to external customers are income from business contracting recorded at the Company.
    - Segment income comprises intersegment eliminations of ¥24 million and income of the Company not allocated to business segments of ¥77 million.
  - Segment income has been adjusted to the operating income of consolidated quarterly statements of income.

### 2. Matters concerning Changes to Reporting Segments

In accordance with the spinning off of the overseas business of Takara Shuzo Co., Ltd., the Company's consolidated subsidiary, on July 3 2017 and the establishment of Takara Shuzo International Co., Ltd., the Company changed its reporting segment to Takara Shuzo, Takara Shuzo International Group, and Takara Bio Group starting from the three months ended June 30, 2017.

The segment information for the three months ended June 30, 2017 discloses information prepared based on the post-change segments.

### 3. Information on Impairment Loss on Non-current Assets, Goodwill, etc. by Reportable Segment (Significant Changes to the Amount of Goodwill)

In the Takara Bio Group segment, goodwill was recorded due to the acquisition of shares in WaferGen Bio-systems, Inc. and Rubicon Genomics, Inc. by the Takara Bio Inc.'s wholly owned subsidiary Takara Bio USA Holdings Inc. The increase in goodwill due to this event in the three months ended June 30, 2017 was ¥7,709 million. Note that as the allocation of the acquisition cost has not been completed, this is a tentatively calculated amount.