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## Consolidated Financial Statements for the Third Quarter Ended December 31, 2013 FY2014 (April 1, 2013 - March 31, 2014) [UNAUDITED]

Company name: Takara Holdings Inc.  
 Stock exchange listings: 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  
 Quarterly statement filing date (as planned): February 7, 2014

- Notes: 1. The accompanying financial statements have been prepared in accordance with accounting principles and practices generally accepted in Japan.  
 2. Amounts are rounded down to the nearest million yen.

### 1. Results for the nine months ended December 31, 2013 (April 1, 2013 – December 31, 2013)

#### (1) Operating results

Note: Percentages indicated changes from the previous fiscal year.

	Nine months ended December 31, 2013		Nine months ended December 31, 2012	
	(Millions of yen)	(%)	(Millions of yen)	(%)
Net sales	159,519	2.9	155,025	0.7
Operating income	8,891	(2.9)	9,160	(5.8)
Ordinary income	9,205	(0.4)	9,245	(7.5)
Net income	10,503	117.6	4,826	14.2
Net income per share (Yen)	51.86		23.66	
Fully diluted net income per share (Yen)	51.85		23.66	
Note: Comprehensive income	23,207	324.5	5,466	111.2

#### (2) Financial position

	As of December 31, 2013	As of March 31, 2013
	(Millions of yen)	(Millions of yen)
Total assets	242,316	207,586
Net assets	142,764	114,318
Equity ratio (%)	49.1	48.2
(Reference) Equity	118,879	100,040

### 2. Dividends

	Dividend per share (Yen)		
	Year ended March 31, 2013	Year ending March 31, 2014	Year ending March 31, 2014 (Forecast)
First quarter end	-	-	
Second quarter end	-	-	
Third quarter end	-	-	
Year end	9.00		9.00
Annual	9.00		9.00

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

### 3. Forecast for the year ending March 31, 2014 (April 1, 2013 – March 31, 2014)

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

	Year ending March 31, 2014	
	(Millions of yen)	(%)
Net sales	209,000	4.0
Operating income	9,300	1.8
Ordinary income	9,600	3.3
Net income	9,700	106.9
Net income per share (Yen)	47.96	

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

#### 4. Others

- (1) Material changes in subsidiaries during this period  
(Changes in scope of consolidations resulting from change is subsidiaries) : No
- (2) Applying of specific accounting of the consolidated quarterly financial statements : No
- (3) Changes in accounting policies, accounting estimates and retrospective restatement
  - 1) Changes based on revisions of accounting standard : No
  - 2) Changes other than ones based on revisions of accounting standard : No
  - 3) Changes in accounting estimates : No
  - 4) Restatement : No
- (4) Number of outstanding shares (common stock)
  - 1) Number of outstanding shares at year end (Treasury stocks are included)

As of December 31, 2013 :	217,699,743
As of March 31, 2013 :	217,699,743
  - 2) Number of treasury stocks at year end

As of December 31, 2013 :	16,364,003
As of March 31, 2013 :	14,833,716
  - 3) Average number of outstanding shares

Nine months ended December 31, 2013 :	202,553,399
Nine months ended December 31, 2012 :	204,014,617

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## 1. Qualitative Information for the Nine Months Ended December 31, 2013

### (1) Consolidated Financial Results

In the nine months ended December 31, 2013, the Japanese economy saw recovery in consumer confidence stemming from the influences of yen depreciation and rising stock prices. In addition, performance of companies improved, particularly for exporters, and there was recovery in capital investment. These factors created a gentle recovery trend in the domestic economy. Nevertheless, there was cause for concern including economic slowdown in emerging countries, higher prices for general consumer goods resulted from the rise in prices for imported raw materials that accompanied yen depreciation, and projected demand trends before and after the scheduled consumption tax hike in Japan. Accordingly, the future of operating environment remains unclear.

In this environment, we endeavored to improve corporate value through the establishment of a balanced organizational structure that is resilient to changes in the environment by acting in accordance with the Takara Group Medium-Term Management Plan FY2014, which has “aiming to realize the Takara Group Vision2020, achieve stable growth in Japan while expanding business base in order to grow significantly overseas” as its basic policy. The Takara Group Vision 2020 embodies our long-term management vision.

In the domestic alcoholic beverages business, the Group focused its resources on developing original new products and cultivating brands in response to diversifying customer preferences. In the seasonings and raw alcohol business, the Group made concerted efforts to increase sales by proposing differentiated products that meet customer needs.

In the overseas alcoholic beverages business and the Japanese food ingredients wholesale business, the Group worked to accelerate business expansion by spreading Japanese food culture across the globe. In addition, management rights in Tazaki Foods Limited, which conducts a Japanese food ingredient wholesale business in the United Kingdom, were acquired in September 2013.

In the Biomedical business, management resources were focused on three areas—the genetic engineering research business, the gene medicine business, and the agribio business—in pursuit of improved performance.

In the nine months ended December 31, 2013, net sales rose by a slight 2.9% year on year, to ¥159,519 million, as a result of the influences of yen depreciation among other factors. The rise in sales boosted gross profit, but a higher cost of sales ratio limited this increase, and gross profit only rose 1.8%, to ¥61,491 million.

Selling, general and administrative (SG&A) expenses were up 2.6% year on year, to ¥52,599 million, following rises in personnel expenses, including those resulted from yen depreciation, and other factors. Consequently, operating income decreased 2.9%, to ¥8,891 million. In regard to non-operating income and expenses, stock issuance cost was recorded in relation to the public tender offer by Takara Bio Inc. However, this was offset by a rise in equity in earnings of affiliates as well as by the fact that the foreign exchange losses recorded in the nine months ended December 31, 2012, were replaced with foreign exchange gains and the bond issuance cost recorded in the previous corresponding period was not recorded in the period under review. These factors resulted in a slight improvement in the balance of non-operating items, and ordinary income decreased only 0.4%, to ¥9,205 million, accordingly.

In regard to extraordinary income and loss, extraordinary income was recorded from the sale of a portion of the stock held by the Company in Takara Bio, which was conducted in conjunction with this company’s public stock offer. Combined with a decline in loss on sales and retirement of noncurrent assets, this resulted in a significant improvement in the balance of these items. As a result, income before income taxes and minority interests showed a substantial increase of 113.6% year on year, to ¥18,397 million, and net income jumped 117.6%, to ¥10,503 million.

Results by business segment were as follows.

#### [Takara Shuzo Group]

In the nine months ended December 31, 2013, net sales for the Takara Shuzo Group edged up 1.8% year on year, to ¥140,850 million. This increase can be attributed to the sales contributions from the newly consolidated Tazaki Foods Limited as well as the benefits from yen depreciation when translating sales of overseas subsidiaries to yen.

By product category, overall sales of shochu products decreased substantially following sluggish sales of all products, including honkaku shochu, and significantly lower sales for standard ko-type shochu. Conversely, sparkling sake Sho-Chiku-Bai Shirakabe-gura Mio, which we expanded sales channels for in September 2013, experienced strong sales growth, leading to an overall rise in sake sales. In light-alcohol refreshers, Takara Shochu High Ball maintained its popularity and contributions from new products led to sales increases. Similarly, impressive sales of wine and whiskey contributed to higher sales of other liquors. However, the decline in shochu sales weighed heavily, and overall sales of alcoholic beverages decreased as a result.

Meanwhile, the Japanese food ingredients wholesale business, included in the other category, experienced significant sales increases in foreign currency, which were further amplified by the influences of yen depreciation. Coupled with the abovementioned sales contributions from Tazaki Foods Limited, this resulted in the other category posting a substantial year-on-year increase in sales, which helped the entire segment record higher sales.

Cost of sales was up 2.8% year on year, to ¥89,404 million, due to rising raw material prices and a higher cost of sales ratio following changes in product mixes. For this reason, gross profit only rose by a slight 0.1%, to ¥51,446 million. SG&A expenses increased 1.4%, to ¥44,404 million, due to higher transportation costs and personnel expenses among other factors, and operating income for the Takara Shuzo Group declined 7.1%, to ¥7,041 million, accordingly.

### [Takara Bio Group]

In the nine months ended December 31, 2013, net sales for the Takara Bio Group increased 16.2% year on year, to ¥16,167 million, as a result of increases in sales of research reagents in the genetic engineering research business and the strong performance of the gene medicine business.

In the genetic engineering research business, sales of mainstay research reagents were up. This was due in part to the influences of yen depreciation. In addition, sales of scientific instruments rose following higher sales of mass spectrometry equipment and other instruments, and sales of contract research services grew. In the gene medicine business, favorable sales of cell culture media and gas-permeable bags led to an overall increase in sales. As for the agribio business, a decline in sales of mushroom-related products offset a rise in health food sales, resulting in an overall decrease in sales.

Cost of sales was up 19.5%, to ¥7,500 million, due to differences between the cost of sales ratios of individual products. Regardless, gross profit increased 13.4%, to ¥8,666 million. Higher personnel expenses, R&D expenses, and other factors led to an 11.9% increase in SG&A expenses, to ¥7,758 million, but operating income rose 28.3%, to ¥908 million, regardless.

### [Takara Healthcare]

In the nine months ended December 31, 2013, net sales for Takara Healthcare took a substantial drop of 36.3% year on year, to ¥1,027 million, due to the end of the tea beverages PB supply business. In health care business, net sales rose 10.2% when the tea beverages PB supply business is excluded from consideration. This was because sales were up for mainstay fucoidan-related products and sales of other products were favorable. Gross profit declined in conjunction with the end of the tea beverages PB supply business. Nevertheless, we worked to reduce SG&A expenses and were thereby successful in recording operating income of ¥5 million, compared with operating loss of ¥22 million in the previous equivalent period.

### [Other]

Net sales of business segments other than the reported segments decreased 2.0% year on year, to ¥5,541 million, but operating income was up 48.0%, to ¥201 million.

#### Breakdown of sales results by product category

Segment	Equivalent Period of Previous Fiscal Year (From April 1, 2012, to December 31, 2012)	Period under Review (from April 1, 2013, to December 31, 2013)	YoY Comparison
Product category	Amount (Millions of yen)	Amount (Millions of yen)	(%)
<b>Takara Shuzo Group</b>			
Shochu	55,840	51,992	93.1
Sake	17,781	18,769	105.6
Light-alcohol refreshers	19,905	21,228	106.6
Other liquors	8,458	9,297	109.9
Alcoholic beverages total	101,985	101,288	99.3
<i>Hon Mirin</i>	11,834	11,655	98.5
Other seasonings	6,208	6,658	107.3
Seasonings total	18,043	18,314	101.5
Raw alcohol, etc.	5,141	5,065	98.5
Transportation	8,549	8,937	104.5
Other	4,648	7,245	155.9
Total	138,367	140,850	101.8
Takara Bio Group	13,916	16,167	116.2
Takara Healthcare	1,612	1,027	63.7
Other	5,654	5,541	98.0
Sales not allocated to business segments and intersegment transactions	(4,525)	(4,067)	-
<b>Total</b>	<b>155,025</b>	<b>159,519</b>	<b>102.9</b>

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

## (2) Consolidated Financial Position

Total assets stood at ¥242,316 million as of December 31, 2013, up ¥34,729 million from March 31, 2013, the end of the previous fiscal year. Current assets increased ¥20,109 million, to ¥153,394 million, due to factors including a rise in notes and accounts receivable-trade of ¥13,706 million, which can be attributed to the influences of the lucrative

year-end season, as well as increases of ¥2,979 million in cash and deposits and ¥3,381 million in inventories. Noncurrent assets increased ¥14,620 million, to ¥88,921 million, following a ¥2,694 million increase in property, plant and equipment as well as an increase of ¥2,698 million in goodwill associated with the acquisition of new subsidiaries and a rise of ¥8,959 million in investment securities, which is the result of increases in mark-to-market valuation of listed securities and measures to temporarily manage surplus revenues.

Total liabilities amounted to ¥99,551 million as of December 31, 2013, up ¥6,283 million from March 31, 2013. This was because the decrease resulted from the redemption of ¥5,000 million of current portion of bonds was offset by an increase of ¥3,109 million in liquor taxes payable as well as an increase of ¥3,797 million in income taxes payable, which was a result of the recording of gain on sales of subsidiaries and affiliates' stocks.

Total net assets were ¥142,764 million as of December 31, 2013, up ¥28,446 million from March 31, 2013, due to an increase of ¥9,608 million in minority interests as well as an increase of ¥14,525 million in retained earnings, which was the result of the change in equity in Takara Bio following its issuance of new shares through a public stock offer and strong growth in net income.

### **(3) Qualitative Information Regarding Consolidated Forecasts**

A revision to the initial full-year forecasts for consolidated performance in the year ending March 31, 2014, was instituted on November 1, 2013. As of December 31, 2013, consolidated performance was generally in line with these revised forecasts. Accordingly, the Company has chosen not to revise the consolidated forecasts released on November 1, 2013.

**2. Consolidated Quarterly Financial Statements**  
**(1) Consolidated Quarterly Balance Sheets**

(Millions of yen)

	As of Mar. 31, 2013	As of Dec. 31, 2013
<b>Assets</b>		
Current assets		
Cash and deposits	36,789	39,768
Notes and accounts receivable-trade	50,630	64,336
Securities	15,260	14,979
Merchandise and finished goods	21,773	24,388
Work in process	1,090	1,170
Raw materials and supplies	2,841	3,528
Other	4,982	5,353
Allowance for doubtful accounts	(82)	(129)
<b>Total current assets</b>	<b>133,285</b>	<b>153,394</b>
Noncurrent assets		
Property, plant and equipment	42,639	45,334
Intangible assets		
Goodwill	3,767	6,465
Other	1,659	1,792
<b>Total intangible assets</b>	<b>5,426</b>	<b>8,258</b>
Investments and other assets		
Investment securities	21,080	30,039
Other	5,364	5,509
Allowance for doubtful accounts	(209)	(220)
<b>Total investments and other assets</b>	<b>26,235</b>	<b>35,329</b>
<b>Total noncurrent assets</b>	<b>74,301</b>	<b>88,921</b>
<b>Total assets</b>	<b>207,586</b>	<b>242,316</b>
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	13,028	14,516
Short-term loans payable	5,006	5,843
Current portion of bonds	5,000	—
Accrued alcohol tax	9,907	13,017
Accrued expenses	4,698	5,264
Income taxes payable	1,996	5,793
Provision for sales promotion expenses	1,719	2,045
Other provision	2,014	1,254
Other	6,023	6,741
<b>Total current liabilities</b>	<b>49,394</b>	<b>54,476</b>
Noncurrent liabilities		
Bonds payable	25,000	25,000
Long-term loans payable	417	318
Provision for retirement benefits	8,845	8,658
Long-term deposits received	5,626	5,609
Other	3,983	5,488
<b>Total noncurrent liabilities</b>	<b>43,873</b>	<b>45,074</b>
<b>Total liabilities</b>	<b>93,268</b>	<b>99,551</b>

(Millions of yen)

	As of Mar. 31, 2013	As of Dec. 31, 2013
Net assets		
Shareholders' equity		
Capital stock	13,226	13,226
Capital surplus	3,195	3,195
Retained earnings	90,437	104,963
Treasury stock	(8,355)	(9,856)
Total shareholders' equity	98,503	111,528
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,599	7,089
Deferred gains or losses on hedges	16	401
Foreign currency translation adjustment	(3,079)	(140)
Total accumulated other comprehensive income	1,537	7,350
Minority interests	14,277	23,885
Total net assets	114,318	142,764
Total liabilities and net assets	207,586	242,316



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

(For the Nine Months Ended December 31, 2013 and 2012)

(Millions of Yen)

	FY2013_3Q (Apr. 1, 2012 - Dec. 31, 2012)	FY2014_3Q (Apr. 1, 2013 - Dec. 31, 2013)
Net sales	155,025	159,519
Cost of sales	94,618	98,027
Gross profit	60,407	61,491
Selling, general and administrative expenses	51,246	52,599
Operating income	9,160	8,891
Non-operating income		
Dividends income	348	357
Other	369	445
Total non-operating income	717	802
Non-operating expenses		
Interest expenses	400	340
Other	233	147
Total non-operating expenses	633	488
Ordinary income	9,245	9,205
Extraordinary income		
Gain on sales of subsidiaries and affiliates' stocks	—	9,261
Gain on revision of retirement benefit plan	345	—
Other	321	192
Total extraordinary income	666	9,453
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	528	103
Loss on transfer of land	—	121
Contribution for withdrawal from employees pension fund	260	—
Other	508	36
Total extraordinary losses	1,297	262
Income before income taxes and minority interests	8,614	18,397
Income taxes-current	3,287	7,151
Income taxes-deferred	189	422
Total income taxes	3,477	7,574
Income before minority interests	5,137	10,823
Minority interests in income	311	319
Net income	4,826	10,503

**(Consolidated Quarterly Statements of Comprehensive Income)**

(For the Nine Months Ended December 31, 2013 and 2012)

(Millions of Yen)

	FY2013_3Q (Apr. 1, 2012 - Dec. 31, 2012)	FY2014_3Q (Apr. 1, 2013 - Dec. 31, 2013)
Income before minority interests	5,137	10,823
Other comprehensive income		
Valuation difference on available-for-sale securities	143	2,489
Deferred gains or losses on hedges	33	387
Foreign currency translation adjustment	152	3,429
Share of other comprehensive income of associates accounted for using equity method	(0)	230
Gain or loss on change in equity	—	5,847
Total other comprehensive income	329	12,384
Comprehensive income	5,466	23,207
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	5,119	22,164
Comprehensive income attributable to minority interests	347	1,042

**(4) Notes on Consolidated Quarterly Financial Statements**  
**(Notes on Premise of Going Concern)**

No items to report.

**(Notes on Material Changes in Shareholders' Equity)**

No items to report.

**(Segment Information)**

I. Equivalent Period of Previous Fiscal Year (From April 1, 2012, to December 31, 2012)

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

(Millions of yen)

	Reported Segment				Other (Note: 1)	Total	Adjustment (Note: 2)	Amount recognized in consolidated quarterly statements of income (Note: 3)
	Takara Shuzo Group	Takara Bio Group	Takara Healthcare	Subtotal				
Net sales								
External customers	137,774	13,502	1,609	152,886	1,811	154,697	327	155,025
Intersegment	592	413	2	1,009	3,843	4,852	(4,852)	-
Total	138,367	13,916	1,612	153,895	5,654	159,550	(4,525)	155,025
Segment income (loss)	7,582	707	(22)	8,267	136	8,403	757	9,160

- Notes:
- Other includes business segments that are not part of reported segments, such as the printing business and other subsidiaries.
  - Details of adjustment amounts are as follows.
    - Net sales to external customers are income from real estate rent recognized by the Company.
    - Segment income (loss) comprises intersegment eliminations of ¥89 million and income of the Company not allocated to business segments of ¥667 million.
  - Segment income (loss) has been adjusted to the operating income of consolidated quarterly statements of income.

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

No significant items requiring inclusion.

II. Period under Review (From April 1, 2013, to December 31, 2013)

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

(Millions of yen)

	Reported Segment				Other (Note: 1)	Total	Adjustment (Note: 2)	Amount recognized in consolidated quarterly statements of income (Note: 3)
	Takara Shuzo Group	Takara Bio Group	Takara Healthcare	Subtotal				
Net sales								
External customers	140,593	15,711	1,025	157,330	1,866	159,196	322	159,519
Intersegment	257	455	1	714	3,674	4,389	(4,389)	-
Total	140,850	16,167	1,027	158,045	5,541	163,586	(4,067)	159,519
Segment income (loss)	7,041	908	5	7,955	201	8,156	734	8,891

- Notes:
- Other includes business segments that are not part of reported segments, such as the printing business and other subsidiaries.
  - Details of adjustment amounts are as follows.
    - Net sales to external customers are income from real estate rent recognized by the Company.
    - Segment income (loss) comprises intersegment eliminations of ¥58 million and income of the Company not allocated to business segments of ¥675 million.
  - Segment income (loss) has been adjusted to the operating income of consolidated quarterly statements of income.

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

No significant items requiring inclusion.