The original disclosure in Japanese was released on May 9, 2016 at 16:00 (GMT+9)

Consolidated Financial Statements for the Year Ended March 31, 2016
FY2016(April 1, 2015 - March 31, 2016) [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 Investor Relations Dept. TEL:(075)241-5124
Scheduled date of general shareholders' meeting:	June 29, 2016
Scheduled date of starting delivery of dividends:	June 30, 2016

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, 2016 (April 1, 2015 – March 31, 2016)

(1) Operating results

Note: Percentages indicated changes from the previous fiscal year.

	Year ended March 31, 2016		Year ended March 31, 2015	
	(Millions of yen)	(%)	(Millions of yen)	(%)
Net sales	225,364	2.7	219,490	4.7
Operating income	11,680	5.3	11,096	16.9
Ordinary income	12,840	8.6	11,827	19.4
Net income (loss) attributable to owners of the parent	7,055	23.6	5,706	(44.5)
Net income per share (Yen)	35.06		28.36	
Fully diluted net income per share (Yen)	-		-	
Return on equity		5.4		4.5
Ordinary income to total assets ratio		5.0		4.7
Operating income to net sales ratio		5.2		5.1
Note: Comprehensive income	2,111	(84.7)	13,806	(46.6)
Reference: Income (loss) from equity method investment	334		166	

(2) Financial position

	As of March 31, 2016	As of March 31, 2015
	(Millions of yen)	(Millions of yen)
Total assets	253,253	264,438
Net assets	156,148	158,404
Equity ratio (%)	51.5	49.9
Net assets per share (Yen)	647.97	655.6
Reference: Equity	130,386	131,923

(3) Cash flow

	Year ended March 31, 2016	Year ended March 31, 2015
	(Millions of yen)	(Millions of yen)
Cash flow from operating activities	10,373	9,545
Cash flow from investing activities	(10,864)	(10,253)
Cash flow from financing activities	(9,482)	6,819
Cash and cash equivalents, end of year	32,536	42,749

2. Dividends

	Dividend per share (Yen)		
	Year ended March 31, 2015	Year ended March 31, 2016	Year ending March 31, 2017(Forecast)
First quarter end	-	-	-
Second quarter end	-	-	-
Third quarter end	-	-	-
Year end	10.0	12.0	12.00
Annual	10.0	12.0	12.00
Total dividend (Millions of yen)	2,012	2,414	
Payout ratio (%)	35.3	34.2	34.1
Dividend on equity (%)	1.6	1.8	

Note: The year-end dividend for FY2016 include a commemorative dividend of ¥1.00

3. Forecast for the year ending March 31, 2017 (April 1, 2016 – March 31, 2017)

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

	Six months ending September 30, 2016		Year ending March 31, 2017	
	(Millions of yen)	(%)	(Millions of yen)	(%)
Net sales	107,900	0.9	232,000	2.9
Operating income	3,800	(2.1)	12,000	2.7
Ordinary income	4,000	(7.6)	12,850	0.1
Net income attributable to owners of the parent	2,000	(20.8)	7,080	0.3
Net income attributable to owners of the parent per share (Yen)	9.94		35.18	

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 : No

3) Changes in accounting estimates : No

4) Restatement : No

(3) Number of outstanding shares (common stock)

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

As of March 31, 2016 : 217,699,743

As of March 31, 2015 : 217,699,743

2) Number of treasury stocks at year end

As of March 31, 2016 : 16,475,391

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

3) Average number of outstanding shares

Year ended March 31, 2016 : 201,224,978

Year ended March 31, 2016 : 201,227,573

(Reference) Non-consolidated financial review

1. Results for the year ended March 31, 2016 (April 1, 2015 – March 31, 2016)

(1) Operating results

Note: Percentages indicated changes from the previous fiscal year.

	Year ended March 31, 2016		Year ended March 31, 2015	
	(Millions of yen)	(%)	(Millions of yen)	(%)
Net sales	3,490	60.1	2,179	(40.0)
Operating income	592	(41.0)	1,004	(60.1)
Ordinary income	762	(34.7)	1,168	(51.8)
Net income	670	(35.3)	1,036	(88.0)
Net income per share (Yen)	3.33		5.15	
Fully diluted net income per share (Yen)	-		-	

(2) Financial position

	As of March 31, 2016	As of March 31, 2015
	(Millions of yen)	(Millions of yen)
Total assets	121,383	131,070
Net assets	80,118	83,831
Equity ratio (%)	66.0	64.0
Net assets per share (Yen)	398.15	416.60
(Reference) Equity	80,118	83,831

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, 2016, the Japanese economy experienced improvement in corporate earnings, such as of export-related companies, and in employment and income environments and has continued to recover gradually, but the recovery has yet to have an effect on personal spending.

Looking abroad, while the U.S. and European economies have continued to expand gradually, the global economy has remained uncertain mainly owing to economic slowdowns in Asian emerging countries including China and declines in resource prices.

Under these economic circumstances, following the Takara Group Medium-Term Management Plan FY2017, the second step in its efforts to realize its long-term Takara Group Vision 2020, the Group worked for improving domestic business profitability and expanding our overseas business in order to further improve the Group's corporate value and worked on steady business activities with the aim of transforming its business structure into the one that holds up well to business environment changes and is well-balanced by accelerating the growth of our Biomedical business.

Due to such efforts, for the fiscal year under review, consolidated net sales increased 2.7% year on year, to ¥225,364 million with gross profit up 5.2% to ¥89,495 million, operating income up 5.3% to ¥11,680 million, ordinary income up 8.6% to ¥12,840 million, and profit attributable to owners of parent up 23.6% to ¥7,055 million.

Results by segment are as follows.

From the fiscal year under review, categories of reportable segments have been changed. The following year-on-year comparisons are shown using figures for the previous fiscal year reclassified to the changed categories.

(Takara Shuzo Group)

In Japan, the Takara Shuzo Group has still faced difficulties such as a decrease in consumption of alcoholic beverages due to population decline and aging, diversification of consumer preferences and ongoing frugal mindset, and intensifying competition in sales due to the said reasons while there have been new opportunities including expansion of the home-meal replacement market owing to more women's entering the workplace, increases in the number of elderly or single adult households.

Overseas, it has been expected that Japanese food markets will further grow primarily owing to increasing attention to Japanese foods and a global increase in the number of Japanese restaurants.

In this environment , the Takara Shuzo Group worked mainly on improving the earning power of its business in Japan by developing high-quality products differentiated by its technology and increasing its overseas business by expanding the overseas Japanese food wholesaler network mainly in Europe.

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

[Alcoholic beverages]

Shochu

The Takara Shuzo Group strove to expand sales of Takara shochu brand products such as by working to arouse interest in the market and win new consumers through product labels that clearly indicate "zero sugar" and are attached to certain *ko*-type shochu items. For *Honkaku* shochu, the Takara Shuzo Group worked on activating the *Ikkomon* brand such as by newly launched 100% purple sweet potato-based *Ikkomon Murasaki* for a limited time.

Overall shochu sales, however, decreased 6.6% year on year to ¥59,376 million, affected by the shrinking shochu market.

Sake

Although the domestic sake market has been in a severe state with a continuing decline in consumption, the Takara Shuzo Group launched *Sho Chiku Bai Shirakabegura Mio* Dry Sparkling Sake, which has a fresh, dry taste, in addition to *Sho Chiku Bai Shirakabegura Mio* Sparking Sake, which the Takara Shuzo Group has positioned as the most important strategic product and focused on, in order to further win fans. Furthermore, in the industrial sake market, the Takara Shuzo Group continued to work on expanding sales of *Sho Chiku Bai Gokai*, which is a product only for sale to restaurants and bars.

Overseas, sake sales of TAKARA SAKE USA INC. (U.S.A.) continued to increase against the backdrop of expanding Japanese food markets.

Sales of *Sho Chiku Bai Ten*, *Sho Chiku Bai* 1.8-liter bottle and other sake in Japan, however, decreased primarily due to the mild winter during a peak demand period.

As a result, overall sake sales decreased 0.7% year on year, to ¥24,736 million.

Light-alcohol refreshers

Sales of dry flavored chu-hi *Takara Shochu High Ball*, positioned a flagship brand and the focus of sales expansion, continued to increase. In June, the Takara Shuzo Group launched *Takara Zero Jitate*, by which the Takara Shuzo Group had achieved five zeros: zero sugar, zero purines, zero sweeteners, zero aromatics, and zero food coloring, and has strived to develop it to become a brand comparable to *Takara Shochu High Ball*. Moreover, the Takara Shuzo Group worked on expanding sales such as by actively launching various flavored light-alcohol refreshers of other brands.

Consequently, overall light-alcohol refreshers sales increased 7.4% year on year to ¥27,815 million.

Other alcoholic beverages

In Japan, wines imported by Luc Corporation, Ltd., demonstrated steady results, and overseas, Age International, Inc. (U.S.) recorded sales increases for bourbon whiskey. Accordingly, sales of other alcoholic beverages were up 5.0% year on year to ¥14,170 million.

As a result, total alcoholic beverages sales decreased 1.4% year on year, to ¥126,097 million.

[Seasonings]

In addition to home-use seasonings and seasonings for use by restaurants and bars, the Takara Shuzo Group worked to develop products, such as those based on user needs and highly functional ones differentiated by its own technology, for food processors and manufacturers of ready prepared meals and restaurant chains, sales to which have been expected to continue to grow into the future.

Sales of *Hon-Mirin* increased since the decreased demand in reaction to the last-minute demand prior to the consumption tax increase had lost its influence. As for other seasonings, driven by our salt-free, high-quality *Takara Ryori no Tame no Seishu*, sales of cooking sake continued to fare well, and food seasonings also increased due to focuses on expanding sales of soup and other seasonings.

As a result, total seasonings sales increased 4.0% year on year, to ¥24,419 million.

[Raw alcohol, etc.]

In order to cope with crude alcohol price fluctuations caused by effects including yen depreciation, the Takara Shuzo Group continued to drastically revise prices.

As a result, contracted alcohol increased, and industrial, additive and other alcohol decreased, so sales of raw alcohol, etc. decreased 3.2% year on year, to ¥7,197 million.

[Transportation]

As a result of efforts to expand sales to external customers by focusing on main businesses including the forwarding business, net sales in this business were up 0.9% year on year, to ¥12,204 million.

[Japanese food wholesale business in overseas markets]

As for Japanese food wholesale business in overseas markets, the Takara Shuzo Group has expanded its presence in food service markets including Japanese restaurants, home-meal replacement markets including takeouts and ready prepared meals, and retail markets including supermarkets and grocery stores, mainly in Europe, and expanded business geographically, to further expand its overseas Japanese food wholesaler network. As a result of these efforts, sales of FOODEX S.A.S. (France), COMINPÓRT DISTRIBUCION S.L. (Spain), and TAZAKI FOODS LTD. (U.K.) increased, and sales of Japanese food wholesale business in overseas markets increased 17.2% year on year, to ¥20,668 million.

[Other]

Other net sales decreased 6.5% year on year, to ¥1,436 million.

As a result, the Takara Shuzo Group's overall net sales increased 1.0% year on year to ¥192,025 million, with gross profit up 2.5% to ¥71,138 million, and SG&A expenses up 1.9 % to ¥62,728 million following a rise in personnel expenses and promotion expenses, among others, resulting in operating income increased 7.3%, to ¥8,410 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.

In the Bioindustry business, sales of research reagents, its flagship products, significantly increased year on year thanks to the depreciation of the yen. Our services business and scientific instruments also increased in sales year on year.

As a result of the above, sales of the Bioindustry business increased 15.8% year on year, to ¥27,320 million.

Gene Therapy business

In the Gene Therapy business, the Takara Bio Group has been focusing efforts on early commercialization of gene therapy for cancer and other diseases utilizing the RetroNectin® Method, a highly efficient gene transduction technology; the RetroNectin® expansion-culture system, a highly efficient lymphocyte propagation technology; and proprietary technologies including siTCR.

There were no sales of the Gene Therapy business for the 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, Yam (Dioscorea esculenta) "Yamsgenin™" related products, and mushroom-related products.

Net sales in the AgriBio business increased 1.3% compared to the previous year to ¥2,408 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 14.5% year on year, to ¥29,729 million with gross profit up 18.0% to ¥16,323 million, SG&A expenses up 18.5% to ¥13,655 million following a rise in R&D expenses and personnel expenses, among others, resulting in operating income increased 15.8% year on year, to ¥2,667 million.

(Takara Healthcare)

Under such conditions that the health food market was expected to expand further against the backdrop of increasing needs for better health due to population aging and a well-established system of foods with function claims, Takara Healthcare strove to win new customers in the mail-order sales business and increase the customer repeat rate through aggressive and efficient advertising, focusing on the Gagome kombu (Kelp) "Fucoidan" series. Furthermore, it worked on expanding sales of the Herb (Peucedanum japonicum) "Isosamidin" series to develop them as the core business next to fucoidan.

As a result, thanks to increases in net sales of fucoidan-related products and isosamidin-related products, among others, Takara Healthcare's net sales increased 12.9% year on year, to ¥1,865 million with gross profit up 14.5% to ¥972 million, SG&A expenses up 12.0% to ¥907 million following a rise in promotion and other expenses, resulting in operating income increasing 68.7% year on year, to ¥64 million.

(Other)

In the Other segment, which comprises functional corporate groups such as a printing business, net sales decreased 3.2% year on year, to ¥5,809 million with gross profit down 1.5% to ¥729 million, and SG&A expenses up 0.7% to ¥671 million resulting in operating income decreasing 21.4% to ¥58 million.

Breakdown of sales results by product category

Segment / Product category	Previous Fiscal Year (From April 1, 2014 to March 31, 2015) Amount (Millions of yen)	Fiscal Year under Review (From April 1, 2015 to March 31, 2016) Amount (Millions of yen)	YoY Comparison (%)
Takara Shuzo Group			
Shochu	63,583	59,376	93.4
Sake	24,919	24,736	99.3
Light-alcohol refreshers	25,896	27,815	107.4
Other alcoholic beverages	13,491	14,170	105.0
Alcoholic beverages total	127,892	126,097	98.6
Hon Mirin	14,570	15,104	103.7
Other seasonings	8,914	9,314	104.5
Seasonings total	23,485	24,419	104.0
Raw alcohol, etc.	7,437	7,197	96.8
Transportation	12,097	12,204	100.9
Japanese food wholesales business in overseas markets	17,638	20,668	117.2
Other	1,537	1,436	93.5
Total	190,089	192,025	101.0
Takara Bio Group	25,969	29,729	114.5
Takara Healthcare	1,652	1,865	112.9
Other	6,003	5,809	96.8
Sales not allocated to business segments and intersegment transactions	(4,223)	(4,065)	-
Total	**219,490**	**225,364**	**102.7**

Notes: 1. Amounts include alcohol tax but do not include consumption tax.
2. From the fiscal year under review, categories of segments have been changed, and the sales results for the previous fiscal year are shown using figures based on the changed categories.
For the change in categories of segments, please see the “4. Consolidated Financial Statements, (5) Notes to Consolidated Financial Statements (Segment Information).”

2) Outlook for the Coming Fiscal Year

For the Takara Shuzo Group, the cross-sectoral, severe competitive environment is expected to continue because of the shrinking market due to population aging and decline, diversification of consumption, and other reasons. In terms of raw materials, rising prices are a concern since demand is increased due to the world population growth. Overseas, meanwhile, the Japanese food markets are expected to grow further primarily owing to increasing attention to Japanese foods and a global increase in the number of Japanese restaurants. Under such circumstances, the Takara Shuzo Group continues to work mainly on improving the earning power of its business in Japan by developing high-quality products differentiated by its technology and increasing its overseas business by expanding the overseas Japanese food wholesaler network.

Net sales are expected to increase 2.6% year on year, to ¥197,000 million through efforts to increase sales of businesses including sake, light-alcohol refreshers and Japanese food wholesale business in overseas markets. As to profit, gross profit is forecasted to increase 4.2% to ¥74,100 million. SG&A expenses are forecasted to increase, such as transportation expenses and promotion expenses, while operating profit is forecasted to increase 3.4% to ¥8,700 million.

For the Takara Bio Group, through efforts to increase sales of research reagents and contract research, net sales are expected to increase 4.3% to ¥31,000 million. In terms of income, gross profit is forecasted to increase 5.6% to ¥17,230 million. Operating income is projected to increase 1.2%, to ¥2,700 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 7.2%, to ¥2,000 million due to a commitment to the mail-order sales business including the Gagome kombu (kelp) fucoidan series. Operating income is forecasted to increase 70.5%, to ¥110 million, despite increased SG&A expenses.

As a result, consolidated net sales, which include net sales from the Other segment, are forecasted to increase 2.9%, to ¥232,000 million, and operating income will likely increase 2.7 %, to ¥12,000 million. Also, ordinary income is expected to rise 0.1% year on year, to ¥12,850 million, with profit attributable to owners of the parent expected to increase 0.3% year on year, to ¥7,080 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. While severe conditions surrounding the Group have continued, for the fiscal year under review, which is the second fiscal year of the Medium-Term Management Plan, the Group worked on the target of achieving a numerical target for consolidated net sales a year ahead of schedule, but consolidated net sales were ¥225.3 billion and did not reach the forecast level despite an increase compared with the previous fiscal year. Consolidated operating income, meanwhile, was ¥11.6 billion, which exceeded the forecast. For the fiscal year ending March 31, 2017, which is the last fiscal year of the Medium-Tem Management Plan, consolidated net sales and consolidated operating income are forecasted to be ¥232 billion and ¥12 billion, respectively, at this time. The Group strives to achieve the targets.

For the ratio of overseas sales to consolidated net sales, the Group achieved the target in the Medium-Term Management Plan, which was 20.5% for the fiscal year under review.

(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 fiscal year under review stood at ¥253,253 million, a ¥11,185 million decrease compared with the end of the previous fiscal year. Current assets decreased by ¥1,579 million to ¥159,073 million primarily due to a decrease in cash and deposits of ¥2,909 million.

Noncurrent assets totaled ¥94,179 million, a decrease of ¥9,605 million compared with the previous fiscal year. This was mainly due to decreases in goodwill of ¥1,096 million and investment securities of ¥8,153 million.

Total liabilities stood at ¥97,104 million, a ¥8,929 million decrease compared with the end of the previous fiscal year. Current liabilities totaled ¥47,648 million, a decrease of ¥7,229 million compared with the previous fiscal year. This was mainly due to decreases in current portion of bonds of ¥5,000 million and other under current liabilities of ¥1,570 million because of decreases in accrued consumption taxes and other accounts. Noncurrent liabilities decreased by ¥1,700 million to ¥49,456 million primarily due to a decrease in deferred tax liabilities of ¥1,615 million.

Net assets were ¥156,148 million, a ¥2,255 million decrease compared with the end of the previous fiscal year primarily due to decreases in capital surplus of ¥1,316 million, valuation difference on available-for-sale securities of ¥2,276 million, deferred gains or losses on hedges of ¥1,003 million and foreign currency translation adjustment of ¥1,882 million despite an increase in retained earnings of ¥5,016 million.

Plans for the coming fiscal year forecast depreciation and amortization of ¥5.5 billion in property, plans and equipment and intangible fixed assets, and ¥6.6 billion in capital expenditures. As for net assets, profit attributable to owners of the parent of ¥7.0 billion, and dividends from surplus of ¥2.4 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 ¥828 million year on year, to ¥10,373 million primarily due to profit before income taxes of ¥12,548 million, depreciation and amortization of ¥5,179 million, increase in inventories of ¥2,171 million, decrease in accrued consumption taxes of ¥1,747 million and income taxes paid of ¥4,664 million.

Net cash used in investing activities increased ¥610 million to ¥10,864 million primarily due to proceeds from withdrawal of time deposits of ¥19,717 million, payments into time deposits of ¥16,813 million and purchase of securities of ¥13,112 million.

Net cash used in financing activities increased by ¥16,301 million year on year to ¥9,482 million primarily due to redemption of bonds of ¥5,000 million, cash dividends paid of ¥2,014 million and payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation of ¥2,022 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 ¥32,536 million, down ¥10,212 million from the previous fiscal year-end.

In the fiscal year ending March 31, 2017, net cash provided by operating activities is expected to amount to ¥11.3 billion. In investing activities, approximately ¥6.6 billion is earmarked for the purchase of property, plant and equipment and intangible assets. In financing activities, the Group plans expenditures for cash dividends of ¥2.4 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 increased from the fiscal year under review. However, this could change due to unplanned investment or other reasons.

(Reference) Indicators Related to Cash Flows

	FY2014	FY2015	FY2016
Equity ratio (%)	50.9	49.9	51.5
Equity ratio on a market value basis (%)	66.4	66.2	73.7
Cash flow versus interest-bearing debt ratio (%)	537.9	506.3	412.9
Interest coverage ratio (times)	14.9	20.3	22.7

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. Operating cash flows have been used for the cash flow.
4. Interest-bearing debt is all liabilities included on the consolidated balance sheets for which interest is paid.

(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 ¥11 per share will be paid. Dividends of ¥12 per share in total will be paid, which are comprised of the regular dividend and a commemorative dividend of ¥1 per share for the 90th anniversary of the foundation of the Company.

For cash dividends for the next fiscal year, a regular dividend of ¥12 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.jpx.co.jp/listing/co-search/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.

4. Consolidated Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheets

(Millions of Yen)

	As of Mar. 31, 2015	As of Mar. 31, 2016
Assets		
Current assets		
Cash and deposits	41,296	38,386
Notes and accounts receivable-trade	47,966	46,845
Electronically recorded monetary claims-operating	6,651	6,756
Securities	27,022	28,238
Merchandise and finished goods	28,524	29,739
Work in process	958	1,077
Raw materials and supplies	3,317	3,401
Deferred tax assets	1,741	2,070
Other	3,407	2,788
Allowance for doubtful accounts	(233)	(231)
Total current assets	160,653	159,073
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	47,088	48,903
Accumulated depreciation	(31,170)	(31,168)
Buildings and structures, net	15,917	17,735
Machinery, equipment and vehicles	81,820	82,182
Accumulated depreciation	(68,632)	(69,627)
Machinery, equipment and vehicles, net	13,188	12,554
Land	17,515	18,118
Lease assets	1,417	1,483
Accumulated depreciation	(706)	(619)
Lease assets, net	710	863
Construction in progress	2,266	104
Other	12,546	12,812
Accumulated depreciation	(9,059)	(9,125)
Other, net	3,486	3,687
Total property, plant and equipment	53,085	53,065
Intangible assets		
Goodwill	8,071	6,975
Other	4,286	4,035
Total intangible assets	12,358	11,010
Investments and other assets		
Investment securities	32,900	24,747
Net defined benefit asset	766	874
Deferred tax assets	1,804	1,683
Other	3,037	2,910
Allowance for doubtful accounts	(166)	(112)
Total investments and other assets	38,342	30,103
Total noncurrent assets	103,785	94,179
Total assets	264,438	253,253

(Millions of Yen)

	As of Mar. 31, 2015	As of Mar. 31, 2016
Liabilities		
Current liabilities		
Notes and accounts payable-trade	15,680	15,201
Short-term loans payable	5,292	4,994
Current portion of bonds	5,000	—
Accrued alcohol tax	7,615	7,855
Accrued expenses	5,456	4,965
Income taxes payable	2,107	2,307
Provision for bonuses	2,162	2,235
Other provision	1,774	1,870
Other	9,788	8,217
Total current liabilities	54,877	47,648
Noncurrent liabilities		
Bonds payable	20,000	20,000
Long-term loans payable	10,334	10,255
Deferred tax liabilities	5,263	3,647
Net defined benefit liability	8,407	8,544
Long-term deposits received	5,622	5,379
Other	1,529	1,630
Total noncurrent liabilities	51,156	49,456
Total liabilities	106,034	97,104
Net assets		
Shareholders' equity		
Capital stock	13,226	13,226
Capital surplus	3,196	1,879
Retained earnings	108,647	113,663
Treasury stock	(9,937)	(9,938)
Total shareholders' equity	115,132	118,830
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,098	6,822
Deferred gains or losses on hedges	558	(445)
Foreign currency translation adjustment	7,431	5,548
Remeasurements of defined benefit plans	(297)	(370)
Total accumulated other comprehensive income	16,791	11,555
Noncontrolling interests	26,481	25,762
Total net assets	158,404	156,148
Total liabilities and net assets	264,438	253,253

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

(Consolidated Statements of Income)

(Millions of Yen)

	FY2015 (Apr. 1, 2014 – Mar. 31, 2015)	FY2016 (Apr. 1, 2015 – Mar. 31, 2015)
Net sales	219,490	225,364
Cost of sales	134,390	135,868
Gross profit	85,099	89,495
Selling, general and administrative expenses	74,003	77,815
Operating income	11,096	11,680
Non-operating income		
Interest income	266	301
Dividends income	425	446
Share of profit of entities accounted for using equity method	166	334
Subsidy income	348	471
Other	272	277
Total non-operating income	1,478	1,830
Non-operating expenses		
Interest expenses	470	447
Other	276	223
Total non-operating expenses	746	671
Ordinary income	11,827	12,840
Extraordinary income		
Gain on sales of investment securities	249	273
Reversal of provision for loss on business liquidation	—	48
Other	65	31
Total extraordinary income	315	353
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	301	311
Impairment loss	262	281
Other	124	51
Total extraordinary losses	689	644
Income before income taxes and minority interests	11,453	12,548
Income taxes-current	3,858	4,839
Income taxes-deferred	1,229	(60)
Total income taxes	5,088	4,778
Net income	6,365	7,769
Net income attributable to the noncontrolling interest	659	713
Net income attributable to owners of the parent	5,706	7,055

(Consolidated Quarterly Statements of Comprehensive Income)

(Millions of Yen)

	FY2015 (Apr. 1, 2014 – Mar. 31, 2015)	FY2016 (Apr. 1, 2015 – Mar. 31, 2016)
Net income	6,365	7,769
Other comprehensive income		
Valuation difference on available-for-sale securities	3,157	(2,276)
Deferred gains or losses on hedges	275	(1,010)
Foreign currency translation adjustment	5,137	(2,300)
Remeasurements of defined benefit plans	(1,482)	(74)
Share of other comprehensive income of associates accounted for using equity method	352	4
Total other comprehensive income	7,441	(5,657)
Comprehensive income	13,806	2,111
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	12,296	1,820
Comprehensive income attributable to noncontrolling interest	1,509	291

(3) Consolidated Statements of Change in Net Assets

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
Purchase of shares of consolidated subsidiaries					
Change of scope of consolidation					
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
Purchase of shares of consolidated subsidiaries							-
Change of scope of consolidation							-
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

FY2016 (Apr. 1, 2015 – Mar. 31, 2016)

(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	108,647	(9,937)	115,132
Cumulative effects of changes in accounting policies					-
Balance at beginning of current period, reflecting the changes in the accounting policies	13,226	3,196	108,647	(9,937)	115,132
Changes of items during the period					
Dividends from surplus			(2,012)		(2,012)
Net income			7,055		7,055
Purchase of treasury stock				(1)	(1)
Disposal of treasury stock		0		0	0
Purchase of shares of consolidated subsidiaries		(1,316)			(1,316)
Change of scope of consolidation			(27)		(27)
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	(1,316)	5,016	(1)	3,698
Balance at the end of current period	13,226	1,879	113,663	(9,938)	118,830

	Accumulated other comprehensive income					Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	9,098	558	7,431	(297)	16,791	26,481	158,404
Cumulative effects of changes in accounting policies							-
Balance at beginning of current period, reflecting the changes in the accounting policies	9,098	558	7,431	(297)	16,791	26,481	158,404
Changes of items during the period							
Dividends from surplus							(2,012)
Net income							7,055
Purchase of treasury stock							(1)
Disposal of treasury stock							0
Purchase of shares of consolidated subsidiaries							(1,316)
Change of scope of consolidation							(27)
Net changes of items other than shareholders' equity	(2,276)	(1,003)	(1,882)	(72)	(5,235)	(718)	(5,954)
Total changes of items during the period	(2,276)	(1,003)	(1,882)	(72)	(5,235)	(718)	(2,255)
Balance at the end of current period	6,822	(445)	5,548	(370)	11,555	25,762	156,148

(4) Consolidated Statements of Cash Flows

(Millions of Yen)

	FY2015 (Apr. 1, 2014 – Mar. 31, 2015)	FY2016 (Apr. 1, 2015 – Mar. 31, 2016)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	11,453	12,548
Depreciation and amortization	4,662	5,179
Increase (decrease) in net defined benefit liability	1,774	140
Interest and dividends income	(691)	(747)
Interest expenses	470	447
Loss (gain) on sales and retirement of noncurrent assets	236	290
Decrease (increase) in notes and accounts receivable-trade	(2,202)	688
Decrease (increase) in inventories	(909)	(2,171)
Decrease (increase) in other current assets	54	(4)
Increase (decrease) in notes and accounts payable-trade	998	(239)
Increase (decrease) in liquor taxes payable	(762)	244
Increase (decrease) in accrued consumption taxes	1,880	(1,747)
Other, net	(288)	91
Subtotal	16,677	14,721
Interest and dividends income received	701	773
Interest expenses paid	(471)	(456)
Income taxes paid	(7,362)	(4,664)
Net cash provided by (used in) operating activities	9,545	10,373
Net cash provided by (used in) investing activities		
Payments into time deposits	(24,782)	(16,813)
Proceeds from withdrawal of time deposits	24,067	19,717
Purchase of securities	(5,738)	(13,112)
Proceeds from sales and redemption of securities	9,623	6,225
Purchase of property, plant and equipment and intangible assets	(8,457)	(5,743)
Purchase of securities	(5,009)	(60)
Proceeds from sales and redemption of securities	515	295
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(276)	—
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	—	(51)
Payments of loans receivable	(3)	(410)
Other, net	(192)	(911)
Net cash provided by (used in) investing activities	(10,253)	(10,864)
Net cash provided by (used in) financing activities		
Proceeds from issuance of bonds	10,100	120
Redemption of bonds	—	(5,000)
Cash dividends paid	(2,214)	(2,014)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(2,022)
Other, net	(1,066)	(565)
Net cash provided by (used in) financing activities	6,819	(9,482)
Effect of exchange rate change on cash and cash equivalents	2,030	(240)
Net increase (decrease) in cash and cash equivalent	8,140	(10,212)
Cash and cash equivalents at beginning of period	34,608	42,749
Cash and cash equivalents at end of period	42,749	32,536

(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.

(Note) The corporate name was changed to Takara Bio USA, Inc. as of April 7, 2016.

(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.

(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.

C. Use of simplified method by small enterprises, etc.

Certain consolidated subsidiaries apply the simplified method where the amount required for early retirement for personal reasons at the end of the fiscal year is treated as retirement benefit obligations for calculating defined benefit liability and retirement benefit expenses.

(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 non-controlling 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 Standard for Business Combinations)

The "Revised Accounting Standard for Business Combinations" (ASBJ Statement No. 21 issued on September 13, 2013, hereinafter the "Business Combinations Accounting Standard"), the "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013, hereinafter the "Consolidated Financial Statements Accounting Standard"), and the "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013, hereinafter the "Business Divestitures Accounting Standard") have been applied from the fiscal year ended March 31, 2016. As a result, for subsidiaries the Company continues to control, differences arising due to changes in the ownership interest are entered in capital surplus and costs associated with the acquisition of ownership interests are now treated as expenses in the fiscal year in which they are incurred. In addition, for business combinations that are implemented after the beginning of the fiscal year ended March 31, 2016, revisions to the allocation of the cost of acquisitions as determined by provisional accounting treatment are reflected in the consolidated financial statements for the fiscal year in which the business combination took place. Additionally, the Company has changed the method of presenting profit and changed "minority interests in consolidated subsidiaries" to non-controlling interests in consolidated subsidiaries." To reflect these changes, the Company has reclassified its quarterly consolidated financial statements for the fiscal year ended March 31, 2015.

The Company has applied these standards in accordance with transitional treatment prescribed in Section 58-2(4) of the Business Combinations Accounting Standard, Section 44-5(4) of the Consolidated Financial Statements Accounting Standard, Section 57-4(4) of the Business Divestitures Accounting Standard, and will continue to apply these standards from the beginning of the fiscal year ended March 31, 2016 into the future.

As a result of these changes, operating income, ordinary income and profit before income taxes increased by ¥43 million respectively for the fiscal year ended March 31, 2016. In addition, capital surplus as of March 31, 2016 decreased by ¥1,316 million.

In the consolidated statement of cash flows for the fiscal year ended March 31, 2016, cash flows from purchase of shares of subsidiaries that do not result in change in scope of consolidation are stated in the class of "cash flows from financing activities," and cash flows from expenses incurred in relation to purchase of shares of subsidiaries that do not result in change in scope of consolidation are stated in the class of "cash flows from operating activities."

The ending balance of capital surplus in the consolidated statement of changes in net assets for the fiscal year ended March 31, 2016 decreased by ¥1,316 million.

Additionally, net assets per share as of March 31, 2016 decreased by ¥6.14, and profit per share for the fiscal year ended March 31, 2016 increased by ¥0.21.

(Changes in Method of Presentation)

(Consolidated Statements of Income)

“Gain on sales of noncurrent assets” under “extraordinary income” set down separately for the fiscal year ended March 31, 2015 is included in “other” from the fiscal year ended March 31, 2016 since the amount is not more than ten percent of the total extraordinary income. Figures for the fiscal year ended March 31, 2015, have been restated to reflect this change in method of presentation.

As a result, ¥64 million of “gain on sales of noncurrent assets” and ¥0 million of “other” presented under “extraordinary income” in the consolidated statement of income for the fiscal year ended March 31, 2015 were reclassified to ¥65 million in “other.”

(Consolidated Statements of Cash Flows)

“Payments of loans receivable” included in “other” under “cash flows from investing activities” for the fiscal year ended March 31, 2015 is set down separately from the fiscal year ended March 31, 2016 since significance of the amount increased. “Proceeds from sales of property, plant and equipment” under “cash flows from investing activities” set down separately is included in “other, net” for the fiscal year ended March 31, 2016 since significance of the amount decreased. Figures for the fiscal year ended March 31, 2015, have been restated to reflect this change in method of presentation.

As a result, ¥227 million of “proceeds from sales of property, plant and equipment” and ¥(423) million of “other, net” under “cash flows from investing activities” in the consolidated statement of cash flows for the fiscal year ended March 31, 2015 were reclassified to ¥(3) million of “payments of loans receivable” and ¥(192) million of “other, net.”

(Additional information)

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

The “Act on Partial Revision of the Income Tax Act, etc.” (Act No. 15 of 2016) and “Act on Partial Revision of the Local Tax Act, etc.” (Act No. 13 of 2016) were enacted in the Diet session on March 29, 2016, and the corporate tax rate is reduced from the fiscal years beginning on or after April 1, 2016. Consequently, the effective statutory tax rate used to calculate deferred tax assets and deferred tax liabilities (limited to those realized or settled after April 1, 2016) was changed from previous 32.0% to 31.0%.

As a result of this change in tax rates, deferred tax assets posted in current assets for the fiscal year under review (amount after deducting deferred tax liabilities) decreased ¥57 million, with deferred tax assets posted in noncurrent liabilities decreasing ¥51 million and deferred tax liabilities posted in property, plant and equipment decreasing ¥84 million. Also, valuation difference on available-for-sale securities recorded under net assets increased by ¥92 million, and deferred gains or losses on hedges and remeasurements of defined benefit plans decreased by ¥6 million and ¥3 million, respectively. Income taxes-deferred recorded for the fiscal year under review increased by ¥106 million.

(Matters Concerning Consolidated Statements of Income)

* Major Items Included Under Selling, General and Administrative Expenses

	Previous Fiscal Year (From April 1, 2014, to March 31, 2015)	Fiscal Year under Review (From April 1, 2015, to March 31, 2016)
	(Millions of yen)	(Millions of yen)
Freightage expenses	7,124	7,434
Advertising expenses	3,656	3,365
Promotion expenses	31,043	31,600
Allowance for accrued sales promotion expenses	1,774	1,870
Employees’ salaries and bonuses	10,636	11,710
Provision for bonuses	1,168	1,211
Retirement benefit expenses	262	540
Depreciation	1,067	1,184
Research and development expenses	3,754	4,608

(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.

The Company absorbed its subsidiary, TaKaRa Network System Co., Ltd., through an absorption-type merger as of April 1, 2015. Consequently, the business of TaKaRa Network System Co., Ltd. included in "other" until the fiscal year ended March 31, 2015 is included in "adjustment" from the fiscal year ended March 31, 2016.

"Net Sales and Income (Loss) by Reported Segment" for the fiscal year ended March 31, 2015 is presented in reclassified amounts in which such change is reflected.

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.

(Application of Revised Accounting Standard for Business Combinations, etc.)

As described in "Changes in Accounting Policies," the Company has applied the "Accounting Standard for Business Combinations," etc. from the fiscal year ended March 31, 2016 and changed to a method by which any difference due to changes in its shares in any subsidiary over which it continues to exercise control is recorded as capital surplus and expenses related to purchasing the shares are recorded as expenses for the fiscal year in which they occur. For any business combination effected after the beginning of the fiscal year ended March 31, 2016, the Company changed to a method by which the reviewed allocation of the cost due to final determination of the accounting that was provisional is reflected in the consolidated financial statements for the fiscal year to which the date of business combination belongs.

As a result of these changes, segment income of "Takara Shuzo Group" for the fiscal year ended March 31, 2016 increased by ¥43 million compared to that by the previous method.

3. Net sales, Income (Loss), Assets and Other items by Reported Segment

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

<The following is information for the fiscal year ended March 31, 2015 prepared using the changed categories.>

(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	457	219,490
Intersegment	328	825	1	1,156	3,525	4,681	(4,681)	-
Total	190,089	25,969	1,652	217,711	6,003	223,714	(4,223)	219,490
Segment income	7,840	2,302	38	10,181	73	10,255	840	11,096
Segment assets	151,523	66,425	617	218,566	5,521	224,088	40,350	264,438
Other items								
Depreciation and amortization	3,170	1,347	1	4,519	65	4,584	78	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	32	9,398	134	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 ¥28 million and income of the Company not allocated to business segments of ¥812 million.
   (3) Segment assets include assets of the Company not allocated to business segments of ¥51,787 million and other adjustment (principally eliminations) of ¥(11,436) 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, 2015, to March 31, 2016)

(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	191,736	28,818	1,863	222,419	2,484	224,903	461	225,364
Intersegment	288	910	1	1,200	3,325	4,526	(4,526)	-
Total	192,025	29,729	1,865	223,620	5,809	229,429	(4,065)	225,364
Segment income (loss)	8,410	2,667	64	11,142	58	11,200	480	11,680
Segment assets	150,773	66,591	712	218,077	5,685	223,762	29,490	253,253
Other items								
Depreciation and amortization	3,252	1,687	3	4,944	59	5,004	175	5,179
Amortization of goodwill	357	181	-	538	-	538	-	538
Investment in equity-method affiliates	3,052	-	-	3,052	-	3,052	1,322	4,375
Increase in total fixed assets, property, plant and equipment and intangible assets	2,919	2,090	5	5,015	368	5,383	620	6,003

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 ¥16 million and income of the Company not allocated to business segments of ¥464 million.

(3) Segment assets include assets of the Company not allocated to business segments of ¥44,432 million and other adjustment (principally eliminations) of ¥(14,941) 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, 2014, to March 31, 2015)	Fiscal Year under Review (From April 1, 2015, to March 31, 2016)
Net assets per share	¥655.60	¥647.97
Net income per share	¥28.36	¥35.06

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

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

	Previous Fiscal Year (As of March 31, 2015)	Fiscal Year under Review (As of March 31, 2016)
Total net assets (¥ million)	158,404	156,148
Amount deducted from total net assets (¥ million)	26,481	25,762
(of which minority interests) (¥ million)	(26,481)	(25,762)
Net assets at term-end related to shares of common stock (¥ million)	131,923	130,386
Shares of common stock at term-end used to calculate net assets per share (1,000 shares)	201,225	201,224

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

	Previous Fiscal Year (From April 1, 2014, to March 31, 2015)	Fiscal Year under Review (From April 1, 2015, to March 31, 2016)
Net income attributable to owners of the parent (¥ million)	5,706	7,055
Amount not belonging to common shareholders (¥ million)	-	-
Net income related to shares of common stock (¥ million)	5,706	7,055
Average number of shares outstanding during the term (1,000 shares)	201,227	201,224

(Significant Subsequent Events)

No items to report.