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Consolidated Financial Statements for the First Quarter Ended June 30, 2013 FY2014 (April 1, 2013 - March 31, 2014) [UNAUDITED]

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

1. Results for the three months ended June 30, 2013 (April 1, 2013 - June 30, 2013)

(1) Operating results

Note: Percentages indicated changes from the previous fiscal year.

	Three months ended June 30, 2013		Three months ended June 30, 2012	
	(Millions of yen)	(%)	(Millions of yen)	(%)
Net sales	46,953	(0.8)	47,349	(3.1)
Operating income (loss)	(241)	-	1,061	(36.2)
Ordinary income	20	(98.2)	1,156	(38.7)
Net income (loss)	(86)	-	(90)	-
Net income (loss) per share (Yen)	(0.43)		(0.44)	
Fully diluted net income per share (Yen)	-		-	
Note: Comprehensive income	2,364	120.5	1,072	2.2

(2) Financial position

	As of June 30, 2013	As of March 31, 2013
	(Millions of yen)	(Millions of yen)
Total assets	205,847	207,586
Net assets	114,956	114,318
Equity ratio (%)	48.7	48.2
(Reference) Equity	100,205	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.

	Six months ending September 30, 2013		Year ending March 31, 2014	
	(Millions of yen)	(%)	(Millions of yen)	(%)
Net sales	96,300	0.6	206,300	2.6
Operating income	2,000	(31.0)	9,200	0.7
Ordinary income	2,000	(30.4)	9,400	1.1
Net income	850	109.6	4,900	4.5
Net income per share (Yen)	4.19		24.15	

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 June 30, 2013 : 217,699,743
 - As of March 31, 2013 : 217,699,743
 - 2) Number of treasury stocks at year end
 - As of June 30, 2013 : 14,839,810
 - As of March 31, 2013 : 14,833,716
 - 3) Average number of outstanding shares
 - Three months ended June 30, 2013 : 202,862,913
 - Three months ended June 30, 2012 : 205,419,492

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1. Qualitative Information for the Three Months Ended June 30, 2013

(1) Consolidated Financial Results

In the three months ended June 30, 2013, there was a positive atmosphere in the Japanese economy resulted from anticipation for the future recovery. However conditions remain highly unstable due to drastic fluctuations in stock prices and foreign exchange rates.

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 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 three months ended June 30, 2013, net sales were down 0.8% year on year, to ¥46,953 million, as a result of lower sales of mainstay shochu products, which outweighed the increase in sales of overseas subsidiaries stemming from yen depreciation. Gross profit decreased 4.9%, to ¥17,382 million, because cost of sales rose regardless of the decline in net sales.

Selling, general and administrative (SG&A) expenses were up 2.4% year on year, to ¥17,624 million, following a rise in personnel expenses among other factors. Consequently, operating loss of ¥241 million was recorded, compared with operating income of ¥1,061 million in the three months ended June 30, 2012. In regard to non-operating income and expenses, the foreign exchange losses recorded in the three months ended June 30, 2012, were replaced with foreign exchange gains and bond issuance cost was not recorded. These factors resulted in a slight improvement in the balance of non-operating items. Nevertheless, ordinary income showed a significant decrease of 98.2%, to ¥20 million.

In regard to extraordinary income and loss, the absence of the loss on valuation of investment securities recorded in the three months ended June 30, 2012, resulted in a significant improvement in the balance of these items. Regardless though, income before income taxes and minority interests declined 97.8% year on year, to ¥9 million, and operating loss of ¥86 million was recorded.

Results by business segment were as follows.

[Takara Shuzo Group]

In the three months ended June 30, 2013, overall sales of alcoholic beverages were down following substantially lower sales of mainstay shochu and decreases in sake sales, which offset higher sales of light-alcoholic refreshers, a result of sales contributions from new products, as well as strong sales of whisky by overseas subsidiaries. In the other category, the Japanese food ingredients wholesale business experienced significant sales increases, which were further amplified by the influences of yen depreciation. However, total net sales for the Takara Shuzo Group decreased by a slight 0.7% year on year, to ¥41,978 million.

Cost of sales was up 0.8% year on year, to ¥27,242 million, due to rising raw material prices and a higher cost of sales ratio following changes in product mixes. As a result, gross profit was down 3.5%, to ¥14,735 million. SG&A expenses increased 1.3%, to ¥14,869 million, due to higher personnel expenses and other factors, and an operating loss of ¥134 million was recorded for the Takara Shuzo Group accordingly.

[Takara Bio Group]

Net sales increased 1.6% year on year, to ¥4,170 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. Cost of sales was up 26.0%, to ¥1,977 million, due to an overall worse cost of sales ratio arising from differences between the cost of sales ratios of individual products. Consequently, gross profit decreased 13.5%, to ¥2,192 million. Higher personnel expenses, R&D expenses, and other factors led to an 8.1% increase in SG&A expenses, to ¥2,551 million, and operating loss of ¥358 million was recorded as a result.

[Takara Healthcare]

Net sales took a substantial drop of 46.9% year on year, to ¥292 million, due to the end of the tea beverages PB supply business. Even when looking at only the health care business, net sales decreased 6.7% regardless of sales increases for mainstay fucoidan-related products because sales of other products were down. Gross profit declined in conjunction with sales, and, as SG&A expenses were unchanged year on year, operating loss increased to ¥39 million.

[Other]

Net sales of business segments other than the reported segments decreased 3.7% year on year, to ¥1,663 million, and operating income was down 32.1%, to ¥31 million.

Breakdown of sales results by product category

Segment	Equivalent Period of Previous Fiscal Year (From April 1, 2012, to June 30, 2012)	Period under Review (from April 1, 2013, to June 30, 2013)	YoY Comparison
Product category	Amount (Millions of yen)	Amount (Millions of yen)	(%)
Takara Shuzo Group			
Shochu	18,233	16,484	90.4
Sake	4,046	3,910	96.6
Light-alcohol refreshers	6,278	6,903	110.0
Other alcoholic beverages	2,677	2,962	110.6
Alcoholic beverages total	31,235	30,261	96.9
<i>Hon Mirin</i>	3,411	3,330	97.6
Other seasonings	1,845	1,952	105.8
Seasonings total	5,257	5,282	100.5
Raw alcohol, etc.	1,666	1,670	100.2
Transportation	2,593	2,811	108.4
Other	1,539	1,952	126.9
Total	42,291	41,978	99.3
Takara Bio Group	4,104	4,170	101.6
Takara Healthcare	551	292	53.1
Other	1,728	1,663	96.3
Sales not allocated to business segments and intersegment transactions	(1,327)	(1,151)	-
Total	47,349	46,953	99.2

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

(2) Consolidated Financial Position

Total assets stood at ¥205,847 million as of June 30, 2013, down ¥1,738 million from March 31, 2013, the end of the previous fiscal year. This was due to a ¥4,160 million decline in total current assets due to such factors as a decrease in securities for the management of surplus funds, which offset a ¥2,421 million increase in total noncurrent assets as a result of a rise in construction in progress and other items. The decrease in securities was primarily the result of payments for the redemption of bonds.

Total liabilities amounted to ¥90,891 million as of June 30, 2013, down ¥2,376 million from March 31, 2013, because of a decrease of ¥2,549 million in total current liabilities that was the result of factors including the redemption of bonds, which outweighed the increase in total noncurrent liabilities of ¥173 million.

Total net assets were ¥114,956 million as of June 30, 2013, up ¥638 million from March 31, 2013, as the negative impact of foreign currency translation adjustment declined due to yen depreciation, effectively compensating for the decrease in retained earnings as a result of dividend payments.

(3) Qualitative Information Regarding Consolidated Forecasts

In the three months ended June 30, 2013, we recorded lower net sales, operating income, and ordinary, but overall progress was in line with initial forecasts. As a result, the Company chose not to revise the consolidated forecasts for the six months ending September 30, 2013, or the fiscal year ending March 31, 2014, that were released on May 9, 2013.

Subsidiary Takara Bio Inc. (Tokyo Stock Exchange Mothers; securities code number: 4974) revised its forecasts for the six months ending September 30, 2013, which were released on May 9, 2013. For more information, please refer to Takara Bio's disclosure materials.

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

(Millions of yen)

	As of Mar. 31, 2013	As of Jun. 30, 2013
Assets		
Current assets		
Cash and deposits	36,789	38,091
Notes and accounts receivable-trade	50,630	50,535
Securities	15,260	6,256
Merchandise and finished goods	21,773	24,166
Work in process	1,090	1,250
Raw materials and supplies	2,841	2,802
Other	4,982	6,102
Allowance for doubtful accounts	(82)	(81)
Total current assets	133,285	129,124
Noncurrent assets		
Property, plant and equipment	42,639	43,812
Intangible assets		
Goodwill	3,767	3,926
Other	1,659	1,694
Total intangible assets	5,426	5,621
Investments and other assets		
Investment securities	21,080	21,920
Other	5,364	5,575
Allowance for doubtful accounts	(209)	(206)
Total investments and other assets	26,235	27,289
Total noncurrent assets	74,301	76,722
Total assets	207,586	205,847
Liabilities		
Current liabilities		
Notes and accounts payable-trade	13,028	13,101
Short-term loans payable	5,006	5,145
Current portion of bonds	5,000	—
Accrued alcohol tax	9,907	11,718
Accrued expenses	4,698	4,703
Income taxes payable	1,996	523
Provision for bonuses	1,980	3,118
Other provision	1,753	1,984
Other	6,023	6,548
Total current liabilities	49,394	46,844
Noncurrent liabilities		
Bonds payable	25,000	25,000
Long-term loans payable	417	410
Provision for retirement benefits	8,845	8,737
Long-term deposits received	5,626	5,634
Other	3,983	4,265
Total noncurrent liabilities	43,873	44,046
Total liabilities	93,268	90,891

(Millions of yen)

	As of Mar. 31, 2013	As of Jun. 30, 2013
Net assets		
Shareholders' equity		
Capital stock	13,226	13,226
Capital surplus	3,195	3,195
Retained earnings	90,437	88,524
Treasury stock	(8,355)	(8,361)
Total shareholders' equity	98,503	96,584
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,599	5,087
Deferred gains or losses on hedges	16	127
Foreign currency translation adjustment	(3,079)	(1,594)
Total accumulated other comprehensive income	1,537	3,620
Minority interests	14,277	14,751
Total net assets	114,318	114,956
Total liabilities and net assets	207,586	205,847

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

(For the Three Months Ended June 30, 2013 and 2012)

(Millions of Yen)

	FY2013_1Q (Apr. 1, 2012 - Jun. 30, 2012)	FY2014_1Q (Apr. 1, 2013 - Jun. 30, 2013)
Net sales	47,349	46,953
Cost of sales	29,075	29,570
Gross profit	18,273	17,382
Selling, general and administrative expenses	17,212	17,624
Operating income (loss)	1,061	(241)
Non-operating income		
Dividends income	185	186
Other	187	213
Total non-operating income	372	400
Non-operating expenses		
Interest expenses	136	114
Bond issuance cost	76	—
Other	64	23
Total non-operating expenses	278	138
Ordinary income	1,156	20
Extraordinary income		
Gain on change in equity	—	29
Other	24	3
Total extraordinary income	24	33
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	40	19
Directors' retirement benefits	—	24
Other	704	0
Total extraordinary losses	745	44
Income before income taxes and minority interests	434	9
Income taxes-current	840	684
Income taxes-deferred	(389)	(540)
Total income taxes	450	144
Loss before minority interests	(15)	(134)
Minority interests in income (loss)	74	(47)
Net loss	(90)	(86)

(Consolidated Quarterly Statements of Comprehensive Income)

(For the Three Months Ended June 30, 2013 and 2012)

(Millions of Yen)

	FY2013_1Q (Apr. 1, 2012 - Jun. 30, 2012)	FY2014_1Q (Apr. 1, 2013 - Jun. 30, 2013)
Loss before minority interests	(15)	(134)
Other comprehensive income		
Valuation difference on available-for-sale securities	(578)	486
Deferred gains or losses on hedges	(5)	112
Foreign currency translation adjustment	1,653	1,781
Share of other comprehensive income of associates accounted for using equity method	18	117
Total other comprehensive income	1,088	2,498
Comprehensive income	1,072	2,364
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	654	1,995
Comprehensive income attributable to minority interests	417	368

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

No items to report.

(Notes on Material Changes in Shareholders' Equity)

No items to report.

(Segment Information)

I. Equivalent Period of Previous Fiscal Year (From April 1, 2012, to June 30, 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	42,122	3,966	550	46,639	600	47,240	109	47,349
Intersegment	169	138	1	309	1,127	1,436	(1,436)	-
Total	42,291	4,104	551	46,948	1,728	48,676	(1,327)	47,349
Segment income (loss)	585	175	(7)	754	45	799	261	1,061

- 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 ¥43 million and income of the Company not allocated to business segments of ¥218 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 June 30, 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	41,892	4,092	292	46,277	570	46,847	105	46,953
Intersegment	85	77	0	164	1,093	1,257	(1,257)	-
Total	41,978	4,170	292	46,441	1,663	48,104	(1,151)	46,953
Segment income (loss)	(134)	(358)	(39)	(532)	31	(501)	259	(241)

- 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 ¥71 million and income of the Company not allocated to business segments of ¥187 million.
 - Segment income (loss) has been adjusted to the operating loss of consolidated quarterly statements of income.

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

No items to report.