

**Consolidated Financial Statements for the First Quarter Ended June 30, 2011
FY2012 (April 1, 2011 - March 31, 2012) [UNAUDITED]**

July 29, 2011

Company name: Takara Holdings Inc.
 Stock exchange listings: Tokyo Stock Exchange (1st section) and Osaka Stock Exchange (1st section)
 Securities code: 2531
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 Quarterly statement filing date (as planned): August 10, 2011

- 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, 2011 (April 1, 2011 – June 30, 2011)

(1) Operating results

Note: Percentages indicated changes from the previous fiscal year.

	Three months ended June 30, 2011		Three months ended June 30, 2010	
	(Millions of yen)	(%)	(Millions of yen)	(%)
Net sales	48,866	9.7	44,554	(0.7)
Operating income	1,664	49.7	1,111	17.0
Ordinary income	1,887	61.7	1,167	(1.1)
Net income	499	39.8	357	(34.8)
Net income per share (Yen)	2.40		1.71	
Fully diluted net income per share (Yen)	2.40		-	
(Reference) Comprehensive income	1,049	-	(1,491)	-

(2) Financial position

	As of June30, 2011	As of March 31, 2011
	(Millions of yen)	(Millions of yen)
Total assets	192,664	192,448
Net assets	106,208	106,895
Equity ratio (%)	48.5	49.0
(Reference) Equity	93,394	94,308

2. Dividends

	Dividend per share (Yen)		
	Year ended March 31, 2011	Year ending March 31, 2012	Year ending March 31, 2012 (Forecast)
First quarter end	-	-	-
Second quarter end	-	-	-
Third quarter end	-	-	-
Year end	8.50		8.50
Annual	8.50		8.50

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

3. Forecast for the year ending March 31, 2012 (April 1, 2011 – March 31, 2012)

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

	Six months ending September 30, 2011		Year ending March 31, 2012	
	(Millions of yen)	(%)	(Millions of yen)	(%)
Net sales	94,500	3.3	197,300	4.0
Operating income	2,300	(29.2)	8,400	0.8
Ordinary income	2,400	(25.8)	8,700	3.2
Net income	900	(34.7)	4,000	5.6
Net income per share (Yen)	4.33		19.26	

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) Retrospective 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, 2011 : 217,699,743
 - As of March 31, 2011 : 217,699,743
 - 2) Number of treasury stocks at year end
 - As of June 30, 2011 : 10,075,013
 - As of March 31, 2011 : 10,069,310
 - 3) Average number of outstanding shares
 - Three months ended June 30, 2011 : 207,627,319
 - Three months ended June 30, 2010 : 208,948,676

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1. Qualitative Information for the Three Months Ended June 30, 2011

(1) Consolidated Financial Results

In the period under review, the three months ended June 30, 2011, the Japanese economy was plagued by a number of negative factors including the direct damages resulting from the Great East Japan Earthquake, which occurred on March 11, 2011, the fear of radiation stemming from the subsequent nuclear power station accident, and the concern related to the nationwide electricity shortages caused by this accident. These factors have served to prolong the sense of uncertainty for future of the Japanese economy.

The Group not only suffered direct damages as a result of this earthquake, but was also forced to address the indirect impacts of this disaster including difficulties procuring materials and securing production systems, as well as disturbances in other areas, such as distribution. Under these circumstances, the Group focused on securing stable production and supply systems in order to ensure its ability to supply safe, high-quality products to consumers, its top priority. As a result, net sales in the period under review increased 9.7% year on year, to ¥48,866 million, and operating income increased 49.7%, to ¥1,664 million.

In non-operating income and expenses, non-operating expenses declined due to the absence of the bond issuance cost incurred during the previous fiscal year, and ordinary income was up 61.7% year on year, to ¥1,887 million. However, additional loss on disaster of ¥701 million, attributable to the cost of disposing of and loss on valuation of products damaged by the earthquake, was recorded under extraordinary loss, resulting in a 3.0% year-on-year decrease in income before income taxes and minority interests, bringing it to ¥1,085 million. Conversely, tax expenses declined as a result of the inability to record the tax benefits associated with the loss on adjustment for changes of accounting standard for asset retirement obligations recorded during the previous fiscal year. Accordingly, net income increased 39.8%, to ¥499 million.

Results by business segment were as follows.

[Takara Shuzo Group]

While Takara Shuzo Co., Ltd., a core operating company of this segment, suffered severe damages to its logistics bases due to the Great East Japan Earthquake, the damages sustained by its manufacturing facilities were relatively light. Therefore, through swift response to the material procurement difficulties and electricity shortages following the earthquake, we were able to swiftly restore the production and supply systems to their normal working order. In regard to the damages suffered by logistics bases, we worked to quickly secure a stable supply of products through the rapid establishment of an alternative logistics network. Through these efforts, we were able to ship products that we were unable to ship at the end of the previous fiscal year due to the confusion immediately following the earthquake. As a result, net sales in this segment rose 11.0%, to ¥44,118 million.

In product categories, sales of light-alcohol refresher increased greatly due to the continued favorable sales of *Takara Shochu High Ball* and the strong growth of *Takara Can Chu-Hi Jika-Shibori*, which was rereleased in March 2011. Sales of shochu, sake, other alcoholic beverages, and raw alcohol also were strong. Further, the consolidation of France's FOODEX S.A.S., conducted during the second quarter of the previous fiscal year also contributed to sales. These factors resulted in increases in net sales for the segment.

Gross profit was up 10.7% year on year, to ¥16,278 million, due to the higher net sales. Selling, general and administrative (SG&A) expenses increased 7.7%, to ¥14,781 million, as a result of the costs incurred while arranging substitutes for facilities at logistics bases damaged by the earthquake. Due to the above, operating income in this segment increased 53.6%, to ¥1,496 million.

[Takara Bio Group]

Net sales in this segment increased 1.4% year on year, to ¥3,823 million, mainly due to the strong sales of scientific instruments in the Genetic engineering research business. Cost of sales was up 4.7%, to ¥1,683 million, due to changes in the ratio of cost of sales to net sales for specific products, resulting in a 1.1% decrease in gross profit, bringing it to ¥2,140 million. SG&A expenses declined 0.4%, to ¥2,188 million, due to lower personnel expenses, which offset the rise in transportation and R&D expenses. Regardless, operating loss was ¥48 million, up ¥15 million year on year.

[Takara Healthcare]

In this segment, while sales of fucoidan-related products were up, this was unable to offset the decline in sales of tea beverages, and net sales decreased 11.3% year on year, to ¥615 million, accordingly. Gross profit, however, increased 4.4%, to ¥209 million, due to the strong sales of fucoidan-related products, which feature particularly high profit margins. Additionally, Takara Healthcare undertook advance investment in advertising expenses, which are included in SG&A expenses, to foster the growth of new business. As a result, the company recorded an operating loss of ¥43 million. However, this was a ¥28 million improvement year on year.

[Other]

Net sales of business segments other than the reported segments decreased 2.5% year on year, to ¥1,833 million. However, operating income increased 193.3%, to ¥13 million, due to lower SG&A expenses.

Breakdown of sales results by product category

Segment	Period under Review (from April 1, 2011, to June 30, 2011)	YoY Comparison
Product category	Amount (Millions of yen)	(%)
Takara Shuzo Group		
Shochu	19,650	103.8
Sake	3,829	102.9
Light-alcohol refreshers	7,543	141.7
Other alcoholic beverages	2,631	107.8
Alcoholic beverages total	33,654	110.6
<i>Hon Mirin</i>	3,430	97.3
Other seasonings	1,762	104.6
Seasonings total	5,193	99.7
Raw alcohol, etc.	1,677	117.4
Transportation	2,136	96.8
Other	1,455	316.7
Total	44,118	111.0
Takara Bio Group	3,823	101.4
Takara Healthcare	615	88.7
Other	1,833	97.5
Sales not allocated to business segments and intersegment transactions	(1,524)	-
Total	48,866	109.7

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

(2) Consolidated Financial Position

Total assets stood at ¥192,664 million as of June 30, 2011, relatively unchanged from March 31, 2011, the end of the previous fiscal year, due to a ¥1,016 million decrease in total noncurrent assets being compensated for by a ¥1,231 million increase in total current assets. Major factors included a decrease in cash and deposits due to the payment of dividends and taxes, and an increase in notes and accounts receivable-trade, net attributable to higher net sales.

Total liabilities also remained relatively unchanged from March 31, 2011, at ¥86,455 million. This was mainly due to decreases in accrued alcohol tax and income taxes payable offsetting increases in notes and accounts payable-trade and provision for bonuses.

Net assets were also relatively unchanged from March 31, 2011, at ¥106,208 million, regardless of a decrease in retained earnings following the payments of dividends.

(3) Consolidated Forecasts

Net sales, operating income, and ordinary income in the period under review exceeded our initial forecasts. However, we have chosen not to revise the forecasts released on May 10, 2011, in light of the difficulty in predicting post-earthquake market trends and the effects of rising material prices.

2. Consolidated Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheets

(Millions of yen)

	As of Mar. 31, 2011	As of Jun. 30, 2011
Assets		
Current assets		
Cash and deposits	32,782	29,398
Notes and accounts receivable-trade	45,102	49,093
Short-term investment securities	12,665	11,175
Merchandise and finished goods	20,552	21,905
Work in process	964	833
Raw materials and supplies	2,782	2,552
Other	4,940	6,066
Allowance for doubtful accounts	(81)	(85)
Total current assets	119,707	120,938
Noncurrent assets		
Property, plant and equipment	41,645	41,245
Intangible assets		
Goodwill	4,017	4,200
Other	2,010	1,954
Total intangible assets	6,028	6,154
Investments and other assets		
Investment securities	18,527	17,876
Other	6,786	6,699
Allowance for doubtful accounts	(246)	(250)
Total investments and other assets	25,067	24,325
Total noncurrent assets	72,741	71,725
Total assets	192,448	192,664
Liabilities		
Current liabilities		
Notes and accounts payable-trade	13,489	14,780
Short-term loans payable	5,182	5,097
Accrued alcohol tax	8,065	7,128
Accrued expenses	3,592	3,054
Income taxes payable	1,785	936
Provision for bonuses	2,012	3,110
Other provision	1,781	2,116
Other	5,541	6,214
Total current liabilities	41,453	42,438
Noncurrent liabilities		
Bonds payable	25,000	25,000
Long-term loans payable	561	556
Provision for retirement benefits	9,644	9,603
Long-term deposits received	6,119	6,061
Other	2,774	2,795
Total noncurrent liabilities	44,100	44,017
Total liabilities	85,553	86,455

(Millions of yen)

	As of Mar. 31, 2011	As of Jun. 30, 2011
Net assets		
Shareholders' equity		
Capital stock	13,226	13,226
Capital surplus	3,197	3,197
Retained earnings	85,784	84,516
Treasury stock	(5,852)	(5,854)
Total shareholders' equity	96,356	95,086
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,754	2,361
Deferred gains or losses on hedges	(32)	(30)
Foreign currency translation adjustment	(4,770)	(4,022)
Total accumulated other comprehensive income	(2,048)	(1,691)
Minority interests	12,587	12,814
Total net assets	106,895	106,208
Total liabilities and net assets	192,448	192,664

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

(Millions of yen)

	FY2011_1Q (Apr. 1, 2010 - Jun. 30, 2010)	FY2012_1Q (Apr. 1, 2011 - Jun. 30, 2011)
Net sales	44,554	48,866
Cost of sales	27,234	30,007
Gross profit	17,319	18,859
Selling, general and administrative expenses	16,207	17,194
Operating income	1,111	1,664
Non-operating income		
Dividends income	193	199
Other	138	193
Total non-operating income	331	392
Non-operating expenses		
Interest expenses	148	126
Bond issuance cost	76	-
Other	51	42
Total non-operating expenses	276	168
Ordinary income	1,167	1,887
Extraordinary income		
Gain on sales of noncurrent assets	10	7
Gain on sales of investment securities	412	-
Other	3	-
Total extraordinary income	427	7
Extraordinary loss		
Loss on disaster	-	701
Loss on adjustment for changes of accounting standard for asset retirement obligations	424	-
Other	51	108
Total extraordinary losses	476	809
Income before income taxes and minority interests	1,118	1,085
Income taxes-current	1,081	890
Income taxes-deferred	(252)	(334)
Total income taxes	829	555
Income before minority interests	289	529
Minority interests in income (loss)	(67)	30
Net income	357	499

(Consolidated Quarterly Statements of Comprehensive Income)

(Millions of yen)

	FY2011_1Q (Apr. 1, 2010 - Jun. 30, 2010)	FY2012_1Q (Apr. 1, 2011 - Jun. 30, 2011)
Income before minority interests	289	529
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,730)	(381)
Deferred gains or losses on hedges	(32)	2
Foreign currency translation adjustment	(15)	904
Share of other comprehensive income of associates accounted for using equity method	(2)	(5)
Other comprehensive income	(1,781)	519
Comprehensive income	(1,491)	1,049
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	(1,422)	855
Comprehensive income attributable to minority interests	(69)	193

(3) Notes on Premise of Going Concern

No items to report.

(4) Segment and Other Information

(Segment Information)

I. Equivalent Period of Previous Fiscal Year (From April 1, 2010, to June 30, 2010)

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	39,461	3,640	692	43,794	672	44,467	87	44,554
Intersegment	266	132	0	399	1,208	1,608	(1,608)	-
Total	39,728	3,772	693	44,194	1,881	46,075	(1,521)	44,554
Segment income (loss)	166	(234)	(72)	(141)	(7)	(148)	505	357

- Notes:
1. Other represents business segments that are not included in the reported segments. This includes subsidiaries in the Functions Management Companies segment.
 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 ¥81 million and income of the Company not allocated to business segments of ¥424 million.
 3. Segment income has been adjusted to the net income of consolidated quarterly statements of income.

The Company believes that basing segment income on operating income makes this index more useful to investors. This is due to the fact that full-year financial results are managed based on operating income as well as the fact that the income targets set out in the Takara Group Medium-Term Management Plan FY2014, released in April 2011, are for consolidated operating income. Therefore, segment income has been calculated based on operating income effective March 31, 2011. Accordingly, the figures for segment income in the three month period ended June 30, 2010, have been recalculated based on operating income as follows.

	Reported Segment				Other (Note: 1)	Total	Adjustment (Note: 2)	Amount recognized in consolidated quarterly statements of income
	Takara Shuzo Group	Takara Bio Group	Takara Healthcare	Subtotal				
Segment income (loss)	974	(32)	(72)	869	4	874	237	1,111

- Notes:
1. Other represents business segments that are not included in the reported segments. This includes subsidiaries in the Functions Management Companies segment.
 2. Major adjustments include eliminations of ¥73 million, amortization of goodwill of ¥19 million, and income of the Company not allocated to business segments of ¥183 million.

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

(Material impairment losses on noncurrent assets)

No items to report.

(Material changes in the amount of goodwill)

In the Takara Shuzo Group segment, goodwill increased ¥2,945 million due to the acquisition of stock in newly consolidated FOODEX S.A.S.

II. Period under Review (From April 1, 2011, to June 30, 2011)

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	43,864	3,728	614	48,207	574	48,781	84	48,866
Intersegment	253	95	1	349	1,259	1,608	(1,608)	-
Total	44,118	3,823	615	48,556	1,833	50,390	(1,524)	48,866
Segment income (loss)	1,496	(48)	(43)	1,405	13	1,418	245	1,664

- Notes:
1. Other represents business segments that are not included in the reported segments. This includes subsidiaries in the Functions Management Companies segment.
 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 ¥33 million and income of the Company not allocated to business segments of ¥212 million.
 3. Segment income 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 items to report.

(5) Material Changes in Shareholders' Equity

No items to report.