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Consolidated Financial Statements for the Year Ended March 31, 2019 FY2019(April 1, 2018 - March 31, 2019) [UNAUDITED]

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 Stock exchange listing: Tokyo Stock Exchange (1st section)
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Scheduled date of general shareholders' meeting: June 27, 2019
 Scheduled date of starting delivery of dividends: June 28, 2019

- 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 year ended March 31, 2019(April 1, 2018 – March 31, 2019)

(1) Consolidated Operating results

Note: Percentages indicated changes from the previous fiscal year.

	Year ended March 31, 2019		Year ended March 31, 2018	
	(Millions of yen)	(%)	(Millions of yen)	(%)
Net sales	277,443	3.5	268,142	14.5
Operating income	17,804	14.0	15,612	15.2
Ordinary income	18,359	14.1	16,084	12.1
Net income (loss) attributable to owners of the parent	10,411	(5.6)	11,029	30.0
Net income per share (Yen)	52.15		54.97	
Fully diluted net income per share (Yen)	-		-	
Return on equity		7.1		7.9
Ordinary income to total assets ratio		6.4		5.8
Operating income to net sales ratio		6.4		5.8
Note: Comprehensive income	7,249	(53.8)	15,706	101.8
Reference: Income (loss) from equity method investment	36		83	

(2) Consolidated Financial position

	As of March 31, 2019	As of March 31, 2018
	(Millions of yen)	(Millions of yen)
Total assets	287,106	284,281
Net assets	179,795	176,217
Equity ratio (%)	51.6	51.0
Net assets per share (Yen)	742.36	726.90
Reference: Equity	148,197	145,111

Notes: Partial revision of accounting standard related to tax effect accounting (Article 28 on corporate accounting standard, February 16, 2018) has been applied from the beginning of the year ending March 31, 2019. Accordingly, financial position for the year ended March 31, 2018 indicates the numerical value after retroactive adjustment due to this revision.

(3) Consolidated Cash flow

	Year ended March 31, 2019	Year ended March 31, 2018
	(Millions of yen)	(Millions of yen)
Cash flow from operating activities	13,508	16,265
Cash flow from investing activities	(9,213)	(19,916)
Cash flow from financing activities	(4,243)	(5,570)
Cash and cash equivalents, end of year	48,580	49,341

2. Dividends

	Dividend per share (Yen)		
	Year ended March 31, 2018	Year ended March 31, 2019	Year ending March 31, 2020(Forecast)
First quarter end	-	-	-
Second quarter end	-	-	-
Third quarter end	-	-	-
Year end	16.0	18.0	20.00
Annual	16.0	18.0	20.00
Total dividend (Millions of yen)	3,194	3,593	
Payout ratio (%)	29.1	34.5	37.3
Dividend on equity (%)	2.3	2.5	

3. Forecast for the year ending March 31, 2020 (April 1, 2019 – March 31, 2020)

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

	Six months ending September 30, 2019		Year ending March 31, 2020	
	(Millions of yen)	(%)	(Millions of yen)	(%)
Net sales	138,800	3.6	290,000	4.5
Operating income	8,400	3.0	19,000	6.7
Ordinary income	8,500	3.1	19,500	6.2
Net income attributable to owners of the parent	4,600	0.5	10,700	2.8
Net income attributable to owners of the parent per share (Yen)	23.04		53.60	

4. Others

(1) Material changes in subsidiaries during this period

(Changes in specified subsidiaries that caused a change in the scope of consolidation) : No

(2) 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

(3) Number of outstanding shares (common stock)

1) Number of outstanding shares at year end (Treasury stocks are included)

As of March 31, 2019 : 201,699,743

As of March 31, 2018 : 201,699,743

2) Number of treasury stocks at year end

As of March 31, 2019 : 2,069,706

As of March 31, 2018 : 2,069,224

3) Average number of outstanding shares

Year ended March 31, 2019 : 199,630,226

Year ended March 31, 2018 : 200,632,472

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○Supplement for the Consolidated Financial Statements

1. Overview of Financial Results

(1) Overview of Financial Results for the Fiscal Year under Review

In the fiscal year under review, ended March 31, 2019, although personal spending was weak, the Japanese economy overall maintained a moderate recovery backed by improvements in corporate earnings and the hiring environment. While a similarly moderate recovery also continued overseas, the global economic outlook remained uncertain, due in part to such factors as the standstill observed in economic recovery in China and the developments in the trade issues between the U.S. and China.

In these economic circumstances, under the Takara Group Medium-Term Management Plan FY2020, which is the last step towards achieving its long-term Takara Group Vision 2020, 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, 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.

As a result, in the fiscal year under review, ended March 31, 2019, net sales were up 3.5% year on year to ¥277,443 million. Gross profit rose 4.0% year on year to ¥108,749 million. Operating income increased by 14.0% year on year to ¥17,804 million while ordinary income rose 14.1% year on year to ¥18,359 million. Net income attributable to owners of the parent decreased by 5.6% year on year to ¥10,411 million.

Results by business segment were as follows.

[Takara Shuzo]

The challenging business environment is expected to continue as the trend of decrease in total consumption of alcoholic beverages persists due to the impact of the decline and aging of the population in Japan among other factors.

In this environment, Takara Shuzo continued to develop products differentiated by its technology in addition to strengthening its product development system in order to respond to diversifying consumer needs in a timely and prompt manner and focusing efforts on increasing competitiveness in the alcoholic beverage and seasoning categories by expanding its product range. Takara Shuzo also worked on improving its profit ratio by increasing the sales ratio of high value added products while striving to strengthen safety assurance and quality control systems for raw materials in order to supply safe and secure products as a food manufacturer.

The segment's sales and other information are as follows:

[Alcoholic beverages]

Shochu

For *ko*-type shochu, Takara Shuzo worked on revitalizing the *Takara Shochu* brand using cask-aged shochu. In addition, the popularity of lemon sour, which originated in the restaurants of Tokyo, continued to spread. Recently, premium lemon sour has become particularly popular, and Takara Shuzo launched *Takara Shochu for Premium Lemon Sour*, which is the perfect shochu base for premium lemon sour made at home. For honkaku shochu, Takara Shuzo worked on revitalizing the *Ikkomon* brand, which included launching *Ikkomon Shiro (100% sweet-potato-base)* and *Ikkomon Taruchozo (Cask-aged) (100% sweet-potato-base)*.

Overall shochu net sales, however, decreased 2.5% year on year to ¥53,382 million, affected by the decline in the shochu market.

Sake

For sake, Takara Shuzo worked on expanding sales of *Sho Chiku Bai Ten* for consumption at home and *Sho Chiku Bai Gokai* for the commercial market. For *Mio*, Takara Shuzo launched *Sho Chiku Bai Shirakabegura Mio BRUT Karakuchi Sparkling Sake*, which features a refreshing acidity that spreads in the mouth and a clear aftertaste, in advance in the commercial market, and, following on from the previous year, *Sho Chiku Bai Shirakabegura Mio GOLD Sparkling Sake* as a limited seasonal product. Takara Shuzo also worked to expand sales of premium sake, such as *Ginjo* sake and *Junmai* sake.

Overall sake net sales, however, decreased 3.7% year on year to ¥21,394 million, affected by the decline in the sake market.

Light-alcohol refreshers

For light alcohol refreshers, Takara Shuzo paid most attention to expanding sales of dry flavored chu-hi *Takara Shochu High Ball*, positioned as a flagship brand. For *Gokujo Lemon Sour*, a premium lemon sour that makes use of great tasting cask-aged shochu, Takara Shuzo launched *Takara Gokujo Lemon Sour Salted Lemon* and *Takara Gokujo Lemon Sour Ginger Lemon*. In addition, for *Takara CRAFT*, a high value added chu-hi created through the fastidious manufacturing methods that are unique to Takara Shuzo, including the use of local materials from all over Japan and the blending of cask-aged shochu with the base alcohol, Takara Shuzo continued expanding the range of regional chu-hi products that match local preferences and tastes.

Consequently, overall light-alcohol refreshers net sales increased 12.3% year on year to ¥38,777 million.

Other alcoholic beverages

Net sales of other alcoholic beverages were down 2.4% year on year to ¥6,482 million due to a decline in sales of synthetic sake and Chinese spirits.

As a result, total alcoholic beverages net sales increased 1.6% year on year to ¥120,037 million.

[Seasonings]

In seasonings, Takara Shuzo worked on developing and nurturing products such as those based on user needs and high value added ones differentiated by its unique technology. For Hon-Mirin, Takara Shuzo renewed packaging design in order to strengthen the emphasis of the culinary effects of more than nine types of sugars and 18 types of amino acid. Takara Shuzo also continued to focus efforts on cooking sake and worked on expanding sales of food seasonings such as fermented seasonings. Overall net sales of seasonings, however, decreased 1.0% year on year to ¥23,583 million.

[Raw alcohol, etc.]

Takara Shuzo worked to expand sales of industrial alcohol and raw alcohol for alcoholic beverages. As a result, raw alcohol, etc. net sales increased 12.5% year on year to ¥8,836 million.

As a result, net sales for the Takara Shuzo Group rose 1.7% year on year to ¥152,457 million. Cost of sales increased by 2.0% year on year to ¥91,441 million. Consequently, gross profit rose 1.4% year on year to ¥61,015 million. SG&A expenses were up by 0.9% year on year to ¥55,067 million, due to increases in transportation and promotion expenses and other expenses. Accordingly, the Takara Shuzo Group recorded operating income up 6.8% year on year to ¥5,948 million.

(Takara Shuzo International Group)

The Takara Shuzo International Group expanded the Overseas Alcoholic Beverages Business, which entails exports from Japan and the manufacture and sale of alcoholic beverages in overseas locations, and the Japanese Food Wholesale Business in overseas markets, through which it sells Japanese food ingredients to Japanese food restaurants and retailers outside Japan. With global market for Japanese foods growing larger in a trend that is expected to continue, the Takara Shuzo International Group worked on business activities with the aim of establishing itself as a leading company in the global Japanese alcoholic beverages and food markets by letting the world know about the great taste of traditional Japanese alcoholic beverages such as sake and shochu in addition to Japanese food.

Sales in the Japanese Food Wholesale Business in overseas markets, which includes Mutual Trading Co., Inc. (U.S.) and FOODEX S.A.S. (France), remained strong, and sales of whiskey and other products also increased in the Overseas Alcoholic Beverages Business. As a result, net sales for the Takara Shuzo International Group rose 10.1% year on year to ¥77,834 million. Cost of sales increased 10.0% year on year to ¥54,823 million, and gross profit increased 10.2% year on year to ¥23,010 million. SG&A expenses were up 12.1% year on year to ¥18,478 million due mainly to increases in personnel expenses and transportation expenses. Accordingly, the Takara Shuzo International Group recorded operating income up 3.2% year on year to ¥4,532 million.

[Takara Bio Group]

The Takara Bio Group promoted efforts to implement the strategies of its three business segments: the Bioindustry business, the Gene Therapy business, and the AgriBio business and strengthen the business base to support these efforts with the aim of enhancing its standing as a global enterprise and regenerative medical products company and to achieve prodigious growth.

Bioindustry business

As the Takara Bio Group's core business, the Bioindustry business mainly provides products and services that support research and development activities in biotechnology-related fields as such activities become increasingly widespread.

In the Bioindustry business, although sales of scientific instruments declined, sales of mainstay research reagents and contract research services increased in the fiscal year under review ended March 31, 2019.

As a result of the above, net sales in the Bioindustry business increased 6.8% year on year to ¥31,575 million.

Gene Therapy business

In the Gene Therapy business, the Takara Bio Group promoted the clinical development of gene therapy for cancer and other diseases utilizing the oncolytic virus canerpaturev (C-REV, formerly HF10); the RetroNectin® Method, a proprietary and highly-efficient gene transduction technology; the RetroNectin® expansion-culture system, a highly efficient lymphocyte propagation technology; and a genetically engineered T-cell therapy utilizing siTCR™ technology among others.

In the fiscal year under review, ended March 31, 2019, the Gene Therapy business recorded net sales that included consideration in relation to a domestic co-development and exclusive sales agreement for NY-ESO-1 siTCR® gene therapy product and CD19-CAR gene therapy product and investigational products based on the agreement.

As a result of the above, net sales in the Gene Therapy business were up 388.6% year on year to ¥2,443 million.

AgriBio business

The AgriBio business utilizes the Takara Bio Group's leading-edge biotechnology to identify the scientific basis of foodstuffs. Based on this evidence, it develops, manufactures and sells functional food ingredients. The AgriBio business focuses on rolling out gagome kombu (kelp) "Fucoidan" related products, agar-derived agaro-oligosaccharide related products, ashitaba (angelica herb) "Chalcone" related products, the herb (Peucedanum japonicum) "Isosamidin" related products, yam (Dioscorea esculenta) "Yamsengin™" related products, and mushroom-related products.

In the fiscal year under review, ended March 31, 2019, sales of health foods and mushroom-related products both declined.

As a result of the above, net sales in the AgriBio business declined 18.8% year on year to ¥1,822 million.

Of the AgriBio business, the business related to health foods was succeeded to by Shionogi Healthcare Co., Ltd. in a company split (absorption-type split) effective January 1, 2019, and the mushroom-related business was transferred to Yukiguni Maitake Co., Ltd., effective March 1, 2019. As a result, the AgriBio business has ceased.

As a result, net sales for the Takara Bio Group rose 10.9% year on year to ¥35,841 million. Cost of sales increased by 11.0% year on year to ¥15,155 million. Consequently, gross profit rose 10.9% year on year to ¥20,685 million. SG&A expenses were up by 0.8% year on year to ¥15,221 million, due to increases in personnel expenses and other expenses. Accordingly, the Takara Shuzo Group recorded operating income up 53.7% year on year to ¥5,463 million.

(Other)

The Other segment includes the Company's real estate leasing business and the distribution business of Group companies in Japan. Net sales of the Other segment declined 10.1% year on year to ¥32,742 million as TAKARA CHOU UN Co., Ltd. was sold and excluded from the scope of consolidation during the previous

fiscal year. Cost of sales declined by 9.1% year on year to ¥27,851 million. Consequently, gross profit decreased by 15.3% year on year to ¥4,891 million. SG&A expenses fell by 15.1% year on year to ¥2,936 million. As a result, operating income decreased by 15.7% year on year to ¥1,954 million.

Breakdown of sales results by product category

Segment	Previous Fiscal Year (From April 1, 2017 to March 31, 2018)	Fiscal Year under Review (From April 1, 2018 to March 31, 2019)	YoY Comparison
Product category	Amount (Millions of yen)	Amount (Millions of yen)	(%)
Takara Shuzo			
Shochu	54,759	53,382	97.5
Sake	22,222	21,394	96.3
Light-alcohol refreshers	34,542	38,777	112.3
Other alcoholic beverages	6,639	6,482	97.6
Alcoholic beverages total	118,163	120,037	101.6
<i>Hon Mirin</i>	14,063	13,869	98.6
Other seasonings	9,760	9,714	99.5
Seasonings total	23,823	23,583	99.0
Raw alcohol, etc.	7,852	8,836	112.5
Total	149,839	152,457	101.7
Takara Shuzo			
International Group			
Overseas Alcoholic Beverages Business	10,483	10,758	102.6
Japanese Food Wholesales Business in overseas markets	62,079	68,954	111.1
Other	49	62	126.5
Elimination of intragroup transaction on consolidation	(1,895)	(1,940)	—
Total	70,717	77,834	110.1
Takara Bio Group	32,312	35,841	110.9
Reported segment total	252,870	266,132	105.2
Other	36,412	32,742	89.9
Segment total	289,282	298,875	103.3
Sales not allocated to business segments and intersegment transactions	(21,140)	(21,431)	—
Total	268,142	277,443	103.5

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

(2) Overview of Financial Position for the Fiscal Year under Review

(Assets)

At the end of the fiscal year under review, current assets totaled ¥175,011 million, a decrease of ¥3,943 million compared with that at the end of the previous fiscal year.

This was primarily due to an increase in cash and deposits of ¥1,661 million, an increase of ¥1,693 million in notes and accounts receivable – trade, an increase of ¥2,620 million in merchandise and finished goods, and a decrease of ¥3,632 million in securities. Noncurrent assets were ¥112,094 million, a decrease of ¥1,119 million compared with that at the end of the previous fiscal year. This was primarily because of a decrease in intangible assets of ¥2,355 million, including a decrease in goodwill, a decrease in investment securities of ¥2,464 million, and an increase in property, plant and equipment of ¥3,091 million due to an increase in construction in progress.

As a result, total assets were ¥287,106 million, an increase of ¥2,824 million compared with that at the end of the previous fiscal year.

(Liabilities)

At the end of the fiscal year under review, current liabilities totaled ¥57,822 million, an increase of ¥5,110 million compared with that at the end of the previous fiscal year. This was mainly due to an increase in short-term loans payable of ¥4,739 million due to transfer from noncurrent liabilities. Noncurrent liabilities were ¥49,489 million, a decrease of ¥5,862 million compared with that at the end of the previous fiscal year. This was primarily due to a decrease in long-term loans payable of ¥5,204 million.

As a result, total liabilities were ¥107,311 million, a decrease of ¥752 million compared with that at the end of the previous fiscal year.

(Net Assets)

At the end of the fiscal year under review, total net assets were ¥179,795 million, an increase of ¥3,577 million compared with that at the end of the previous fiscal year. This was primarily due to a ¥7,217 million increase in retained earnings due to ¥10,411 million in net income attributable to owners of the parent and ¥3,194 million in dividend of surplus, a decrease of ¥1,705 million in valuation difference on available-for-sale securities, and a decrease of ¥2,841 million in foreign currency translation adjustment.

As a result, equity ratio totaled 51.6%, compared with 51.0% at the end of the previous fiscal year.

(3) Overview of Cash Flows for the Fiscal Year under Review

Net cash provided by operating activities decreased ¥2,757 million year on year to ¥13,508 million primarily due to profit before income taxes of ¥17,658 million, depreciation and amortization of ¥6,490 million, increase in notes and accounts payable – trade of ¥2,900 million, increase in inventories of ¥5,060 million, and income taxes paid of ¥6,586 million.

Net cash used in investing activities resulted in expenditure of ¥9,213 million, a decrease in expenditure of ¥10,703 million compared with that of the previous fiscal year primarily due to payments into time deposits of ¥15,310 million, proceeds from the withdrawal of time deposits of ¥14,846 million, purchase of securities of ¥11,467 million, proceeds from sales and redemption of securities of ¥12,528 million, and purchase of property, plant and equipment and intangible assets of ¥10,671 million.

Net cash used in financing activities resulted in expenditure of ¥4,243 million, a decrease of ¥1,327 million compared with that of the previous fiscal year primarily due to cash dividend paid of ¥3,191 million.

As a result, cash and cash equivalents at fiscal year-end, including the effect of exchange rate change on cash and cash equivalents, stood at ¥48,580 million, down ¥760 million from the previous fiscal year-end.

(4) Future Outlook

The Takara Group Medium-Term Management Plan FY2020 (the “Medium-Term Management Plan”) is the last step in achieving its ten-year, long-term Takara Group Vision 2020 launched in April 2011 with the aim “to grow businesses in markets in Japan and overseas in which the Group can leverage its strengths, establish a balanced business structure that is readily adaptable to changing conditions.” Under the Medium-Term Management Plan, the Group has been working on “further increasing the overseas sales ratio together with having a full product line-up and many products in 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 regards the outlook for results for the following fiscal year, the fiscal year ending March 31, 2020, which is the final year of the Medium-Term Management Plan, the Group is forecasting a net sales increase of 4.5% year on year to ¥290,000 million, an operating income increase of 6.7% year on year to ¥19,000 million, an ordinary income increase of 6.2% year on year to ¥19,500 million, and an increase in net income attributable to owners of the parent of 2.8% year on year to ¥10,700 million and an overseas sales ratio of 36%.

Compared to the tangible goals for the final year of the Medium-Term Management Plan announced on May 11, 2018 (net sales: at least ¥295.0 billion, operating income: at least ¥18.7 billion, and overseas sales ratio: at least 35%), the Group anticipates that it will not reach the tangible goal for net sales but expects operating income to offset the impact from this and to exceed the goal together with the overseas sale ratio.

The business strategy and the outlook for results in the coming fiscal year for each segment are as follows.

The aim for Takara Shuzo is to further consolidate its position as the number one maker of Japanese

alcoholic beverages in the domestic alcoholic beverage and seasonings market by expanding sales and profit ratios in every category with a focus on sake and light alcohol refreshers by developing products that are differentiated by its technology and expanding the product range. As concerns results for the coming fiscal year, Takara Shuzo is forecasting an increase in net sales of 4.3% year on year to ¥159,005 million and an increase in operating income of 5.7% year on year to ¥6,287 million.

The aim for the Takara Shuzo International Group is to achieve an unequivocal number one share of the overseas Japanese alcoholic beverage market and dramatically expand its scope of business by enlarging its overseas Japanese food wholesaler network, together with developing its business foundation with the goal of consolidating its position as a leading company in the global Japanese alcoholic beverage and foods market. As concerns results for the coming fiscal year, the Takara Shuzo International Group is forecasting an increase in net sales of 7.3% year on year to ¥83,495 million and an increase in operating income of 10.3% year on year to ¥5,000 million.

The aim for the Takara Bio Group is to concentrate management resources on the Bioindustry and Gene Therapy businesses, together with strengthening the management bases that support these businesses to further enhance its presence as global company and manufacturer of regenerative medicine products, achieving dramatic growth. As concerns results for the coming fiscal year, the Takara Bio Group is forecasting an increase in net sales of 0.4% year on year to ¥36,000 million and an increase in operating income of 13.5% year on year to ¥6,200 million.

The above forecast was created based on information obtainable at the time of the publication of this document and actual results may differ due to a variety of factors going forward.

2. Basic concept on selection of accounting standards

Disclosure is omitted due to the lack of any significant change from the details disclosed in the Consolidated Financial Statements for the Fiscal Year Ended March 31, 2014 (disclosed on May 8, 2014).

3. Consolidated Financial Statements and Important Notes

(1) Consolidated Balance Sheets

(Millions of Yen)

	As of Mar. 31, 2018	As of Mar. 31, 2019
Assets		
Current assets		
Cash and deposits	47,754	49,415
Notes and accounts receivable-trade	51,199	52,892
Electronically recorded monetary claims-operating	6,690	6,887
Securities	19,721	16,089
Merchandise and finished goods	37,979	40,600
Work in process	997	1,341
Raw materials and supplies	3,932	4,093
Other	3,122	4,006
Allowance for doubtful accounts	(329)	(315)
Total current assets	171,067	175,011
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	53,842	52,808
Accumulated depreciation	(33,856)	(34,101)
Buildings and structures, net	19,986	18,706
Machinery, equipment and vehicles	83,143	80,774
Accumulated depreciation	(70,585)	(68,515)
Machinery, equipment and vehicles, net	12,557	12,259
Land	18,821	18,559
Lease assets	1,050	1,025
Accumulated depreciation	(494)	(511)
Lease assets, net	555	514
Construction in progress	1,064	6,105
Other	15,462	15,706
Accumulated depreciation	(10,962)	(11,274)
Other, net	4,499	4,432
Total property, plant and equipment	57,485	60,576
Intangible assets		
Goodwill	13,765	12,400
Other	8,504	7,514
Total intangible assets	22,269	19,914
Investments and other assets		
Investment securities	28,607	26,143
Net defined benefit asset	928	877
Deferred tax assets	1,290	1,648
Other	2,709	2,995
Allowance for doubtful accounts	(77)	(60)
Total investments and other assets	33,458	31,603
Total noncurrent assets	113,213	112,094
Total assets	284,281	287,106

(Millions of Yen)

	As of Mar. 31, 2018	As of Mar. 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable-trade	16,544	16,374
Short-term loans payable	5,221	9,960
Accrued alcohol tax	9,278	10,224
Accrued expenses	5,639	5,809
Income taxes payable	3,126	1,879
Provision for bonuses	2,286	2,579
Other provision	1,853	1,921
Other	8,760	9,072
Total current liabilities	52,712	57,822
Noncurrent liabilities		
Bonds payable	25,000	25,000
Long-term loans payable	10,620	5,415
Deferred tax liabilities	3,515	2,907
Net defined benefit liability	8,759	8,757
Long-term deposits received	5,312	5,337
Other	2,144	2,070
Total noncurrent liabilities	55,352	49,489
Total liabilities	108,064	107,311
Net assets		
Shareholders' equity		
Capital stock	13,226	13,226
Capital surplus	2,219	2,417
Retained earnings	117,571	124,788
Treasury stock	(1,367)	(1,368)
Total shareholders' equity	131,649	139,064
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,520	9,814
Deferred gains or losses on hedges	(120)	114
Foreign currency translation adjustment	2,645	(196)
Remeasurements of defined benefit plans	(583)	(599)
Total accumulated other comprehensive income	13,461	9,133
Noncontrolling interests	31,106	31,597
Total net assets	176,217	179,795
Total liabilities and net assets	284,281	287,106

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

	(Millions of Yen)	
	FY2018 (Apr. 1, 2017 – Mar. 31, 2018)	FY2019 (Apr. 1, 2018 – Mar. 31, 2019)
Net sales	268,142	277,443
Cost of sales	163,529	168,694
Gross profit	104,612	108,749
Selling, general and administrative expenses	88,999	90,945
Operating income	15,612	17,804
Nonoperating income		
Interest income	191	234
Dividends income	509	565
Other	707	660
Total nonoperating income	1,408	1,461
Nonoperating expenses		
Interest expenses	568	387
Foreign exchange losses	25	122
Bond issuance cost	112	-
Other	230	396
Total nonoperating expenses	936	905
Ordinary income	16,084	18,359
Extraordinary income		
Gain on sales of noncurrent assets	15	290
Gain on transfer of business	-	291
Insurance claim income	-	85
Gain on sales of subsidiaries and affiliates' stocks	3,312	-
Other	171	28
Total extraordinary income	3,499	696
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	222	318
Impairment loss	446	696
Loss on disaster	-	246
Other	11	136
Total extraordinary losses	679	1,397
Income before income taxes and minority interests	18,903	17,658
Income taxes-current	6,859	5,443
Income taxes-deferred	(484)	(132)
Total income taxes	6,374	5,310
Net income	12,528	12,347
Net income attributable to the noncontrolling interest	1,499	1,936
Net income attributable to owners of the parent	11,029	10,411

(Consolidated Statements of Comprehensive Income)

(Millions of Yen)

	FY2018 (Apr. 1, 2017 – Mar. 31, 2018)	FY2019 (Apr. 1, 2018 – Mar. 31, 2019)
Net income	12,528	12,347
Other comprehensive income		
Valuation difference on available-for-sale securities	1,936	(1,705)
Deferred gains or losses on hedges	(115)	228
Foreign currency translation adjustment	1,262	(3,646)
Remeasurements of defined benefit plans	93	25
Total other comprehensive income	3,177	(5,098)
Comprehensive income	15,706	7,249
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	14,114	6,083
Comprehensive income attributable to noncontrolling interest	1,591	1,166

(3) Consolidated Statements of Change in Net Assets
FY2018 (Apr. 1, 2017– Mar. 31, 2018)

(Millions of Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	13,226	1,650	119,729	(9,939)	124,667
Changes of items during the period					
Dividends from surplus			(2,615)		(2,615)
Net income			11,029		11,029
Purchase of treasury stock				(2,001)	(2,001)
Disposal of treasury stock		0		0	0
Retirement of treasury shares		(10,572)		10,572	—
Purchase of shares of consolidated subsidiaries		570			570
Transfer to capital surplus from retained earnings		10,572	(10,572)		—
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	569	(2,158)	8,571	6,982
Balance at the end of current period	13,226	2,219	117,571	(1,367)	131,649

	Accumulated other comprehensive income					Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	9,583	0	1,426	(634)	10,375	30,877	165,920
Changes of items during the period							
Dividends from surplus							(2,615)
Net income							11,029
Purchase of treasury stock							(2,001)
Disposal of treasury stock							0
Retirement of treasury shares							—
Purchase of shares of consolidated subsidiaries							570
Transfer to capital surplus from retained earnings							—
Net changes of items other than shareholders' equity	1,936	(121)	1,218	51	3,085	228	3,314
Total changes of items during the period	1,936	(121)	1,218	51	3,085	228	10,296
Balance at the end of current period	11,520	(120)	2,645	(583)	13,461	31,106	176,217

FY2019 (Apr. 1, 2018 – Mar. 31, 2019)

(Millions of Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	13,226	2,219	117,571	(1,367)	131,649
Changes of items during the period					
Dividends from surplus			(3,194)		(3,194)
Net income			10,411		10,411
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock		0		0	0
Retirement of treasury shares					—
Purchase of shares of consolidated subsidiaries		197			197
Transfer to capital surplus from retained earnings					—
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	197	7,217	(0)	7,414
Balance at the end of current period	13,226	2,417	124,788	(1,368)	139,064

	Accumulated other comprehensive income					Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	11,520	(120)	2,645	(583)	13,461	31,106	176,217
Changes of items during the period							
Dividends from surplus							(3,194)
Net income							10,411
Purchase of treasury stock							(0)
Disposal of treasury stock							0
Retirement of treasury shares							—
Purchase of shares of consolidated subsidiaries							197
Transfer to capital surplus from retained earnings							—
Net changes of items other than shareholders' equity	(1,705)	235	(2,841)	(16)	(4,328)	491	(3,836)
Total changes of items during the period	(1,705)	235	(2,841)	(16)	(4,328)	491	3,577
Balance at the end of current period	9,814	114	(196)	(599)	9,133	31,597	179,795

(4) Consolidated Statements of Cash Flows

(Millions of Yen)

	FY2018 (Apr. 1, 2017 – Mar. 31, 2018)	FY2019 (Apr. 1, 2018 – Mar. 31, 2019)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	18,903	17,658
Depreciation and amortization	6,430	6,490
Impairment loss	446	696
Amortization of goodwill	843	865
Interest and dividends income	(700)	(800)
Interest expenses	568	387
Gain (loss) on sales of subsidiaries and affiliates' stocks	(3,312)	-
Gain (loss) on transfer of businesses	-	(291)
Decrease (increase) in notes and accounts receivable-trade	(240)	(2,900)
Decrease (increase) in inventories	(2,520)	(5,060)
Increase (decrease) in notes and accounts payable-trade	(10)	324
Increase (decrease) in liquor taxes payable	1,685	946
Increase (decrease) in other current liabilities	(699)	866
Other, net	730	524
Subtotal	22,123	19,708
Interest and dividends income received	719	782
Interest expenses paid	(560)	(396)
Income taxes paid	(6,017)	(6,586)
Net cash provided by (used in) operating activities	16,265	13,508
Net cash provided by (used in) investing activities		
Payments into time deposits	(13,993)	(15,310)
Proceeds from withdrawal of time deposits	12,160	14,846
Purchase of securities	(12,502)	(11,467)
Proceeds from sales and redemption of securities	8,736	12,528
Purchase of property, plant and equipment and intangible assets	(6,601)	(10,671)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(12,396)	(53)
Proceeds from acquisition in subsidiaries resulting in change in scope of consolidation	4,150	-
Proceeds from transfer of businesses	-	1,067
Other, net	530	(153)
Net cash provided by (used in) investing activities	(19,916)	(9,213)
Net cash provided by (used in) financing activities		
Repayments of long-term loans payable	(858)	(304)
Proceeds from issuance of bonds	14,887	-
Redemption of bonds	(10,547)	-
Cash dividends paid	(2,614)	(3,191)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(585)	(203)
Other, net	(5,851)	(543)
Net cash provided by (used in) financing activities	(5,570)	(4,243)
Effect of exchange rate change on cash and cash equivalents	(202)	(812)
Net increase (decrease) in cash and cash equivalent	(9,423)	(760)
Cash and cash equivalents at beginning of period	58,765	49,341
Cash and cash equivalents at end of period	49,341	48,580

(5) Notes to Consolidated Financial Statements

(Notes on Premise of Going Concern)

No items to report.

(Changes in Presentation)

(Changes associated with application of Partial Amendments to Accounting Standard for Tax Effect Accounting, etc.)

The Company applied Partial Amendments to Accounting Standard for Tax Effect Accounting, (ASBJ Statement No. 28, February 16, 2018) from the beginning of the fiscal year ended March 31, 2019 and changed to the method of presenting deferred tax assets in investments and other assets and deferred tax liabilities in noncurrent liabilities.

As a result, deferred tax assets in current assets on the consolidated balance sheet in the fiscal year ended March 31, 2018, have decreased by ¥2,284 million and deferred tax assets in investments and other assets have decreased by ¥493 million. Additionally, deferred tax liabilities in noncurrent liabilities, have decreased by ¥2,777 million.

Total assets have decreased by ¥2,777 million as compared with before the change as the deferred tax assets and deferred tax liabilities of the same taxable entity are offset against each other.

(Segment Information)

1. Overview of Reported Segments

Reporting segments are the segments of the Takara Group for which financial information can be obtained. The Board of Directors, top organization for decision making on Group management, examines such information to determine the allocation of management resources and evaluate the business performance on a regular basis.

The Group consists of the corporate groups centered on the operating companies Takara Shuzo Co., Ltd., Takara Shuzo International Co., Ltd. and Takara Bio Inc.; other businesses; and the Company, which manages the whole group as the holding company. All operating companies develop comprehensive business strategies, covering both domestic and overseas operations, for the goods, products and services that they offer, and work to expand their business operations. Accordingly, the Group has defined three reported segments based on the content of goods, products and services, while taking into consideration the scope of managerial responsibility and the capacity to evaluate business performance. These three reported segments are Takara Shuzo, the Takara Shuzo International Group, and the Takara Bio Group.

Takara Shuzo primarily engages in the manufacture and sale of alcoholic beverages and seasonings in Japan. The Takara Shuzo International Group engages in the export of alcoholic beverages from Japan, the manufacture and sale of alcoholic beverages at overseas locations, and the Japanese Food Wholesale Business in overseas markets. The Takara Bio Group engages in the manufacture and sale of products such as research reagents and scientific instruments as well as contract research services and research and development of gene and cell therapies.

2. Calculation method for net sales, income or loss, assets, liabilities, and other items of each reported segment

The accounting treatment of reported business segments is generally the same as that explained in “Basis of Presentation of Consolidated Financial Statements.”

The figures for the income of reported segments are based on operating income. Intersegment income is based on the prevailing market price.

3. Net sales, Income (Loss), Assets and Other items by Reported Segment
Previous Fiscal Year (From April 1, 2017, to March 31, 2018)

(Millions of yen)

	Reported Segment				Other (Note: 1)	Total	Adjustment (Note: 2)	Amount recognized in consolidated financial statements (Note: 3)
	Takara Shuzo	Takara Shuzo Internationa l Group	Takara Bio Group	Subtotal				
Net sales								
External customers	149,426	70,456	31,617	251,500	16,633	268,133	8	268,142
Intersegment	413	261	694	1,369	19,778	21,148	(21,148)	—
Total	149,839	70,717	32,312	252,870	36,412	289,282	(21,140)	268,142
Segment income	5,569	4,393	3,555	13,518	2,318	15,836	(224)	15,612
Segment assets	95,131	68,103	68,670	231,905	19,565	251,471	32,810	284,281
Other items								
Depreciation and amortization	2,225	938	2,568	5,733	309	6,042	387	6,430
Amortization of goodwill	—	353	489	843	—	843	—	843
Investment in equity- method affiliates	—	—	—	—	—	—	1,490	1,490
Increase in total fixed assets, property, plant and equipment and intangible assets	2,696	1,677	1,539	5,913	252	6,165	249	6,414

Notes: 1. Other includes business segments that are not part of reported segments, such as the printing business and other subsidiaries.

2. Details of adjustment amounts are as follows.

(1) Net sales to external customers are income from real estate rent recognized by the Company.

(2) Segment income comprises intersegment eliminations of ¥79 million and losses of the Company not allocated to business segments of ¥(303) million.

(3) Segment assets include assets of the Company not allocated to business segments of ¥55,688 million and other adjustment (principally intersegment eliminations) of ¥(22,877) million. Assets attributed to the Company include surplus funds and long-term investment assets.

(4) Depreciation and amortization primarily comprises depreciation and amortization recognized by the Company.

(5) Investment in equity-method affiliates comprises investments in equity-method affiliates not allocated to business segments.

(6) Increase in total fixed assets, property, plant and equipment and intangible assets comprises increases recognized by the Company.

3. Segment income has been adjusted to the operating income of consolidated financial statements.

Fiscal Year under Review (From April 1, 2018, to March 31, 2019)

(Millions of yen)

	Reported Segment				Other (Note: 1)	Total	Adjustment (Note: 2)	Amount recognized in consolidated financial statements (Note: 3)
	Takara Shuzo	Takara Shuzo Internationa l Group	Takara Bio Group	Subtotal				
Net sales								
External customers	151,805	77,573	35,432	264,811	12,627	277,439	3	277,443
Intersegment	651	261	408	1,321	20,114	21,435	(21,435)	—
Total	152,457	77,834	35,841	266,132	32,742	298,875	(21,431)	277,443
Segment income	5,948	4,532	5,463	15,944	1,954	17,899	(95)	17,804
Segment assets	92,682	68,003	71,040	231,726	19,315	251,041	36,064	287,106
Other items								
Depreciation and amortization	2,248	1,013	2,691	5,953	219	6,172	317	6,490
Amortization of goodwill	—	362	502	865	—	865	—	865
Investment in equity- method affiliates	—	—	—	—	—	—	1,526	1,526
Increase in total fixed assets, property, plant and equipment and intangible assets	3,128	1,162	6,002	10,293	230	10,523	148	10,671

Notes: 1. Other includes business segments that are not part of reported segments, such as the printing business and other subsidiaries.

2. Details of adjustment amounts are as follows.

(1) Net sales to external customers are income from real estate rent recognized by the Company.

(2) Segment income comprises intersegment eliminations of ¥99 million and losses of the Company not allocated to business segments of ¥(194) million.

(3) Segment assets include assets of the Company not allocated to business segments of ¥59,694 million and other adjustment (principally intersegment eliminations) of ¥(23,629) million. Assets attributed to the Company include surplus funds and long-term investment assets.

(4) Depreciation and amortization primarily comprises depreciation and amortization recognized by the Company.

(5) Investment in equity-method affiliates comprises investments in equity-method affiliates not allocated to business segments.

(6) Increase in total fixed assets, property, plant and equipment and intangible assets comprises increases recognized by the Company.

3. Segment income has been adjusted to the operating income of consolidated financial statements.

4. Information on Impairment Loss on Fixed Assets by Reportable Segment

Previous Fiscal Year (From April 1, 2017, to March 31, 2018)

(Millions of yen)

	Takara Shuzo	Takara Shuzo International Group	Takara Bio Group	Other	Intersegment eliminations	Total
Impairment loss	—	—	446	—	—	446

Fiscal Year under Review (From April 1, 2018, to March 31, 2019)

(Millions of yen)

	Takara Shuzo	Takara Shuzo International Group	Takara Bio Group	Other	Intersegment eliminations	Total
Impairment loss	—	—	696	—	—	696

(Per Share Information)

	Previous Fiscal Year (From April 1, 2017, to March 31, 2018)	Fiscal Year under Review (From April 1, 2018, to March 31, 2019)
Net assets per share	¥726.90	¥742.36
Profit per share	¥54.97	¥52.15

Notes 1. Fully diluted profit per share is not presented since there were no potential shares.

2. The basis of calculation of net assets per share is as follows.

	Previous Fiscal Year (As of March 31, 2018)	Fiscal Year under Review (As of March 31, 2019)
Total net assets (¥ million)	176,217	179,795
Amount deducted from total net assets (¥ million)	31,106	31,597
(of which minority interests) (¥ million)	(31,106)	(31,597)
Net assets at term-end related to shares of common stock (¥ million)	145,111	148,197
Shares of common stock at term-end used to calculate net assets per share (1,000 shares)	199,630	199,630

3. The basis of calculation of net income per share and fully diluted net income per share is as follows.

	Previous Fiscal Year (From April 1, 2017, to March 31, 2018)	Fiscal Year under Review (From April 1, 2018, to March 31, 2019)
Net income attributable to owners of the parent (¥ million)	11,029	10,411
Amount not belonging to common shareholders (¥ million)	—	—
Net income related to shares of common stock (¥ million)	11,029	10,411
Average number of shares outstanding during the term (1,000 shares)	200,632	199,630

(Significant Subsequent Events)

No items to report.