The original disclosure in Japanese was released on May 8, 2015 at 15:30 (GMT+9)

Consolidated Financial Statements for the Year Ended March 31, 2015
FY2015 (April 1, 2014 - March 31, 2015) [UNAUDITED]

Company name:	Takara Holdings Inc.
Stock exchange listing:	Tokyo Stock Exchange (1st section)
Code Number:	2531
URL:	http://www.takara.co.jp/
Company representative:	Toshio Kakimoto, President
Contact:	Takuya Kakemi, General Manager of Financial & Investor Relations Dept. TEL：(075)241-5124
Scheduled date of general shareholders' meeting:	June 26, 2015
Scheduled date of starting delivery of dividends:	June 29, 2015

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, 2015 (April 1, 2014 – March 31, 2015)

(1) Operating results

Note: Percentages indicated changes from the previous fiscal year.

	Year ended March 31, 2015		Year ended March 31, 2014	
	(Millions of yen)	(%)	(Millions of yen)	(%)
Net sales	219,490	4.7	209,568	4.3
Operating income	11,096	16.9	9,490	3.9
Ordinary income	11,827	19.4	9,909	6.6
Net income	5,706	(44.5)	10,280	119.3
Net income per share (Yen)	28.36		50.83	
Fully diluted net income per share (Yen)	-		50.81	
Return on equity		4.5		9.3
Ordinary income to total assets ratio		4.7		4.4
Operating income to net sales ratio		5.1		4.5
Note: Comprehensive income	13,806	(46.6)	25,851	154.5
Reference: Income (loss) from equity method investment	166		125	

(2) Financial position

	As of March 31, 2015	As of March 31, 2014
	(Millions of yen)	(Millions of yen)
Total assets	264,438	238,577
Net assets	158,404	146,422
Equity ratio (%)	49.9	50.9
Net assets per share (Yen)	655.6	603.44
Reference: Equity	131,923	121,431

(3) Cash flow

	Year ended March 31, 2015	Year ended March 31, 2014
	(Millions of yen)	(Millions of yen)
Cash flow from operating activities	9,545	7,233
Cash flow from investing activities	(10,253)	(12,254)
Cash flow from financing activities	6,819	2,562
Cash and cash equivalents, end of year	42,749	34,608

2. Dividends

	Dividend per share (Yen)		
	Year ended March 31, 2014	Year ended March 31, 2015	Year ending March 31, 2016 (Forecast)
First quarter end	-	-	-
Second quarter end	-	-	-
Third quarter end	-	-	-
Year end	11.0	10.0	11.00
Annual	11.0	10.0	11.00
Total dividend (Millions of yen)	2,213	2,012	
Payout ratio (%)	21.6	35.3	34.6
Dividend on equity (%)	2.0	1.6	

Note: The year-end dividend for FY2014 included a special dividend of ¥2.00

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.

	Six months ending September 30, 2015		Year ending March 31, 2016	
	(Millions of yen)	(%)	(Millions of yen)	(%)
Net sales	105,500	4.3	230,000	4.8
Operating income	2,900	(11.5)	11,300	1.8
Ordinary income	3,100	(9.6)	12,000	1.5
Net income attributable to owners of the parent	1,500	(18.0)	6,400	12.2
Net income attributable to owners of the parent per share (Yen)	7.45		31.80	

4. Others

(1) Important changes in subsidiaries : No

(2) Changes in accounting policies, 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 : Yes

3) Changes in accounting estimates : Yes

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, 2015 : 217,699,743

As of March 31, 2014 : 217,699,743

2) Number of treasury stocks at year end

As of March 31, 2015 : 16,474,061

As of March 31, 2014 : 16,466,424

3) Average number of outstanding shares

Year ended March 31, 2015 : 201,227,573

Year ended March 31, 2014 : 202,263,788

(Reference) Non-consolidated financial review

1. Results for the year ended March 31, 2015 (April 1, 2014 – March 31, 2015)

(1) Operating results

Note: Percentages indicated changes from the previous fiscal year.

	Year ended March 31, 2015		Year ended March 31, 2014	
	(Millions of yen)	(%)	(Millions of yen)	(%)
Net sales	2,179	(40.0)	3,631	(9.8)
Operating income	1,004	(60.1)	2,516	(12.8)
Ordinary income	1,168	(51.8)	2,424	(11.0)
Net income	1,036	(88.0)	8,654	229.2
Net income per share (Yen)	5.15		42.79	
Fully diluted net income per share (Yen)	-		-	

(2) Financial position

	As of March 31, 2015	As of March 31, 2014
	(Millions of yen)	(Millions of yen)
Total assets	131,070	121,649
Net assets	83,831	82,055
Equity ratio (%)	64.0	67.5
Net assets per share (Yen)	416.60	407.76
(Reference) Equity	83,831	82,055

Contents of the attached document

1. Analysis of Financial Results and Financial Position

(1) Analysis of Financial Results

1) Financial Results for the Fiscal Year under Review

In the fiscal year under review, ended March 31, 2015, the Japanese economy saw a depreciated yen and higher equity values buttressed by the effects of financial and economic policies of the government and the Bank of Japan, as well as an improvement in earnings mostly by export-related companies.

While the hiring and income environment continues to improve, its effects have yet to influence personal spending, still languishing from the hike in consumption tax.

Overseas, although the American economy continues on a recovery path, sluggish growth in emerging economies is causing uncertainty for the future of the global economy.

In this environment, the Group launched the Takara Group Medium-Term Management Plan FY2016, the second step in its efforts to realize its long-term Takara Group Vision 2020, striving to conduct steady business activities with the aim of improving domestic business profitability and expand our overseas business, 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.

Due to such efforts, for the fiscal year under review, consolidated net sales increased 4.7% year on year, to ¥219,490 million with gross profit up 6.2% to ¥85,099 million, operating income up 16.9% to ¥11,096 million and ordinary income up 19.4% to ¥11,827 million. In regard to extraordinary income and loss, due to the posting of a gain on sales of stocks of subsidiaries and affiliates due to the partial sale of Takara Bio Inc. shares in the previous fiscal year, income before income taxes and minority interests decreased 38.6% year on year, to ¥11,453 million, with net income down 44.5% to ¥5,706 million in part resulting from the reversal of deferred tax assets due to a change in income tax rates, among other factors.

Results by business segment were as follows.

(Takara Shuzo Group)

Competition in the Group's mainstay alcoholic beverages and foods business has continued to intensify due to the shrinking of the domestic market caused by a low birth rate and an aging society, as well as diversification in consumer preferences and an ongoing frugal mindset. Further sharp increases in imported raw material prices attributable to the influence of rising demand in emerging markets and the weak yen are cause for concern.

Meanwhile, in Japan, the home-meal replacement market is expanding as more women enter the workplace and the number of elderly or single adult households increase. Overseas, economic growth and robust consumption in emerging markets will likely boost the Japanese food market, among other opportunities.

In this environment, the Group focused on the constant provision of safe and secure products to consumers, and worked to nurture its brands with a rich product lineup and a range of high-quality products differentiated through solid technological superiority.

The following is a breakdown of the business segment's sales by product.

[Alcoholic beverages]

Shochu

Sales of *Honkaku* shochu decreased overall due in part to lower sales of *Honkaku* shochu labels despite increases resulting from *Ikkomon* driving up the 100% sweet-potato based Zenryo-imo shochu *Ikkomon Aka* and incorporating it in brand revitalization efforts.

In *ko*-type shochu, new-type shochu labels, such as *Jun* and *JAPAN*, continued to record sales declines with other *ko*-type shochu beverages decreasing, despite advances in product development to spur new consumer demand such as the launch of *Takara Shochu Golden*. Accordingly, overall sales of *ko*-type shochu decreased.

As a result, overall shochu sales decreased 3.6% year on year, to ¥63,583 million

Sake

Consumption in the domestic sake market continues to decline with each coming year resulting in tough conditions, but Takara Shuzo is undertaking initiatives with the aim of creating new sake drinkers. Among them, sparkling sake *Sho-Chiku-Bai Shirakabe-gura Mio*, demonstrated exponential sales growth thanks to an expansion of sales channels over the past year as well as sustained popularity as a sake that offers a new experience and new facilities to handle production increases.

Also, our *Sho-Chiku-Bai Te*n earned recognition for its easy to store and dispose "eco pouch" and the newly launched *Sho-Chiku-Bai Ten with* 70% reduced sugar. In addition, *Sho-Chiku-Bai Gokai*, only for sale to restaurants and bars, performed well providing the sake category with increasing sales over four consecutive terms.

Overseas, backed by an increasing Japanese food market, TAKARA SAKE USA INC. (US) recorded an increase in earnings.

As a result, overall sake sales increased 6.0% year on year, to ¥24,919 million.

Light-alcohol refreshers

Dry-type chu-hi products, despite a decline in sales of *Original Dry Takara Can Chu-Hi*, increased thanks to the continued favorable performance of *Takara Shochu High Ball* dry Chu-Hi, positioned as a flagship brand and the focus of sales expansion efforts. Meanwhile, there were no other large-scale new Chu-Hi product launches and the new flavors introduced for a limited time in our *Takara Can Chu-Hi Jika-Shibori* and *Surioroshi* products failed to boost the brand overall causing a downturn in results.

As a result, overall light-alcohol refreshers sales decreased 3.3% year on year, to ¥25,896 million.

Other alcoholic beverages

In Japan, wines imported by Luc Corporation, Ltd. demonstrated steady results. Overseas, meanwhile, Age International, Inc. (US) recorded sales increases for bourbon whiskey and The Tomatin Distillery Co., Ltd. (UK) likewise recorded higher sales for Scotch whiskey. Accordingly, sales of other alcoholic beverages were up 7.2%, to ¥13,491 million.

As a result, total alcoholic beverages sales decreased 0.7% year on year, to ¥127,892 million.

[Seasonings]

Takara Shuzo fortified its efforts toward restaurant chains while proactively addressing demand from food processors and manufacturers of ready-prepared meals, a business that is expected to continue to grow into the future, in addition to home-use seasonings and seasonings for use by restaurants and bars.

Further, we worked to develop and foster differentiated products with high functionality, such as functional seasonings, leveraging cutting-edge fermentation and brewing technologies.

Our cooking sake continued to fare well, driven by our salt-free, high-quality *Ryori-no-Tame-no Seishu*, and food seasonings also increased, however, mirin fell due to the impact from the rush of demand prior to the consumption tax rate hike.

As a result, total seasonings sales decreased 0.2% year on year, to ¥23,485 million.

[Raw alcohol, etc.]

In the fiscal year under review, we continued not only to develop new partners but also revise prices to cope with crude alcohol price fluctuations caused by the effects of yen depreciation.

As a result, sales of raw alcohol, etc. increased 7.8% year on year, to ¥7,437 million due to higher industrial alcohol and additive alcohol consumption.

[Transportation]

Net sales in this business were down 2.3%, to ¥12,097 million due to a significant decrease in our construction business despite increased external sales and the results of our proactive efforts to spread operations into related business areas.

[Japanese food wholesale business in overseas markets]

This business saw a significant year-on-year increase in net sales of 94.3% to ¥17,638 million thanks to contributions from TAZAKI FOODS LTD. (UK) and COMINPORT DISTRIBUCIÓN S.L. (Spain), which became a consolidated subsidiary during the previous fiscal year to expanding and strengthening our network and partnerships in Europe, as well as continued positive sales results at FOODEX S.A.S. (France).

[Other]

Other net sales decreased 1.9% year on year, to ¥1,537 million.

As a result, the Takara Shuzo Group's overall net sales increased 4.3% year on year, to ¥190,089 million, with gross profit up 5.6% to ¥69,397 million, and SG&A expenses up 3.7% to ¥61,556 million following a rise in personnel expenses and transportation expenses, among others, resulting in operating income increasing 23.9%, to ¥7,840 million.

(Takara Bio Group)

Utilizing biotechnology developed over many years, the Takara Bio Group concentrated management resources on three areas: the Bioindustry business, the Gene Therapy business, and the AgriBio business, and worked to improve business results.

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. Such activities are becoming increasingly widespread.

Net sales for this business benefited from a significant year-on-year increase in sales of mainstay research reagents in part due to the impact of the weak yen. Our services business and scientific instruments also increased in sales year on year.

As a result, the sales of the business increased 8.9% year on year, to ¥23,593 million.

Gene Therapy business

The business is focusing efforts on early commercialization of gene therapy for cancer and AIDS utilizing the RetroNectin® Method, a highly efficient gene transduction technology; the RetroNectin® expansion-culture system, a highly efficient lymphocyte propagation technology; and such proprietary technologies as siTCR and MazF ribonuclease.

Please note that, as of now, no net sales have been recorded for this business, due to the partial transfer and integration of the Gene Therapy business to the Bioindustry business from the consolidated fiscal year under review.

AgriBio business

Based on the concept of “food as medicine,” this business uses its unique leading-edge biotechnology to identify the scientific basis of foodstuffs that have traditionally been part of the Japanese diet. 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, the herb (Peucedanum japonicum) “Isosamidin” related products, Ashitaba (angelica herb) “Chalcone” related products, Agar “Agaro-oligosaccharide” related products, and mushroom-related products.

Net sales in the AgriBio business increased 6.0% compared to the previous year to ¥2,376 million, because of a year-on-year increase in sales of health foods despite a drop in mushroom-related products.

As a result, the Takara Bio Group's overall net sales increased 8.6% year on year, to ¥25,969 million with gross profit up 10.0% to ¥13,827 million, and SG&A expenses up 8.5% to ¥11,524 million following a rise in R&D expenses, among others, resulting in operating income increasing 17.8% year on year, to ¥2,302 million.

(Takara Healthcare)

The health food market is expected to further expand with the acceleration of the aging society and increasing health consciousness. In this environment, Takara Healthcare positioned the Gagome kombu (kelp) fucoidan series as the paramount focus and made every effort to acquire new customers and increase the repeat rate in the mail-order sales business through aggressive and efficient advertising.

As a result, thanks to increases in net sales of fucoidan-related products and cosmetics OEM, Takara Healthcare's net sales increased 16.0% year on year, to ¥1,652 million with gross profit up 13.2% to ¥848 million, and SG&A expenses up 11.3% to ¥810 million following a rise in advertising expenses, among others, resulting in operating income increasing 77.9% year on year, to ¥38 million.

(Other)

In the Other segment, which comprises functional corporate groups such as a printing business, net sales decreased 4.8% year on year, to ¥7,232 million with gross profit down 18.5% to ¥854 million, and SG&A expenses up 0.4% to ¥742 million resulting in operating income decreasing 63.8% to ¥112 million.

Breakdown of sales results by product category

Segment / Product category	Previous Fiscal Year (From April 1, 2013 to March 31, 2014) Amount (Millions of yen)	Fiscal Year under Review (From April 1, 2014 to March 31, 2015) Amount (Millions of yen)	YoY Comparison (%)
Takara Shuzo Group			
Shochu	65,977	63,583	96.4
Sake	23,510	24,919	106.0
Light-alcohol refreshers	26,772	25,896	96.7
Other alcoholic beverages	12,585	13,491	107.2
Alcoholic beverages total	128,846	127,892	99.3
Hon Mirin	14,886	14,570	97.9
Other seasonings	8,645	8,914	103.1
Seasonings total	23,532	23,485	99.8
Raw alcohol, etc.	6,899	7,437	107.8
Transportation	12,384	12,097	97.7
Japanese food wholesales business in overseas markets	9,077	17,638	194.3
Other	1,566	1,537	98.1
Total	182,306	190,089	104.3
Takara Bio Group	23,905	25,969	108.6
Takara Healthcare	1,424	1,652	116.0
Other	7,598	7,232	95.2
Sales not allocated to business segments and intersegment transactions	(5,667)	(5,452)	-
Total	**209,568**	**219,490**	**104.7**

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

2) Outlook for the Coming Fiscal Year

The Takara Shuzo Group expects that competition will continue to intensify due to a decreasing population and shrinking of the domestic market, among other factors, with constant fears of galloping imported raw material prices attributable to the influence of rising demand in emerging markets and the weak yen. Under these circumstances, the group will work to develop and nurture differentiated brands, aiming to win the support of consumers; improve the profitability of the domestic alcoholic beverages business; and establish operational structures that are balanced from all perspectives, even in regard to overseas businesses.

Net sales are expected to stand at ¥197,500 million (up 3.9% year on year) from an increase in earnings centered on sake, light alcohol beverages and Japanese food wholesale business in overseas markets. In terms of income, gross profit is forecasted at ¥72,500 million (up 4.5% year on year) thanks to consistent cost-reduction efforts in addition to an increase in net sales. Operating income is forecasted at ¥8,500 million (up 8.4% year on year), despite a likely increase in SG&A expenses, specifically attributable to higher transportation expenses and promotion expenses.

The Takara Bio Group is expected to record a year-on-year increase in net sales of 9.0%, to ¥28,300 million, due to increased sales mostly of research reagents and contract research. In terms of income, gross profit is forecasted at ¥15,761 million (up 14.0% year on year) thanks to efforts to expand our high-profitability research reagents and restructure the mushroom business in addition to an increase in net sales. Operating income is projected to increase 2.1%, to ¥2,350 million, as SG&A expenses are expected to rise due primarily to higher R&D expenses and personnel expenses.

The net sales of Takara Healthcare are expected to increase 8.9%, to ¥1,800 million due to a commitment to the Gagome kombu (kelp) fucoidan series. Operating income is forecasted to increase 56.9%, to ¥60 million, despite increased SG&A expenses, specifically attributable to higher advertising expenses.

As a result, consolidated net sales, which include net sales from the Other segment, are forecasted to increase 4.8%, to ¥230,000 million, and operating income will likely increase 1.8%, to ¥11,300 million.

Also, ordinary income is expected to rise 1.5% year on year, to ¥12,000 million, with net income attributable to owners of the parent expected to increase 12.2% year on year, to ¥6,400 million.

3) Progress under the Medium-Term Management Plan

The Medium-Term Management Plan has set numerical targets of achieving consolidated net sales of over ¥230,000 million, consolidated operating income of over ¥12,000 million, and overseas sales that account for over 16% of total net sales in the fiscal year ending March 31, 2017. Although the Group will continue to operate in a stringent business climate, we have achieved consolidated net sales of ¥219,400 million and consolidated operating income of ¥11,000 million, both surpassing results forecasts, in the consolidated fiscal year under review, the first year of the Medium-Term Management Plan.

(Numerical targets indicated here were set at the time of the formulation of the Medium-Term Management Plan. Their attainment is not guaranteed.)

(2) Analysis of Financial Position

1) Assets, Liabilities, and Net Assets

Total assets at the end of the consolidated fiscal year under review stood at ¥264,438 million yen, a ¥25,861 million increase compared with the end of the previous consolidated fiscal year. Current assets totaled ¥160,653 million, an increase of ¥10,101 million compared with the previous consolidated fiscal year. This was mainly due to increases in notes and accounts receivable-trade of ¥2,573 million, securities of ¥5,488 million and merchandise and finished goods of ¥1,795 million.

Noncurrent assets totaled ¥103,785 million, an increase of 15,760 million yen compared with the previous consolidated fiscal year. This was mainly due to increases in property, plant and equipment of ¥5,108 million resulting from capital expenditures by Takara Bio Inc. and Takara Shuzo Co., Ltd., and in investment securities of ¥9,368 million.

Total liabilities stood at ¥106,034 million, a ¥13,879 million increase compared with the end of the previous consolidated fiscal year. Current liabilities totaled ¥54,877 million, an increase of ¥6,214 million compared with the previous consolidated fiscal year. This was mainly due to increases in notes and accounts payable-trade of ¥1,263 million, in the current portion of bonds of ¥5,000 million due to transfers from noncurrent liabilities, and in other current liabilities of ¥3,812 million in part due to an increase in consumption taxes payable, as well as a decrease in income taxes payable of ¥3,514 million. Noncurrent liabilities totaled ¥51,156 million, an increase of ¥7,665 million compared with the previous consolidated fiscal year. This was mainly due to increases in long-term loans payable of ¥10,023 million, in deferred tax liabilities of ¥1,187 million due to higher market values of investment securities, and in net defined benefit liability of ¥1,463 million, as well as a decrease in bonds payable of ¥5,000 million due to transfers to current liabilities.

Total net assets at the end of the consolidated fiscal year under review totaled ¥158,404 million, a ¥11,982 million increase compared with the end of the previous consolidated fiscal year. This was mainly due to increases in retained earnings of ¥3,907 million, in valuation difference on available-for-sale securities of ¥3,157 million following a rise in market values of investment securities, and in foreign currency translation adjustment of ¥4,536 million resulting from yen depreciation.

Plans for the coming fiscal year forecast depreciation and amortization of ¥5.1 billion in property, plans and equipment and intangible fixed assets, and ¥5.9 billion in capital expenditures.

As for net assets, net income attributable to owners of the parent of ¥6.4 billion, and dividends from surplus of ¥2.0 billion are planned. In addition, the Group's financial position at the coming fiscal year-end could change significantly as a result of the implementation of measures based on the medium-term management plan as well as currency exchange rates, share prices, and other market trends.

2) Cash Flows

Net cash provided by operating activities increased ¥2,312 million year on year, to ¥9,545 million. Major factors increasing cash included income before income taxes and minority income of ¥11,453 million and depreciation and amortization of ¥4,662 million. Major factors decreasing cash included consumption taxes payable of ¥1,880 million, a ¥2,202 million increase in sales rights and income taxes paid of ¥7,362 million.

Net cash used in investing activities decreased ¥2,000 million, to ¥10,253 million. The major factor increasing cash was proceeds from sales and redemptions of securities of ¥9,623 million. Major factors decreasing cash included the purchase of property, plant and equipment and intangible assets of ¥8,457 million, the purchase of securities of ¥5,738 million and the purchase of investment securities of ¥5,009 million.

Net cash provided by financing activities was ¥6,819 million, an increase of ¥4,257 million from the previous fiscal year. The major factor increasing cash was proceeds from long-term loans payable of ¥10,100 million. The major factor decreasing cash was cash dividends paid of ¥2,214 million.

As a result, cash and cash equivalents at fiscal year-end, including effect of exchange rate change on cash and cash equivalents, stood at ¥42,749 million, up ¥8,140 million from the previous consolidated fiscal year-end.

In the fiscal year ending March 31, 2016, net cash provided by operating activities is expected to amount to ¥9.7 billion. In investing activities, approximately ¥5.9 billion is earmarked for the purchase of property, plant and equipment and intangible assets. In financing activities, the Group plans expenditures for the redemption of bonds of ¥5.0 billion and for cash dividends of ¥2.0 billion. Also, the Group will continue to actively invest in priority strategies to ensure income growth. As a result, cash and cash equivalents at the coming fiscal year-end, are expected to be approximately decreased from the fiscal year-end under review. However, this could change due to unplanned fund procurement or other reasons.

(Reference) Indicators Related to Cash Flows

	FY2013	FY2014	FY2015
Equity ratio (%)	48.2	50.9	49.9
Equity ratio on a market value basis (%)	77.2	66.4	66.2
Cash flow versus interest-bearing debt ratio (%)	540.9	537.9	506.3
Interest coverage ratio (times)	16.1	14.9	20.3

Equity ratio: (Net assets – Minority interests) / Total assets
Equity ratio on a market value basis: Market capitalization / Total assets
Cash flow versus interest-bearing debt ratio: Interest-bearing debt / Operating cash flow
Interest coverage ratio: Operating cash flow / Interest payments

Notes:
1. The respective indicators have been calculated using consolidated financial figures.
2. Market capitalization has been calculated based on shares outstanding at fiscal year-end, net of treasury stock.
3. For operating cash flow, net cash provided by operating activities in the consolidated statements of cash flows has been used.
4. Interest-bearing debt is all liabilities included on the consolidated balance sheets for which interest is paid. For interest payments, interest expenses paid in the consolidated statements of cash flows has been used.

(3) Basic Policy for the Appropriation of Profits and Dividends for the Fiscal Year under Review and the Coming Fiscal Year

The Takara Group appropriates profits in accordance with a medium- to long-term perspective. By strengthening the entire Group’s business foundations and realizing earnings growth, the Group aims to maximize corporate value and shareholder return.

The Group uses cash flows from operations to replenish internal reserves in preparation for strengthening business foundations and investment in growth strategies, among others. At the same time, with regard to the shareholder return, the Group’s basic policy is to continue to maintain stable dividends while also effecting returns taking into account elements relating to operating performance.

Specifically, the Group’s policy consists of increasing dividends according to the level of consolidated operating income aiming for a payout ratio of approximately 30%, “deemed dividend payout,” signifying total dividends vs. operating income after taxes (=consolidated operating income x (1-effective tax rate)). The Group will flexibly examine the implementation of share buybacks that would contribute to increasing capital efficiency.

Regarding cash dividends for the fiscal year under review, based on the aforementioned policy, a regular dividend of ¥10 per share will be paid.

For cash dividends for the next fiscal year, a regular dividend of ¥11 per share will be paid.

2. Management Policy

(1) The Group’s Basic Management Policy

(2) Targeted Management Indicators, Medium-Term Management Strategies and Tasks

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).
The Consolidated Financial Statements is available on the following website.
(Official Corporate Website)
http://ir.takara.co.jp/en/Top.html
(Tokyo Stock Exchange Website (Stock Data Search Page))
http://www.tse.or.jp/listing/compsearch/index.html

3. Basic concept on selection of accounting standards

The Group drafts consolidated financial statements based on Japanese standards taking into consideration comparability between fiscal periods as well as comparability among companies.

3. Consolidated Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheets

(Millions of Yen)

	As of Mar. 31, 2014	As of Mar. 31, 2015
Assets		
Current assets		
Cash and deposits	41,015	41,296
Notes and accounts receivable-trade	45,392	47,966
Electronically recorded monetary claims-operating	6,508	6,651
Securities	21,534	27,022
Merchandise and finished goods	26,729	28,524
Work in process	908	958
Raw materials and supplies	3,351	3,317
Deferred tax assets	2,498	1,741
Other	2,755	3,407
Allowance for doubtful accounts	(143)	(233)
Total current assets	150,551	160,653
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	44,115	47,088
Accumulated depreciation	(29,977)	(31,170)
Buildings and structures, net	14,138	15,917
Machinery, equipment and vehicles	77,735	81,820
Accumulated depreciation	(67,425)	(68,632)
Machinery, equipment and vehicles, net	10,309	13,188
Land	17,418	17,515
Lease assets	1,404	1,417
Accumulated depreciation	(680)	(706)
Lease assets, net	724	710
Construction in progress	2,812	2,266
Other	11,347	12,546
Accumulated depreciation	(8,774)	(9,059)
Other, net	2,572	3,486
Total property, plant and equipment	47,976	53,085
Intangible assets		
Goodwill	7,539	8,071
Other	4,123	4,286
Total intangible assets	11,662	12,358
Investments and other assets		
Investment securities	23,532	32,900
Net defined benefit asset	440	766
Deferred tax assets	1,786	1,804
Other	2,850	3,037
Allowance for doubtful accounts	(223)	(166)
Total investments and other assets	28,386	38,342
Total noncurrent assets	88,025	103,785
Total assets	238,577	264,438

(Millions of Yen)

	As of Mar. 31, 2014	As of Mar. 31, 2015
Liabilities		
Current liabilities		
Notes and accounts payable-trade	14,416	15,680
Short-term loans payable	5,914	5,292
Current portion of bonds	—	5,000
Accrued alcohol tax	8,376	7,615
Accrued expenses	4,480	5,456
Income taxes payable	5,621	2,107
Provision for bonuses	2,081	2,162
Provision for sales promotion expenses	1,795	1,774
Other	5,975	9,788
Total current liabilities	48,663	54,877
Noncurrent liabilities		
Bonds payable	25,000	20,000
Long-term loans payable	310	10,334
Deferred tax liabilities	4,075	5,263
Net defined benefit liability	6,943	8,407
Long-term deposits received	5,591	5,622
Other	1,569	1,529
Total noncurrent liabilities	43,491	51,156
Total liabilities	92,154	106,034
Net assets		
Shareholders' equity		
Capital stock	13,226	13,226
Capital surplus	3,196	3,196
Retained earnings	104,739	108,647
Treasury stock	(9,931)	(9,937)
Total shareholders' equity	111,230	115,132
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,941	9,098
Deferred gains or losses on hedges	279	558
Foreign currency translation adjustment	2,894	7,431
Remeasurements of defined benefit plans	1,085	(297)
Total accumulated other comprehensive income	10,200	16,791
Minority interests	24,991	26,481
Total net assets	146,422	158,404
Total liabilities and net assets	238,577	264,438

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

(Consolidated Statements of Income)

(Millions of Yen)

	FY2014 (Apr. 1, 2013 – Mar. 31, 2014)	FY2015 (Apr. 1, 2014 – Mar. 31, 2015)
Net sales	209,568	219,490
Cost of sales	129,447	134,390
Gross profit	80,121	85,099
Selling, general and administrative expenses	70,631	74,003
Operating income	9,490	11,096
Non-operating income		
Interest income	197	266
Dividends income	364	425
Share of profit of entities accounted for using equity method	125	166
Subsidy income	164	348
Other	269	272
Total non-operating income	1,122	1,478
Non-operating expenses		
Interest expenses	464	470
Other	238	276
Total non-operating expenses	703	746
Ordinary income	9,909	11,827
Extraordinary income		
Gain on sales of investment securities	90	249
Gain on sales of noncurrent assets	22	64
Gain on sales of stocks of subsidiaries and affiliates	9,261	—
Other	190	0
Total extraordinary income	9,565	315
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	197	301
Impairment loss	92	262
Fixed assets transferred loss	317	—
Loss on valuation of investment securities	130	—
Other	94	124
Total extraordinary losses	832	689
Income before income taxes and minority interests	18,642	11,453
Income taxes-current	7,140	3,858
Income taxes-deferred	495	1,229
Total income taxes	7,635	5,088
Income before minority interests	11,006	6,365
Minority interests in income	726	659
Net income	10,280	5,706

(Consolidated Statements of Comprehensive Income)

(Millions of Yen)

	FY2014 (Apr. 1, 2013 – Mar. 31, 2014)	FY2015 (Apr. 1, 2014 – Mar. 31, 2015)
Income before minority interests	11,006	6,365
Other comprehensive income		
Valuation difference on available-for-sale securities	1,340	3,157
Deferred gains or losses on hedges	259	275
Foreign currency translation adjustment	6,994	5,137
Remeasurements of defined benefit plans	―	(1,482)
Share of other comprehensive income of associates accounted for using equity method	402	352
Gain or loss on change in equity	5,847	―
Total other comprehensive income	14,845	7,441
Comprehensive income	25,851	13,806
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	23,706	12,296
Comprehensive income attributable to minority interests	2,145	1,509

(3) Consolidated Statements of Change in Net Assets

FY2014 (Apr. 1, 2013 – Mar. 31, 2014)

(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	3,195	90,437	(8,355)	98,503
Cumulative effects of changes in accounting policies					-
balance at beginning of current period, reflecting the changes in the accounting policies	13,226	3,195	90,437	(8,355)	98,503
Changes of items during the period					
Dividends from surplus			(1,825)		(1,825)
Net income			10,280		10,280
Purchase of treasury stock				(1,576)	(1,576)
Disposal of treasury stock		0		1	1
Gain (loss) on change in equity			5,847		5,847
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	0	14,302	(1,575)	12,727
Balance at the end of current period	13,226	3,196	104,739	(9,931)	111,230

	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	4,599	16	(3,079)	-	1,537	14,277	114,318
Cumulative effects of changes in accounting policies							-
balance at beginning of current period, reflecting the changes in the accounting policies	4,599	16	(3,079)	-	1,537	14,277	114,318
Changes of items during the period							
Dividends from surplus							(1,825)
Net income							10,280
Purchase of treasury stock							(1,576)
Disposal of treasury stock							1
Gain (loss) on change in equity							5,847
Net changes of items other than shareholders' equity	1,341	262	5,974	1,085	8,663	10,713	19,377
Total changes of items during the period	1,341	262	5,974	1,085	8,663	10,713	32,104
Balance at the end of current period	5,941	279	2,894	1,085	10,200	24,991	146,422

FY2015 (Apr. 1, 2014 – Mar. 31, 2015)

(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	3,196	104,739	(9,931)	111,230
Cumulative effects of changes in accounting policies			414		414
balance at beginning of current period, reflecting the changes in the accounting policies	13,226	3,196	105,154	(9,931)	111,645
Changes of items during the period					
Dividends from surplus			(2,213)		(2,213)
Net income			5,706		5,706
Purchase of treasury stock				(6)	(6)
Disposal of treasury stock		0		0	0
Gain (loss) on change in equity					-
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	0	3,492	(5)	3,487
Balance at the end of current period	13,226	3,196	108,647	(9,937)	115,132

	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	5,941	279	2,894	1,085	10,200	24,991	146,422
Cumulative effects of changes in accounting policies						16	431
balance at beginning of current period, reflecting the changes in the accounting policies	5,941	279	2,894	1,085	10,200	25,007	146,853
Changes of items during the period							
Dividends from surplus							(2,213)
Net income							5,706
Purchase of treasury stock							(6)
Disposal of treasury stock							0
Gain (loss) on change in equity							-
Net changes of items other than shareholders' equity	3,157	279	4,536	(1,382)	6,590	1,473	8,063
Total changes of items during the period	3,157	279	4,536	(1,382)	6,590	1,473	11,550
Balance at the end of current period	9,098	558	7,431	(297)	16,791	26,481	158,404

(4) Consolidated Statements of Cash Flows

(Millions of Yen)

	FY2014 (Apr. 1, 2013 – Mar. 31, 2014)	FY2015 (Apr. 1, 2014 – Mar. 31, 2015)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	18,642	11,453
Depreciation and amortization	4,287	4,662
Increase (decrease) in provision for retirement benefits	(8,861)	―
Increase (decrease) in net defined benefit liability	6,943	1,774
Interest and dividends income	(562)	(691)
Interest expenses	464	470
Loss (gain) on sales and retirement of noncurrent assets	174	236
Loss (gain) from sales of stocks of subsidiaries and affiliates	(9,261)	―
Decrease (increase) in notes and accounts receivable-trade	786	(2,202)
Decrease (increase) in inventories	(2,405)	(909)
Decrease (increase) in other current assets	255	54
Increase (decrease) in notes and accounts payable-trade	464	998
Increase (decrease) in liquor taxes payable	(1,533)	(762)
Increase (decrease) in accrued consumption taxes	(475)	1,880
Other, net	1,754	(288)
Subtotal	10,674	16,677
Interest and dividends income received	580	701
Interest expenses paid	(485)	(471)
Income taxes paid	(3,536)	(7,362)
Net cash provided by (used in) operating activities	7,233	9,545
Net cash provided by (used in) investing activities		
Payments into time deposits	(30,597)	(24,782)
Proceeds from withdrawal of time deposits	27,849	24,067
Purchase of securities	(4,454)	(5,738)
Proceeds from sales and redemption of securities	1,904	9,623
Purchase of property, plant and equipment and intangible assets	(8,322)	(8,457)
Proceeds from sales of property, plant and equipment	34	227
Purchase of investment securities	(6,091)	(5,009)
Proceeds from sales of investment securities	1,074	515
Proceeds from sales of stocks of subsidiaries and affiliates	12,241	―
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(5,743)	(276)
Other, net	(150)	(423)
Net cash provided by (used in) investing activities	(12,254)	(10,253)
Net cash provided by (used in) financing activities		
Proceeds from issuance of bonds	68	10,100
Redemption of bonds	(5,000)	―
Cash dividends paid	(1,827)	(2,214)
Other, net	9,321	(1,066)
Net cash provided by (used in) financing activities	2,562	6,819
Effect of exchange rate change on cash and cash equivalents	1,779	2,030
Net increase (decrease) in cash and cash equivalent	(679)	8,140
Cash and cash equivalents at beginning of period	35,287	34,608
Cash and cash equivalents at end of period	34,608	42,749

(5) Notes to Consolidated Financial Statements

(Notes on Premise of Going Concern)

No items to report.

(Basis of Presentation of Consolidated Financial Statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 45

Names of principal consolidated subsidiaries:

Takara Shuzo Co., Ltd.
Luc Corporation, Ltd.
Takara Butsuryu System Co., Ltd.
TAKARA CHOU UN Co., Ltd.
Takara Sake USA Inc. (US)
Age International, Inc. (US)
FOODEX S.A.S. (France)
The Tomatin Distillery Co., Ltd (UK)
Tazaki Foods Limited (UK)
Takara Shuzo Foods Co., Ltd. (China)
Takara Bio Inc.
Takara Biotechnology (Dalian) Co., Ltd. (China)
Takara Biomedical Technology (Beijing) Co., Ltd. (China)
Takara Bio USA Holdings Inc. (US)
Clontech Laboratories, Inc. (US)
Takara Bio Europe S.A.S. (France)
Takara Healthcare Inc.
Taihei Printing Co., Ltd.

(2) Name, etc. of non-consolidated subsidiary

YUTAKA FOODS LTD. (UK)

（Reason for exclusion from scope of consolidation）

The company is dormant and immaterial and therefore excluded from the scope of consolidation.

2. Application of equity method

(1) Number of affiliates accounted for under the equity method: 2

Names of principal affiliates:

Mutual Trading Co., Inc. (US)
Japan Synthetic Alcohol Co., Ltd.

(2) The nonconsolidated subsidiary to which the equity method is not applied (YUTAKA FOODS LTD.) is dormant and immaterial, and investment in the affiliate (Nagasaki Suisan Nieki Ltd.) is minor in terms of net income and retained earnings or other amounts corresponding to equity whose sum total has little influence on the consolidated income, consolidated retained earnings, etc. of the Group and therefore is excluded from the scope of applicability to the equity method.

(3) Figures pertaining to companies accounted for under the equity method that have a fiscal year-end that is different from the Company are calculated using the financial statements for each company in its own fiscal year.

3. Matters concerning fiscal year-end of consolidated subsidiaries

Of the Company’s consolidated subsidiaries, there are overseas subsidiaries that have a fiscal year-end of December 31, which differs from that of the Company. In preparing the Company’s consolidated financial statements, the financial statements of these companies that were prepared at their fiscal year-end are used as there is less than a three-month difference between the fiscal year-end of these companies and the fiscal year-end of the Company. Adjustments are made for major transactions within the period between the fiscal year-end of these companies and the fiscal year-end of the Company as necessary.

4. Matters concerning accounting policies

(1) Valuation basis and method of major assets

A. Marketable securities

a. Held-to-maturity debt securities

At amortized cost (straight-line method)

b. Other marketable securities

Available-for-sale securities:

By the mark-to-market method based on market values on the date of the fiscal year-end (valuation differences are reported as a separate component of equity and the cost of sales is determined by the moving-average method)

Non-marketable available-for-sale securities:

At cost determined by the moving-average method

B. Inventories

At cost determined by the gross-average method (for the value stated in the balance sheet, the book value is written down based on the decreased profitability)

(2) Depreciation method for major depreciable assets

A. Property, plant and equipment (excluding lease assets)

Principally, by the declining-balance method

The range of useful lives is principally as follows:

Buildings and structures: 3 to 50 years

Machinery, equipment and vehicles: 4 to 15 years

B. Intangible fixed assets (excluding lease assets)

By the straight-line method

Further, subsidiaries in the United States, apply FASB Accounting Standards Codification Topic 350 "Intangibles—Goodwill and Other," excluding goodwill.

C. Lease assets

Lease assets related to finance lease transactions without title transfer

The straight-line method has been applied, using the lease period as the useful life and taking the residual value as zero.

The Company has continued to treat finance lease transactions without title transfer that commenced before March 31, 2008, as operating leases.

(3) Accounting criteria for major allowances

A. Allowance for doubtful accounts

To prepare for losses on doubtful accounts, general provisions are determined on the basis of past credit loss experience, and specific provisions, such as loss apprehensive credits, are determined by considering individual collectability.

B. Provision for bonuses

Provision for bonuses is provided for the current portion of the future expected payment, in order to prepare for the payment of bonuses to employees at the Company and its consolidated domestic subsidiaries.

C. Provision for sales promotion expenses

Provision for sales promotion expenses is calculated by multiplying the order values of retail outlets, data provided by consolidated subsidiary Takara Shuzo Co., Ltd. and historical prices.

(4) Accounting treatment relating to retirement benefits

A. Period attribution method for projected retirement benefits

The straight-line attribution method is used to attribute projected retirement benefit amounts to periods up to the end of the fiscal year ended March 31, 2013 when calculating retirement benefit obligations.

B. Unrecognized actuarial gains and losses and past service cost treatment method

Past service costs are treated using the straight-line method over a certain period (10 years) which is not longer than an estimated average remaining service period of the employees when incurred.

Unrecognized actuarial gains and losses are treated from the consolidated fiscal year following their incurrence, respectively, using the straight-line method over a certain period (10 years) which is not longer than an estimated average remaining service period of the employee when incurred in each consolidated fiscal year.

(5) Standards for translating the values of important assets and liabilities valued in foreign currency into Japanese currency

Receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rate at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statements of income as non-operating items. The balance sheet accounts of the foreign consolidated subsidiaries are translated into Japanese yen at the exchange rate at the balance sheet date except for equity. Revenue and expense accounts are translated into Japanese yen at the average exchange rate during the fiscal year. The resulting translation differences are presented as foreign currency translation adjustments and minority interests in equity.

(6) Major hedge accounting methods

A. Hedge accounting methods

Deferred hedge accounting is applied. However, designation accounting is applied for transactions to hedge foreign exchange risks when applicable.

B. Hedging instruments and hedged items

The hedging instruments used and items hedged in the year under review are as follows.

Hedging instrument:	Hedged items:
Currency options	Foreign currency-denominated import transactions
Foreign exchange forward contracts	Foreign currency-denominated notes and accounts payable accompanying royalty payment and Foreign currency-denominated import transactions

C. Hedging policy

Foreign exchange risks on hedged items are hedged within a certain range in accordance with the Company's internal policies regarding derivative transactions.

D. Assessment of hedge effectiveness

Hedge effectiveness is omitted as it is anticipated that the hedging will offset fluctuations in the market and in cash after the date in which the hedging was commenced due to the fact that the conditions of the hedging instruments and the hedged transactions are the same.

(7) Goodwill amortization method and amortization period

Goodwill is amortized using the straight-line method over the period of a certain number of years that is less than 20 years.

(8) The scope of cash in the consolidated statements of cash flows

This comprises cash on hand, deposits that can be readily withdrawn as required and that can be converted into cash, and short-term investments with due dates in three months or less from the date of acquisition that entail only an insignificant risk of change in value.

(9) Other significant items related to the preparation of the consolidated financial statements

Accounting for consumption tax, etc.

Consumption tax or regional consumption taxes are excluded.

（Changes in Accounting Policies）

（Application of accounting standards relating to retirement benefits）

"Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012; hereinafter, "the Accounting Standard") and "Application Guidelines for the Accounting Standard for Retirement Benefits" (ASBJ Statement No. 25, May 17, 2012; hereinafter, "the Guidelines") are applied from the fiscal year under review with regard to the provisions in the main clause of paragraph 35 of the Accounting Standard and the main clause of paragraph 67 of the Guidelines, revising the method of calculating retirement benefit obligations and service expenses, modifying the method of attributing expected benefit to periods from the straight-line basis to the benefit formula basis as well as changing the discount rate from one based on the average remaining service years of its employees to a single weighted average discount rate reflecting the expected timing and amount of benefit payments.

Regarding the application of the Accounting Standard, the effect of the change in the calculation method of retirement benefits obligations and service costs was added to retained earnings at the beginning of the fiscal year under review according to provisional measures provided for in paragraph 37 of the Accounting Standard.

As a result, at the beginning of the consolidated fiscal year under review, net defined benefit liability decreased ¥313 million, net defined benefit asset increased ¥359 million, with retained earnings up ¥414 million and minority interests up ¥16 million. The effects of adopting this method on operating income, ordinary income and income before income taxes and minority interests for the fiscal year ended March 31, 2015 were immaterial.

(Change of accounting estimates and accounting policies that are difficult to distinguish)

(Change in Method of Depreciation for Property, Plant and Equipment)

Consolidated subsidiary Takara Bio Inc. previously applied declining balance depreciation to property, plant and equipment but switched to straight-line depreciation from the fiscal year ended March 31, 2015. Takara Bio reconsidered its method of depreciation and determined that this change from declining balance to straight-line depreciation is reasonable in view of the fact that the stable utilization of property, plant and equipment in research and development and production activities is anticipated because it has been 12 years since the company was established and facilities that include the Center for Gene and Cell Processing will be in operation from the fiscal year ended March 31, 2015. The impact of this change on consolidated operating income, ordinary income and income before income taxes and minority interest for the fiscal year ended March 31, 2015 is an increase of ¥309 million respectively.

(Changes in Method of Presentation)

(Consolidated Statements of Income)

Because "gain on sale of investment securities" and "gains on sales of non-current assets" which were included under "other" of "extraordinary income" for the fiscal year ended March 31, 2014, exceeded one-tenth of the total amount of extraordinary income, they are presented as an independent item from the fiscal year ended March 31, 2015. Figures for the fiscal year ended March 31, 2014, have been restated to reflect this change in method of presentation.

As a result, in consolidated statements of income for the previous fiscal year, ¥304 million previously included under “other” of "extraordinary income" is restated as ¥90 million in “gain on sales of investment securities,” as ¥22 million in "gains on sales of noncurrent assets" and as ¥190 million in “other."

(Consolidated Statements of Cash Flows)

Because “proceeds from stock issuance to minority shareholders” and "purchase of treasury stock," which were presented separately under “net cash provided (used in) by financing activities” for the fiscal year ended March 31, 2014, lacked materiality, they are included under “other, net” for the fiscal year ended March 31, 2015. Figures for the fiscal year ended March 31, 2014, have been restated to reflect this change in method of presentation.

As a result, ¥11,419 million posted in "proceeds from stock issuance to minority shareholders" and a decrease of ¥1,521 million posted in “purchase of treasury stock” in "net cash provided (used in) by financing activities" in the consolidated cash flow statement for the previous fiscal year are restated under "other net."

"Proceeds from long-term loans payable" posted in "other, net" of "net cash provided (used in) by financing activities" in the previous fiscal year increased in monetary materiality and therefore is presented separately for the consolidated fiscal year under review. Figures for the fiscal year ended March 31, 2014, have been restated to reflect this change in method of presentation.

As a result, a decrease of ¥508 million posted in "other, net" of "net cash provided (used in) by financing activities" in the consolidated cash flow statement for the previous fiscal year is restated as ¥68 million in "proceeds from long-term loans payable" and as 9,321 million in "other, net."

(Additional information)

(Revisions to Amounts of Deferred Tax Assets and Deferred Tax Liabilities Due to Change in Rate of Income Taxes)

On March 31, 2015, the “Act on Partial Revision of the Income Tax Act” (Act No. 9 of 2015) was promulgated causing a decrease in tax rates for fiscal years beginning on or after April 1, 2015. As a result, the statutory effective tax rate used in the calculation of deferred tax assets and deferred tax liabilities for the consolidated fiscal year under review was calculated reflecting this provision.

As a result, deferred tax assets posted in current assets for the consolidated fiscal year under review (amount after deducting deferred tax liabilities) decreased ¥115 million, with deferred tax assets posted in noncurrent liabilities decreasing ¥234 million and deferred tax liabilities posted in property, plant and equipment decreasing ¥497 million. Also, valuation difference on available-for-sale securities and deffered gains or losses on hedges, both posted in net assets, increased ¥511 million and ¥25 million, respectively, with a ¥7 million decrease in remeasurements of defined benefit plans. Income taxes-deferred for the consolidated fiscal year under review increased ¥381 million.

(Matters Concerning Consolidated Statements of Income)

* Major Items Included Under Selling, General and Administrative Expenses

	Previous Fiscal Year (From April 1, 2013, to March 31, 2014)	Fiscal Year under Review (From April 1, 2014, to March 31, 2015)
	(Millions of yen)	(Millions of yen)
Freightage expenses	6,551	7,124
Advertising expenses	3,546	3,656
Promotion expenses	31,158	31,043
Allowance for accrued sales promotion expenses	1,795	1,774
Employees’ salaries and bonuses	9,853	10,636
Provision for bonuses	1,162	1,168
Retirement benefit expenses	156	262
Depreciation	904	1,067
Research and development expenses	3,376	3,754

(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 two corporate groups centered on the operating companies, Takara Shuzo Co., Ltd. and Takara Bio Inc., both of which were formed when the Company became a holding company; the Health food business, which is managed by Takara Healthcare 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 products and services that they offer, and work to expand their business operations.

Accordingly, the Group has defined three reported segments based on its business segments, while taking into consideration the relationship of capital between each consolidated subsidiary, the scope of managerial responsibility, and of the capacity to evaluate business performance. These three reported segments are the Takara Shuzo Group, the Takara Bio Group, and Takara Healthcare.

The Takara Shuzo Group primarily engages in the manufacturing and sales of alcoholic beverages and seasonings. It also engages in logistics and other incidental businesses. The Takara Bio Group primarily engages in the manufacturing and sales of products such as research reagents, scientific instruments, and mushrooms. It also conducts contract research services. Takara Healthcare Inc. primarily engages in the sales of products such as health foods.

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, 2013, to March 31, 2014)

(Millions of yen)

	Reported Segment				Other (Note: 1)	Total	Adjustment (Note: 2)	Amount recognized in consolidated financial statements (Note: 3)
	Takara Shuzo Group	Takara Bio Group	Takara Healthcare	Subtotal				
Net sales								
External customers	181,964	23,236	1,421	206,622	2,515	209,137	430	209,568
Intersegment	342	669	2	1,013	5,083	6,097	(6,097)	-
Total	182,306	23,905	1,424	207,636	7,598	215,235	(5,667)	209,568
Segment income	6,329	1,954	21	8,305	310	8,615	874	9,490
Segment assets	139,460	62,500	576	202,537	6,282	208,819	29,757	238,577
Other items								
Depreciation and amortization	2,968	1,157	0	4,126	140	4,266	20	4,287
Amortization of goodwill	217	131	-	348	-	348	-	348
Investment in equity-method affiliates	2,289	-	-	2,289	-	2,289	1,245	3,534
Increase in total fixed assets, property, plant and equipment and intangible assets	2,954	5,538	5	8,498	110	8,608	358	8,967

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 includes eliminations of ¥48 million and income of the Company not allocated to business segments of ¥826 million.
   (3) Segment assets include assets of the Company not allocated to business segments of ¥41,900 million and other adjustment (principally eliminations) of ¥12,143 million. Assets attributed to the Company include surplus funds and long-term investment assets
3. Segment income has been adjusted to the operating income of consolidated financial statements.

Fiscal Year under Review (From April 1, 2014, to March 31, 2015)

(Millions of yen)

	Reported Segment				Other (Note: 1)	Total	Adjustment (Note: 2)	Amount recognized in consolidated financial statements (Note: 3)
	Takara Shuzo Group	Takara Bio Group	Takara Healthcare	Subtotal				
Net sales								
External customers	189,760	25,144	1,650	216,555	2,478	219,033	456	219,490
Intersegment	328	825	1	1,156	4,753	5,909	(5,909)	-
Total	190,089	25,969	1,652	217,711	7,232	224,943	(5,452)	219,490
Segment income (loss)	7,840	2,302	38	10,181	112	10,294	802	11,096
Segment assets	151,523	66,425	617	218,566	6,148	224,714	39,724	264,438
Other items								
Depreciation and amortization	3,170	1,347	1	4,519	124	4,644	18	4,662
Amortization of goodwill	363	136	-	500	-	500	-	500
Investment in equity-method affiliates	2,779	-	-	2,779	-	2,779	1,266	4,046
Increase in total fixed assets, property, plant and equipment and intangible assets	4,594	4,762	9	9,366	100	9,467	66	9,533

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 includes eliminations of ¥29 million and income of the Company not allocated to business segments of ¥773 million.
   (3) Segment assets include assets of the Company not allocated to business segments of ¥51,321 million and other adjustment (principally eliminations) of ¥11,597 million. Assets attributed to the Company include surplus funds and long-term investment assets
3. Segment income has been adjusted to the operating income of consolidated financial statements.

(Per Share Information)

	Previous Fiscal Year (From April 1, 2013, to March 31, 2014)	Fiscal Year under Review (From April 1, 2014, to March 31, 2015)
Net assets per share	¥603.44	¥655.60
Net income per share	¥50.83	¥28.36
Fully diluted net income per share	¥50.81	-

Notes: 1. The basis of calculation of net assets per share is as follows.

	Previous Fiscal Year (As of March 31, 2014)	Fiscal Year under Review (As of March 31, 2015)
Total net assets (¥ million)	146,422	158,404
Amount deducted from total net assets (¥ million)	24,911	26,481
(of which minority interests) (¥ million)	(24,911)	(26,481)
Net assets at term-end related to shares of common stock (¥ million)	121,431	131,923
Shares of common stock at term-end used to calculate net assets per share (1,000 shares)	201,233	201,225

2. 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, 2013, to March 31, 2014)	Fiscal Year under Review (From April 1, 2014, to March 31, 2015)
Net income per share		
Net income (¥ million)	10,280	5,706
Amount not belonging to common shareholders (¥ million)	-	-
Net income related to shares of common stock (¥ million)	10,280	5,706
Average number of shares of common stock outstanding during the term (1,000 shares)	202,263	201,227
Fully diluted net income per share		
Fully diluted net income adjustment (¥ million)	(3)	-
(of which adjustment due to residual securities issued by consolidated subsidiaries) (¥ million)	((3))	-
Increase in shares of common stock (1,000 shares)	-	-
Descriptions of potential common shares that were not included in the computation of diluted net income per share because of their anti-dilutive effect	The 166 stock acquisition rights (664,000 common shares) of consolidated subsidiary Takara Bio Inc. were revoked upon expiration of the rights exercise period on September 20, 2013.	-

(Significant Subsequent Events)

No items to report.