Consolidated Financial Statements for the Year Ended March 31, 2011
FY2011 (April 1, 2010 - March 31, 2011) [UNAUDITED]

May 10, 2011

Company name:	Takara Holdings Inc.
Stock exchange listing:	Tokyo Stock Exchange(1st section) and Osaka Stock Exchange(1st section)
Code Number:	2531
URL:	http://www.takara.co.jp/
Company representative:	Hisashi Ohmiya, President
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Scheduled date of general shareholders' meeting:	June 29, 2011
Scheduled date of starting delivery of dividens:	June 29, 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 year ended March 31, 2011 (April 1, 2010 – March 31, 2011)

(1) Operating results

Note: Percentages indicated changes from the previous fiscal year.

	Year ended March 31, 2011		Year ended March 31, 2010	
	(Millions of yen)	(%)	(Millions of yen)	(%)
Net sales	189,769	(0.4)	190,525	(1.2)
Operating income	8,335	(2.8)	8,572	(3.1)
Ordinary income	8,427	(3.4)	8,727	0.3
Net income	3,788	(19.0)	4,677	(17.1)
Net income per share (Yen)	18.21		22.20	
Fully diluted net income per share (Yen)	18.21		22.20	
Return on equity		4.0		4.9
Ordinary income to total assets ratio		4.3		4.5
Operating income to net sales ratio		4.4		4.5
(Reference) Comprehensive income	471	(93.4)	7,113	-

(2) Financial position

	As of March 31, 2011	As of March 31, 2010
	(Millions of yen)	(Millions of yen)
Total assets	192,448	195,495
Net assets	106,895	109,206
Equity ratio (%)	49.0	49.4
Net assets per share (Yen)	454.21	459.92
(Reference) Equity	94,308	96,666

(3) Cash flow

	Year ended March 31, 2011	Year ended March 31, 2010
	(Millions of yen)	(Millions of yen)
Cash flow from operating activities	9,462	10,452
Cash flow from investing activities	(11,323)	(7,350)
Cash flow from financing activities	(3,199)	(3,219)
Cash and cash equivalents, end of year	28,384	33,624

2. Dividends

	Dividend per share (Yen)		
	Year ended March 31, 2010	Year ended March 31, 2011	Year ending March 31, 2012 (Forecast)
First quarter end	-	-	-
Second quarter end	-	-	-
Third quarter end	-	-	-
Year end	8.50	8.50	8.50
Annual	8.50	8.50	8.50
Total dividend (Millions of yen)	1,789	1,767	
Payout ratio (%)	38.3	46.7	44.1
Dividend on equity (%)	1.9	1.9	

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	

4. Others

(1) Important changes in subsidiaries : No

(2) Changes in principles, procedures and display of accounting method concerning consolidated statement policies.

1) Changes in accounting policies : Yes

2) Other changes : No

(3) Number of outstanding shares (common stock)

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

As of March 31, 2011 : 217,699,743

As of March 31, 2010 : 217,699,743

2) Number of treasury stocks at year end

As of March 31, 2011 : 10,069,310

As of March 31, 2010 : 7,519,781

3) Average number of outstanding shares

Year ended March 31, 2011 : 208,048,960

Year ended March 31, 2010 : 210,642,717

(Reference) Non-consolidated financial review

1. Results for the year ended March 31, 2011 (April 1, 2010 – March 31, 2011)

(1) Operating results

Note: Percentages indicated changes from the previous fiscal year.

	Year ended March 31, 2011		Year ended March 31, 2010	
	(Millions of yen)	(%)	(Millions of yen)	(%)
Net sales	5,498	4.2	5,279	9.7
Operating income	4,305	1.7	4,234	9.5
Ordinary income	3,877	(5.4)	4,097	7.3
Net income	2,116	(20.1)	2,650	(41.8)
Net income per share (Yen)	10.16		12.57	
Fully diluted net income per share (Yen)	-		-	

(2) Financial position

	As of March 31, 2011	As of March 31, 2010
	(Millions of yen)	(Millions of yen)
Total assets	111,566	115,773
Net assets	75,655	77,672
Equity ratio (%)	67.8	67.1
Net assets per share (Yen)	363.86	369.04
(Reference) Equity	75,655	77,672

Contents of the attached document

1. Financial Results

(1) Analysis of Financial Results

1) Financial Results for the Fiscal Year under Review

In the fiscal year under review, ended March 31, 2011, although Japan's economy trended toward modest recovery, the outlook remained uncertain due to further appreciation of the yen and a lack of confidence over the employment market, and consumer spending was lackluster. Also, the occurrence of the Great East Japan Earthquake at the end of the fiscal year and concern over an accident at a nuclear power facility has increased the uncertainty over the economic outlook for Japan.

In response to these conditions, the Takara Group sought to further increase the corporate value of the Group in the final year of the Seventh Medium-Term Management Plan. In these efforts, mindful of changes in conditions such as a falling birthrate, an aging population, and a declining population in Japan, the Group further bolstered its foundation in order to increase the Group's corporate value, actively took on challenges in new business areas, and laid the foundation for future growth. Amid economic conditions that had not fully emerged from the effect of the Lehman Shock, the Group analyzed conditions calmly and advanced sales activities steadily that took advantage of the Group's strengths.

However, net sales edged down 0.4% year on year, to ¥189,769 million, due to slumping consumer spending, downward trending prices, and the effect of the Great East Japan Earthquake just before the end of the fiscal year.

Gross profit also edged down 0.6% year on year, to ¥74,289 million, because ongoing cost reduction efforts did not fully offset an increase in the cost of sales, which resulted from higher material prices that outstripped the benefit of yen appreciation, a change in product mix, and the effect of the Great East Japan Earthquake.

In SG&A expenses, in response to tough economic conditions the Group continued rigorous efforts to reduce costs as well as reduce advertising expenses and research and development expenses. As a result, SG&A expenses were down 0.3% year on year, to ¥65,953 million. However, this did not fully compensate for the decline in gross profit, and as a result operating income decreased 2.8% year on year, to ¥8,335 million.

In non-operating income and expenses, a foreign exchange loss, compared with a foreign exchange gain in the previous fiscal year, and bond issuance expenses counteracted an improvement in equity in earnings of subsidiaries compared with equity in losses of subsidiaries for the previous fiscal year. As a result, ordinary income was down 3.4% year on year, to ¥8,427 million.

In extraordinary gain and loss, the recognition of loss arising from the Great East Japan Earthquake and the effect of adopting accounting standards for asset retirement obligations in extraordinary loss offset a gain on sales of investment securities. Consequently, income before income taxes and minority interests decreased 8.6% year on year, to ¥7,505 million, and net income was down 19.0% year on year, to ¥3,788 million.

Results by business segment were as follows.
(Further, based on a new management approach to segment classification adopted from the fiscal year under review, segment classification has changed. In order to allow year-on-year comparisons, the new segment classification has been applied to the results of the previous fiscal year.)

(Takara Shuzo Group)

The alcoholic beverages / food industry, where the Group has its main businesses, is seeing increasingly fierce sales competition due to a declining drinking population, diversifying consumer preferences, and reorganization of the retail market that recent deregulation triggered. These factors, combined with diminished consumer confidence and a shift toward low-priced products due to the economic slump since the Lehman Shock, mean that securing stable earnings continues to be extremely challenging.

Amid these conditions, viewing providing consumers with safe, quality products as its first priority, the Group sought to strengthen sales initiatives by offering a rich product lineup and using sound technological capabilities to realize differentiated high-quality products. On the other hand, the Great East Japan Earthquake at the end of the fiscal year significantly affected distribution and sales.

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

[Alcoholic beverages]

Shochu

In the *honkaku* shochu category, the Group launched *Kuro Yokaichi <Mugi>* as an addition to one of its mainstay products, *Kuro Yokaichi <Imo>*, and raised the level of the product category as a whole. However, *Ikkomon* 100% sweet-potato-based shochu—which had driven *honkaku* shochu overall in recent years—declined year on year due to a slump in the overall restaurant and bar market. This factor and a decline in other *honkaku* shochu products cancelled a favorable performance by *Shirashinken honkaku* barley shochu. Consequently, overall *honkaku* shochu sales declined.

In the *ko-type* shochu category, sales of premium shochu such as *Takara Shochu Jun* and *Shochu JAPAN* continued to decline. In standard shochu, sales were lower overall despite a favorable performance by *Gokujo Takara Shochu* throughout the year. Meanwhile, *ko-otsu* blended shochu continued to sell briskly.

As a result, overall shochu sales declined 4.6% year on year, to ¥72,695 million.

Sake
In Japan's sake market, conditions are tough, with consumption volumes declining year by year. Nevertheless, Takara Shuzo Co., Ltd. concentrated its efforts on fostering and establishing *Sho-Chiku-Bai Ten* and selling *Sho-Chiku-Bai Karakuchido*, a dry, well-flavored sake that was launched in March 2010. Further, as part of efforts to establish the brand image of the *Sho-Chiku-Bai Shirakabe-gura* product lineup, the Group launched *Shirakabe-gura <Kimoto Ginjo>* as the latest offering in the *Shirakabe-gura <Kimoto Junmai>* series.

In Japan, sake sales decreased slightly due to the overall downward trend of Japan's sake market, a worsening of the economic climate, and stagnant consumer spending. However, the rate of decline was lower than that of recent years.

Overseas, Takara Sake USA Inc. (the United States) saw favorable sales growth. However, due to yen appreciation, its sales on a yen basis were down, as were the sales of Takara Shuzo Foods Co., Ltd. (China).

As a result, overall sake sales decreased 2.0% year on year, to ¥20,796 million.

Light-alcohol refreshers
In dry *chu-hi* products, regular series *Takara Can Chu-Hi* sales decreased. However, *Takara Shochu High Ball*, which has earned popularity thanks to a dry, robust flavor, continued its strong performance of the previous fiscal year and grew sales significantly, thereby establishing dry *chu-hi* for adults as a product category.

Meanwhile, for *Takara Can Chu-Hi Jika-Shibori*, which uses not-from-concentrate fruit juices squeezed directly from fruit, the Group launched a 250ml can, a product targeting women and senior citizens while renewing the product based on the concept of "refreshing fruit juice." Despite these initiatives, sales declined.

As a result, light-alcohol refreshers sales increased 4.5% year on year, to ¥22,252 million, thanks to brisk sales of *Takara Shochu High Ball*.

Other alcoholic beverages
In Japan, rather than a high ball boom, whisky sales were favorable. Overseas, however, whisky sales were down due to a reduction of bulk sales by The Tomatin Distillery Co., Ltd. (the United Kingdom) and yen appreciation. As a result of these factors and a decline in Chinese alcoholic beverages, other alcoholic beverages sales edged down 0.6% year on year, to ¥9,674 million.

As a result, total alcoholic beverages sales declined 2.4% year on year, to ¥125,418 million.

[Seasonings]
In addition to continuing efforts from the previous fiscal year for home-use seasonings, seasonings for food processing, and commercial-use seasonings for restaurants and bars, Takara Shuzo Co., Ltd. actively catered to the ready-prepared meal market, which is likely to grow strongly going forward. Further, amid signs of a return to dining at home rather than dining out due to the economic downturn, the Group actively undertook sales initiatives in a range of different sales channels. Thanks to these efforts, cooking sake continued to increase sales favorably. As a result, seasonings sales rose.

Overseas, the pace of the recovery both in demand from the food-processing industry in China and in strong demand from Japanese restaurants in the United States outstripped yen appreciation. Consequently, on a yen basis sales were up.

As a result, total seasonings sales rose 2.0% year on year, to ¥22,022 million.

[Raw alcohol, etc.]
In industrial alcohol, the Group actively worked to develop new customers. However, sales decreased due to fiercer sales competition. Also, in alcohol for alcoholic beverages the Group grew sales by maintaining its share of sales to sake manufacturers while increasing sales to manufacturers of alcoholic beverages other than sake. Meanwhile, bulk sales to manufacturers decreased.

As a result, raw alcohol sales edged up 0.8% year on year, to ¥6,275 million.

[Transportation]
From the fiscal year under review, the transportation business, previously a separate reported segment, became incorporated in the Takara Shuzo Group based on a new management approach to segment classification. Transportation business sales were up 1.7% year on year, to ¥8,778 million.

[Other]
In other, reflecting the addition of sales of ¥2,531 million from the Japanese food ingredients wholesale business of FOODEX S.A.S. (France), which became a new consolidated subsidiary in the fiscal year, sales rose 103.3% year on year, to ¥4,294 million.

As a result, the Takara Shuzo Group's overall net sales edged down 0.1% year on year (after conversion to reflect the previous fiscal year's transportation business results), to ¥166,790 million, because the Great East Japan Earthquake counteracted the addition of the sales of newly consolidated FOODEX S.A.S. In earnings, gross profit declined 0.5% year on year, to ¥62,587 million, due to a higher cost of sales driven by such factors as a hike in material costs. Further, SG&A expenses increased due to an increase in personnel expenses and administrative expenses accompanying the inclusion of FOODEX S.A.S., which cancelled the effect of a reduction in advertising expenses at Takara Shuzo Co., Ltd., and operating income (segment income) decreased 7.9% year on year, to ¥6,568 million.

(Takara Bio Group)
Utilizing biotechnology developed over many years, the Takara Bio Group concentrated management resources on three areas: the Genetic engineering research business, the Gene medicine business, and the AgriBio business, and worked to improve business results.

Genetic engineering research business
As the Takara Bio Group's core business, the Genetic engineering research business mainly provides products and services that support research and development activities in biotechnology-related fields. Such activities are becoming increasingly widespread.

Breaking down the sales of the business by product category, mainstay research reagents sales were approximately unchanged year on year, despite the effect of yen appreciation. Scientific instruments decreased significantly due to the absence of the previous fiscal year's demand from public agencies. Also, contract research services sales were approximately unchanged year on year.

As a result, the sales of the business declined 4.8% year on year, to ¥15,882 million.

Gene medicine business
In this business, recent rapid progress in cell biology is shortening the distance between basic research and clinical application, and practical applications of regenerative medicine are advancing rapidly. Against this backdrop, the Gene medicine business sells cell culture media products and bags as well as provides technical support services to medical institutions conducting cancer immunotherapy. In addition, the business is focusing efforts on early commercialization of gene therapy and cell therapy for cancer and AIDS utilizing the RetroNectin® Method, a highly efficient gene transduction technology; the RetroNectin® expansion-culture system, a highly efficient lymphocyte propagation technology; and such proprietary technologies as MazF ribonuclease.

The sales of the business rose 25.7% year on year, to ¥493 million, thanks to brisk sales of cell culture media and bags as well as technical support services relating to cancer immunotherapy.

AgriBio business
Based on the concept of "food as medicine," this business uses its unique leading-edge biotechnology to scientifically identify the medical properties 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, agar "agaro-oligosaccharide" related products, Ashitaba "chalcone" related products, and mushroom-related products.

Sales rose 5.3% year on year, to ¥2,361 million, because year-on-year increases in sales of health-oriented foods and mushroom-related products offset a decrease in sales due to withdrawal from the agricultural chemical residue analysis business.

As a result, the Takara Bio Group's net sales decreased 3.0% year on year, to ¥18,737 million. In earnings, despite a decline in the cost of sales accompanying the decrease in net sales, gross profit decreased 1.6% year on year, to ¥9,878 million. Operating income was up 98.4% year on year, to ¥1,097 million, due to lower SG&A expenses stemming from a reduction in R&D expenses (including the transfer of production expenses to a separate account).

(Takara Healthcare)
With building a mail-order sales network for health foods utilizing the technology of Takara Bio Inc. as its highest-priority task, Takara Healthcare is working to increase sales and move into a position of profitability rapidly. In the fiscal year, tea beverages sales declined, but fucoidan-related products and bulk ingredients sales rose.

As a result, the net sales of Takara Healthcare were up 3.3% year on year, to ¥2,567 million. In earnings, gross profit rose 15.7% year on year, to ¥819 million, reflecting an increase in sales of high-margin fucoidan-related products. As part of ongoing efforts to develop its business, Takara Healthcare undertook advance investment in advertising expenses, which are included in SG&A expenses. As a result, the company recorded an operating loss of ¥252 million. However, this was a ¥64 million improvement year on year.

(Other)
The Other segment comprises other subsidiaries, including a printing business. Net sales declined 3.5% year on year, to ¥8,208 million, while operating income decreased 23.2% year on year, to ¥219 million.

Breakdown of sales results by product category

Segment	Fiscal Year under Review (from April 1, 2010, to March 31, 2011)	YoY Comparison
Product category	Amount (Millions of yen)	(%)
Takara Shuzo Group		
Shochu	72,695	95.4
Sake	20,796	98.0
Light-alcohol refreshers	22,252	104.5
Other alcoholic beverages	9,674	99.4
Alcoholic beverages total	125,418	97.6
Hon Mirin	14,931	99.4
Other seasonings	7,090	108.2
Seasonings total	22,022	102.0
Raw alcohol, etc.	6,275	100.8
Transportation	8,778	101.7
Other	4,294	203.3
Total	166,790	99.9
Takara Bio Group	18,737	97.0
Takara Healthcare	2,567	103.3
Other	8,208	96.5
Sales not allocated to business segments and intersegment transactions	(6,535)	-
Total	**189,769**	**99.6**

Notes: 1. Amounts include alcohol tax but do not include consumption tax.
2. Segment classification has changed based on a new management approach to segment classification adopted from the fiscal year under review. In order to enable year-on-year comparisons, the new segment classification has been applied to the results of the previous fiscal year.

2) Outlook for the Coming Fiscal Year

The Takara Shuzo Group is likely to see pressure on earnings due to rising raw material prices and continuing intensification of sales competition. In response to these conditions, the Group will heighten the profitability of the domestic alcoholic beverages business in accordance with its medium-term management plan. At the same time, the Group will actively expand the overseas alcoholic beverages business, Japanese food ingredients wholesale business, and the seasonings and raw alcohol business.

The core company of this segment, Takara Shuzo Co., Ltd., expects higher earnings from light-alcohol refreshers, a category in which *Takara Shochu High Ball* is performing well. Further, the segment is likely to post higher overall revenues year on year because the Japanese food ingredients wholesaler FOODEX S.A.S., which became a consolidated subsidiary from the second quarter, will contribute to sales for the full fiscal year. In earnings, the segment will mitigate upwardly trending raw material prices through ongoing cost reduction efforts and expects an increase in gross profit. Operating income is likely to remain at the same level as for the fiscal year under review due to increases in sales promotion expenses and advertising expenses in SG&A expenses in response to fiercer sales competition.

The Takara Bio Group is also likely to continue to face tough conditions.Net sales are expected to increase as higher sales of research reagents and mushroom-related products compensate for a decline in overseas sales accompanying yen appreciation. In earnings, higher net sales will likely result in an increase in gross profit. Operating income is likely to remain at the same level as that of the fiscal year under review due to increases in R&D expenses and personnel expenses in SG&A expenses.

Although the overall net sales of Takara Healthcare are expected to decrease slightly, an increase in sales of high-margin fucoidan-related products and reduced SG&A expenses will likely shrink the operating loss significantly.

As a result, consolidated net sales, including the Other segment, are expected to increase slightly, rising 4.0% year on year, to ¥197,300 million, while operating income is expected to remain at approximately the same level as that of the fiscal year under review, edging up 0.8% year on year, to ¥8,400 million. Ordinary income is expected to increase slightly, rising 3.2% year on year, to ¥8,700 million, due to an improvement in non-operating income and expenses resulting from the absence of bond issuance expenses and a reduction in interest expense. Further, net income is likely to rise slightly, increasing 5.6% year on year, to ¥4,000 million.

3) Progress under the Medium-Term Management Plan

The Seventh Medium-Term Management Plan set out as numerical targets net sales of at least ¥200 billion and ordinary income of at least ¥10 billion for the fiscal year ended March 2011, a total shareholder return of at least ¥10 billion over the three years, and a shareholder return payout of at least 50% in each fiscal year. The Group, however, faced increasingly tough conditions due to unexpected yen appreciation and an economic slowdown. As stated in "1) Financial Results for the Fiscal Year under Review," net sales of ¥189.7 billion and ordinary income of ¥8.4 billion were below these targets.

Meanwhile, total shareholder return, surpassed the target by 0.8%. Cumulatively over the three years of Seventh Medium-Term Management Plan, dividends, including dividends scheduled for the fiscal year, were ¥5.3 billion and purchase of treasury stock was ¥4.7 billion. As a result, over the three fiscal years the shareholder return payout was 79.0%, 60.6%, and 58.6%, respectively.

(Regarding the shareholder return payout, please see "(3) Basic Policy for the Appropriation of Profits and Dividends for the Fiscal Year under Review and the Coming Fiscal Year" below.)

(2) Analysis of Financial Position

1) Assets, Liabilities, and Net Assets

Total assets at fiscal year-end stood at ¥192,448 million, down ¥3,046 million from the previous fiscal year-end. This included total current assets of ¥119,707 million, down ¥1,037 million from the previous fiscal year-end, reflecting a decrease in notes and accounts receivable–trade, net that accompanied lower sales due to the Great East Japan Earthquake.

In total noncurrent assets, property, plant and equipment decreased ¥1,295 million, because new investment was less than depreciation. Meanwhile, intangible assets were up ¥2,052 million due to an increase in goodwill resulting from the acquisition of FOODEX S.A.S. Further, investment securities declined ¥2,546 million, because of a fall in market value due to slumping share prices. As a result, total noncurrent assets amounted to ¥72,741 million, a decrease of ¥2,008 million from the previous fiscal year-end.

Total current liabilities stood at ¥41,453 million, down ¥10,210 million from the previous fiscal year-end, due to a ¥5,000 million redemption of the current portion of bonds and a ¥5,000 syndicate loan repayment. Total noncurrent liabilities were ¥44,100 million, up ¥9,474 million, which reflected the issuance of ¥10,000 million in unsecured bonds to redeem the above-mentioned bonds and repay the above-mentioned loan. As a result, total liabilities stood at ¥85,553 million, approximately unchanged from the previous fiscal year-end.

Net assets amounted to ¥106,895 million, a decrease of ¥2,311 million from the previous fiscal year-end, reflecting a ¥1,851 million increase in negative foreign currency translation adjustments, a ¥1,252 million decrease in valuation difference on available-for-sale securities, and a ¥1,201 million increase in treasury stock as part of measures for returns to shareholders, which offset a ¥1,999 million rise in retained earnings.

Plans for the coming fiscal year forecast depreciation of ¥4.7 billion in property, plant and equipment/intangible assets and capital investment of ¥3.9 billion.

As for net assets, net income of approximately ¥4.0 billion, dividend payments of approximately ¥1.8 billion, and purchase of treasury stock of approximately ¥1.0 billion are planned. In addition, the Group's financial position at the coming fiscal year-end could change significantly as a result of the implementation of measures based on the medium-term management plan as well as currency exchange rates, share prices, and other market trends.

2) Cash Flows

Net cash provided by operating activities decreased ¥990 million year on year, to ¥9,462 million, because depreciation and amortization of ¥4,551 million and income taxes paid of ¥3,620 million counteracted income before income taxes and minority interests of ¥7,505 million.

Net cash used in investing activities was up ¥3,973 million year on year, to ¥11,323 million, due to purchase of property, plant and equipment and intangible assets of ¥3,189 million, purchase of investments in subsidiary resulting in change in the scope of consolidation reflecting the acquisition of stock in FOODEX S.A.S. of ¥3,384 million, payments into time deposits of ¥4,062 million (net of proceeds from withdrawal of time deposits) for the management of surplus funds, and purchase of short-term investment securities of ¥1,067 million (net of proceeds from sales and redemption of securities).

Net cash used in financing activities was ¥3,199 million, approximately unchanged year on year, as proceeds from issuance of bonds covered repayment of long-term loans payable and redemption of bonds. Further, purchase of treasury stock was ¥1,207 million and cash dividends paid were ¥1,789 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 ¥28,384 million, down ¥5,240 million from the previous fiscal year-end. However, if time deposits and short-term investment securities for management of surplus funds are considered, cash and cash equivalents were approximately unchanged from the previous fiscal year-end.

For the coming fiscal year, net cash provided by operating activities is expected to be ¥9.0 billion, the same level as that of the fiscal year under review. In investing activities, approximately ¥3.9 billion is earmarked for purchase of property, plant and equipment and intangible assets. In financing activities, the Group plans cash dividends paid of slightly less than ¥1.8 billion. However, the Group will purchase treasury stock in order to reach a shareholder return payout of at least 50%, which is in accordance with the financial policy of the medium-term management plan, as well as actively invest in growth businesses and developing businesses. As a result, cash and cash equivalents at the next fiscal year-end are expected to be approximately unchanged from the fiscal year-end under review. However, this could change due to unplanned investment or other reasons.

(Reference) Indicators Related to Cash Flows

	FY2009	FY2010	FY2011
Equity ratio (%)	48.8	49.4	49.0
Equity ratio on a market value basis (%)	54.9	56.3	44.3
Cash flow versus interest-bearing debt ratio (%)	436.6	374.7	410.9
Interest coverage ratio (times)	14.7	17.6	16.5

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

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

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

The Takara Group appropriates profits in accordance with a medium-to-long-term perspective. By strengthening the entire Group’s business foundations and realizing earnings growth, the Group aims to maximize corporate value and shareholder return. The Group uses cash flows from operations to replenish internal reserves in preparation for strengthening business foundations and investment in growth strategies. At the same time, with regard to the shareholder return, the Group’s basic policy is to maintain stable dividends while also taking into account operating performance when deciding on dividends each year. The Group is also committed to improving capital efficiency through the implementation of share buybacks.

Specifically, total shareholder return is the sum of total dividends and the amount of share buybacks. The shareholder return payout is the ratio of total shareholder return versus deemed consolidated net income, which is net income after the deduction of extraordinary gain and extraordinary loss. The Group establishes a minimum for the shareholder return payout. In light of this minimum and comprehensive consideration of other factors, the Group decides upon the total shareholder return.

For the meantime, the Group will implement shareholder return based on a minimum shareholder return payout of 50%.

For the fiscal year under review, the Group plans to pay a dividend of ¥8.50 per share, the same as that of the previous fiscal year. As a result, the consolidated payout ratio will be 46.7%. Further, total shareholder return was ¥2,945 million, comprising planned cash dividends payment of ¥1,767 million and treasury stock acquired of ¥1,178 million. The shareholder return payout was 58.6%.

For the coming fiscal year, the Group will pay cash dividends and purchase treasury stock based on the above-mentioned shareholder return payout. Assuming the realization of the earnings set out in “2) Outlook for the Coming Fiscal Year” in“(1) Analysis of Financial Results,” the Group plans to pay a dividend of ¥8.50 per share, the same as that of the fiscal year under review.

The Group will use internal funds to strengthen its financial position in order to strengthen the management foundation and business profitability of Group companies and to undertake investments in existing businesses as usual. In addition, the Group will invest actively in growth businesses and developing businesses as well as endeavor to increase the corporate value of the Group as a whole.

Note:
Deemed consolidated net income = (Consolidated ordinary income - Interest income and dividends + Interest payments) x (1 - Effective tax rate)

2. Management Policy

(1) The Group's Basic Management Policy

"Contributing to the creation of a vital society and a healthy lifestyle through our fermentation technology and biotechnology in a way that achieves harmony with nature" (the Takara Group's corporate philosophy)

The Takara Group pursues corporate activities based on fermentation technology—which uses grain, water, microorganisms, and other natural resources—and leading-edge biotechnology. As well as being grateful for the blessings of nature, the Group aims to realize harmony among nature, society, and people by providing products and services that benefit from this technology and reflect a mindset that gives first priority to the viewpoint of customers.

From April 2011, the Group embarked on a new drive toward realizing a long-term management vision, the Takara Group Vision 2020, which covers a ten-year period.

In recent years, the Group has seen many changes in conditions. Japan's alcoholic beverages market has shrunk due to the declining birthrate and aging of society, while deregulation of liquor retail licenses has changed the structure of distribution. Other changes include the recession that a worldwide financial crisis triggered and fiercer competition over new product development due to rapid progress in biotechnology research. Faced with these conditions, based on the above-mentioned corporate philosophy, the Group has brought to market highly original products and innovative technological services that take advantage of the advanced technological capabilities that are the Group's strength. As a result of these efforts, we have built a unique and robust business portfolio that comprises a stable, core business (alcoholic beverages and seasonings) and promising growth businesses (the biomedical business and the health foods business).

The coming 10 years are likely to see Japan's consumer market shrink as well as various other changes in Japan and overseas, such as the economic advance of emerging countries. Further, this could also be a period of unprecedented changes. In response to these conditions, the Group will seek sustained growth by using the technological capabilities and business portfolio it has built as a base on which to expand businesses in Japan and overseas as well as establish a balanced business structure that is readily adaptable to changing conditions.

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

Japan has an increasingly aged society and its overall population is declining. Further, raw material price hikes and economic stagnation after the global financial crisis are affecting corporate business results and consumer spending significantly. Also, there is concern over the effect of the Great East Japan Earthquake, which occurred in March 2011.

Given that the Group's core businesses manufacturer and sell products for the mass consumption market, a declining consumer population and weakened consumer confidence make it likely that the Group will see even fiercer sales competition. Further, competition is not limited to the alcoholic beverages industry but exists among a range of industries. The Group faces the task of winning out amid these tough conditions. In contrast to Japan's declining population, the population is rising overseas. Consequently, competition over resources has begun. Unseasonable weather, political instability in some regions of the world, and speculative money are compounding this problem and raising concerns over further hikes in raw material prices. However, fierce sales competition as a result of deflationary conditions makes it difficult to pass on the full amount of raw material price increases to product prices and threatens to further squeeze corporate earnings.

Overseas, the Group has many opportunities for growth. Markets for Japanese food products as well as biomedical- and biotechnology-related markets are expanding thanks to growing health awareness and advances in medicine in developed countries together with economic growth and higher incomes in emerging countries.

In response to these conditions, the Takara Group has prepared a long-term management vision, the Takara Group Vision 2020. Based on this vision, the Group aims to achieve sustained growth by establishing a balanced business structure that is readily adaptable to changing conditions. Further, as the first step toward realizing this vision, the Group has prepared the Takara Group Medium-Term Management Plan FY2014.

The following is a summary of the Takara Group Medium-Term Management Plan FY2014.

Basic policy

Aiming to realize the Takara Group Vision 2020, achieve stable growth in Japan while expanding the business base in order to grow significantly overseas

Tangible goals

FY2014: Takara Group net sales: at least ¥200 billion; operating income at least ¥10 billion; overseas sales accounting for at least 10% of net sales; growth businesses + developing businesses accounting for at least 25% of net sales

Positioning of businesses and business policy
The Group classifies its businesses as core business, growth businesses, or developing businesses according to their level of maturity.

Core business	Strengthen profitability of core business as foundation of Group’s growth

●Domestic alcoholic beverages business
We will develop new products with differentiated quality and originality as well as foster brands. Also, by further strengthening profit management and increasing operational efficiency, we will strengthen profitability and achieve stable growth. And, we will generate stable cash flows and support the Group’s growth.

Growth businesses	Expand businesses in markets promising growth, drive the Group’s overall growth

●Overseas alcoholic beverages business, Japanese food ingredients wholesale business
We will establish sales networks overseas for the wholesale of Japanese food ingredients. And, by maximizing synergies between the Japanese food ingredients wholesale business and the overseas alcoholic beverages business, we will accelerate business growth and drive the Group’s overall growth.

●Seasonings and raw alcohol business
We will expand businesses in the seasonings business for food processing and raw alcohol business areas. At the same time, we intend to leverage the synergies from the integration of both businesses, accelerate the growth of B-to-B business, and drive the Group’s overall growth.

●Genetic engineering research business
By developing core technologies and opening up markets in Japan and overseas, including emerging countries, we will further increase sales and strengthen profitability, thereby driving the Group’s overall growth.

Developing businesses	Establish operational foundation in growth markets to create the growth businesses for the next plan

●Health foods business
We will take steps to establish a business foundation with a view to dramatic growth. We aim to strengthen scientific evidence for health food ingredients by using Takara Bio's technologies. Also, through effective and efficient investment we will acquire new mail-order customers. And, we intend to increase sales by stepping up B-to-B sales promotion. Through these initiatives, we aim to move Takara Healthcare Inc. into a position of profitability in fiscal 2013, the year ending March 2013.

●Gene medicine business
Aiming to commercialize Japan’s first *ex vivo* gene therapy, we will advance clinical development. At the same time, we will seek higher sales of technical support services for cancer immunotherapy.

Financial Policy
While maintaining a sound financial position, the Group aims to invest in both growth and developing businesses, return profits to shareholders actively, and increase ROE (return on equity).

Aiming to successfully tackle the tasks that it faces, the Company, as the holding company, will strengthen the Group’s management foundation, foster corporate culture and personnel, and promote social and environmental activities. Through such initiatives, the Company will implement Group management in accordance with the above-mentioned business policies and move forward decisively to enhance the Group’s corporate value.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of Mar. 31, 2010	As of Mar. 31, 2011
Assets		
Current assets		
Cash and deposits	31,500	32,782
Notes and accounts receivable-trade	45,781	45,102
Short-term investment securities	14,283	12,665
Merchandise and finished goods	20,534	20,552
Work in process	876	964
Raw materials and supplies	2,841	2,782
Deferred tax assets	2,589	2,568
Other	2,402	2,371
Allowance for doubtful accounts	(65)	(81)
Total current assets	120,745	119,707
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	41,933	42,658
Accumulated depreciation	(26,443)	(27,703)
Buildings and structures, net	15,489	14,955
Machinery, equipment and vehicles	75,328	74,834
Accumulated depreciation	(64,272)	(64,356)
Machinery, equipment and vehicles, net	11,056	10,478
Land	13,387	13,386
Lease assets	813	934
Accumulated depreciation	(191)	(369)
Lease assets, net	622	565
Construction in progress	230	253
Other	10,483	10,268
Accumulated depreciation	(8,328)	(8,261)
Other, net	2,155	2,007
Total property, plant and equipment	42,941	41,645
Intangible assets		
Goodwill	1,913	4,017
Other	2,062	2,010
Total intangible assets	3,976	6,028
Investments and other assets		
Investment securities	21,073	18,527
Deferred tax assets	3,117	3,404
Other	3,888	3,381
Allowance for doubtful accounts	(246)	(246)
Total investments and other assets	27,832	25,067
Total noncurrent assets	74,750	72,741
Total assets	195,495	192,448

(Millions of yen)

	As of Mar. 31, 2010	As of Mar. 31, 2011
Liabilities		
Current liabilities		
Notes and accounts payable-trade	13,972	13,489
Short-term loans payable	10,140	5,182
Current portion of bonds	5,000	–
Accrued alcohol tax	7,939	8,065
Accrued expenses	3,775	3,592
Income taxes payable	1,945	1,785
Provision for bonuses	2,078	2,012
Provision for sales promotion expenses	1,461	1,576
Other	5,349	5,747
Total current liabilities	51,663	41,453
Noncurrent liabilities		
Bonds payable	15,000	25,000
Long-term loans payable	579	561
Deferred tax liabilities	2,028	1,269
Provision for retirement benefits	9,445	9,644
Long-term deposits received	6,391	6,119
Other	1,180	1,505
Total noncurrent liabilities	34,625	44,100
Total liabilities	86,289	85,553
Net assets		
Shareholders' equity		
Capital stock	13,226	13,226
Capital surplus	3,198	3,197
Retained earnings	83,785	85,784
Treasury stock	(4,650)	(5,852)
Total shareholders' equity	95,559	96,356
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,007	2,754
Deferred gains or losses on hedges	18	(32)
Foreign currency translation adjustment	(2,918)	(4,770)
Total accumulated other comprehensive income	1,106	(2,048)
Minority interests	12,540	12,587
Total net assets	109,206	106,895
Total liabilities and net assets	195,495	192,448

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

(Millions of yen)

	FY2010 (Apr. 1, 2009 - Mar. 31, 2010)	FY2011 (Apr. 1, 2010 - Mar. 31, 2011)
Net sales	190,525	189,769
Cost of sales	115,805	115,480
Gross profit	74,719	74,289
Selling, general and administrative expenses		
Freightage expenses	5,635	5,758
Advertising expenses	4,061	3,722
Promotion expenses	29,134	29,316
Allowance For Accrued Sales Promotion Expenses	1,461	1,576
Provision of allowance for doubtful accounts	–	41
Employees' salaries and bonuses	8,298	8,597
Provision for bonuses	1,136	1,111
Retirement benefit expenses	504	517
Depreciation	1,114	1,042
Research and development expenses	3,665	3,076
Other	11,133	11,192
Total selling, general and administrative expenses	66,146	65,953
Operating income	8,572	8,335
Non-operating income		
Interest income	176	144
Dividends income	309	328
Real estate rent	–	111
Subsidy income	125	104
Other	311	234
Total non-operating income	923	923
Non-operating expenses		
Interest expenses	577	566
Other	191	264
Total non-operating expenses	769	831
Ordinary income	8,727	8,427
Extraordinary income		
Gain on sales of noncurrent assets	–	72
Gain on sales of investment securities	105	417
Other	31	77
Total extraordinary income	137	567

(Millions of yen)

	FY2010 (Apr. 1, 2009 - Mar. 31, 2010)	FY2011 (Apr. 1, 2010 - Mar. 31, 2011)
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	300	238
Impairment loss	127	–
Loss on valuation of investment securities	81	254
Loss on adjustment for changes of accounting standard for asset retirement obligations	–	424
Loss on disaster	–	396
Other	146	175
Total extraordinary losses	655	1,489
Income before income taxes and minority interests	8,208	7,505
Income taxes-current	3,589	3,646
Income taxes-deferred	(272)	(183)
Total income taxes	3,317	3,463
Income before minority interests	–	4,042
Minority interests in income	214	254
Net income	4,677	3,788

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	FY2010 (Apr. 1, 2009 - Mar. 31, 2010)	FY2011 (Apr. 1, 2010 - Mar. 31, 2011)
Income before minority interests	–	4,042
Other comprehensive income		
Valuation difference on available-for-sale securities	–	(1,260)
Deferred gains or losses on hedges	–	(40)
Foreign currency translation adjustment	–	(2,227)
Share of other comprehensive income of associates accounted for using equity method	–	(42)
Other comprehensive income	–	(3,570)
Comprehensive income	–	471
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	–	633
Comprehensive income attributable to minority interests	–	(161)

(3) Consolidated Statements of Changes in Net Assets

(Millions of yen)

	FY2010 (Apr. 1, 2009 - Mar. 31, 2010)	FY2011 (Apr. 1, 2010 - Mar. 31, 2011)
Shareholders' equity		
Capital stock		
Balance at the end of previous period	13,226	13,226
Changes of items during the period		
Total changes of items during the period	–	–
Balance at the end of current period	13,226	13,226
Capital surplus		
Balance at the end of previous period	3,198	3,198
Changes of items during the period		
Disposal of treasury stock	(0)	(1)
Total changes of items during the period	(0)	(1)
Balance at the end of current period	3,198	3,197
Retained earnings		
Balance at the end of previous period	80,918	83,785
Changes of items during the period		
Dividends from surplus	(1,810)	(1,789)
Net income	4,677	3,788
Total changes of items during the period	2,866	1,999
Balance at the end of current period	83,785	85,784
Treasury stock		
Balance at the end of previous period	(3,212)	(4,650)
Changes of items during the period		
Purchase of treasury stock	(1,440)	(1,207)
Disposal of treasury stock	1	5
Change in equity in affiliates accounted for by equity method-treasury stock	0	–
Total changes of items during the period	(1,438)	(1,201)
Balance at the end of current period	(4,650)	(5,852)
Total shareholders' equity		
Balance at the end of previous period	94,131	95,559
Changes of items during the period		
Dividends from surplus	(1,810)	(1,789)
Net income	4,677	3,788
Purchase of treasury stock	(1,440)	(1,207)
Disposal of treasury stock	1	4
Change in equity in affiliates accounted for by equity method-treasury stock	0	–
Total changes of items during the period	1,428	796
Balance at the end of current period	95,559	96,356

(Millions of yen)

	FY2010 (Apr. 1, 2009 - Mar. 31, 2010)	FY2011 (Apr. 1, 2010 - Mar. 31, 2011)
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	2,340	4,007
Changes of items during the period		
Net changes of items other than shareholders' equity	1,667	(1,252)
Total changes of items during the period	1,667	(1,252)
Balance at the end of current period	4,007	2,754
Deferred gains or losses on hedges		
Balance at the end of previous period	(19)	18
Changes of items during the period		
Net changes of items other than shareholders' equity	37	(50)
Total changes of items during the period	37	(50)
Balance at the end of current period	18	(32)
Foreign currency translation adjustment		
Balance at the end of previous period	(3,358)	(2,918)
Changes of items during the period		
Net changes of items other than shareholders' equity	439	(1,851)
Total changes of items during the period	439	(1,851)
Balance at the end of current period	(2,918)	(4,770)
Total accumulated other comprehensive income		
Accumulated other comprehensive income	(1,037)	1,106
Changes of items during the period		
Net changes of items other than shareholders' equity	2,144	(3,154)
Total changes of items during the period	2,144	(3,154)
Accumulated other comprehensive income	1,106	(2,048)
Minority interests		
Balance at the end of previous period	12,222	12,540
Changes of items during the period		
Net changes of items other than shareholders' equity	317	46
Total changes of items during the period	317	46
Balance at the end of current period	12,540	12,587
Total net assets		
Balance at the end of previous period	105,316	109,206
Changes of items during the period		
Dividends from surplus	(1,810)	(1,789)
Net income	4,677	3,788
Purchase of treasury stock	(1,440)	(1,207)
Disposal of treasury stock	1	4
Change in equity in affiliates accounted for by equity method-treasury stock	0	–
Net changes of items other than shareholders' equity	2,461	(3,108)
Total changes of items during the period	3,889	(2,311)
Balance at the end of current period	109,206	106,895

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY2010 (Apr. 1, 2009 - Mar. 31, 2010)	FY2011 (Apr. 1, 2010 - Mar. 31, 2011)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	8,208	7,505
Depreciation and amortization	4,839	4,551
Increase (decrease) in provision for retirement benefits	345	206
Increase (decrease) in allowance for doubtful accounts	(39)	38
Increase (decrease) in provision for bonuses	99	(65)
Increase (decrease) in provision for allowance for accrued sales promotion expenses	17	114
Interest and dividends income	(486)	(473)
Interest expenses	577	566
Equity in (earnings) losses of affiliates	50	(76)
Loss (gain) on sales of investment securities	(105)	(417)
Loss (gain) on valuation of investment securities	81	254
Loss (gain) on sales and retirement of noncurrent assets	291	166
Decrease (increase) in notes and accounts receivable-trade	597	932
Decrease (increase) in inventories	(229)	(435)
Decrease (increase) in other current assets	10	(98)
Increase (decrease) in notes and accounts payable-trade	(502)	(555)
Increase (decrease) in liquor taxes payable	37	126
Increase (decrease) in accrued consumption taxes	(15)	(106)
Other, net	991	928
Subtotal	14,768	13,163
Interest and dividends income received	506	492
Interest expenses paid	(593)	(572)
Income taxes paid	(4,228)	(3,620)
Net cash provided by (used in) operating activities	10,452	9,462
Net cash provided by (used in) investing activities		
Payments into time deposits	(18,634)	(19,432)
Proceeds from withdrawal of time deposits	12,341	15,369
Purchase of short-term investment securities	–	(3,322)
Proceeds from sales and redemption of securities	2,567	2,255
Purchase of property, plant and equipment and intangible assets	(3,176)	(3,189)
Proceeds from sales of property, plant and equipment	27	87
Purchase of investment securities	(100)	(281)
Proceeds from sales of investment securities	112	872
Proceeds from sales of stocks of subsidiaries and affiliates	–	87
Purchase of investments in subsidiaries resulting in change in scope of consolidation	–	(3,384)
Other, net	(486)	(384)
Net cash provided by (used in) investing activities	(7,350)	(11,323)

(Millions of yen)

	FY2010 (Apr. 1, 2009 - Mar. 31, 2010)	FY2011 (Apr. 1, 2010 - Mar. 31, 2011)
Net cash provided by (used in) financing activities		
Repayment of long-term loans payable	(169)	(5,078)
Proceeds from issuance of bonds	–	9,923
Redemption of bonds	–	(5,000)
Proceeds from stock issuance to minority shareholders	39	63
Purchase of treasury stock	(1,379)	(1,207)
Cash dividends paid	(1,812)	(1,789)
Other, net	102	(111)
Net cash provided by (used in) financing activities	(3,219)	(3,199)
Effect of exchange rate change on cash and cash equivalents	75	(179)
Net increase (decrease) in cash and cash equivalents	(42)	(5,240)
Cash and cash equivalents at beginning of period	33,666	33,624
Cash and cash equivalents at end of period	33,624	28,384

(5) Notes on Premise of Going Concern

No items to report.

(6) Basis of Presentation of Consolidated Financial Statements

Items	Previous Fiscal Year (From April 1, 2009, to March 31, 2010)	Fiscal Year under Review (From April 1, 2010, to March 31, 2011)
1. Scope of consolidation	(1) Number of consolidated subsidiaries: 32 Takara Shuzo Co., Ltd. Komaki-zyouzou Co., Ltd. Luc Corporation, Ltd. Takara Bussan Co., Ltd. Takara Yoki Co., Ltd. Total Management Business Co., Ltd. USA Takara Holding Company (US) Takara Sake USA Inc. (US) AADC Holding Company, Inc. (US) Age International, Inc. (US) The Tomatin Distillery Co., Ltd. (UK) J&W Hardie Ltd. (UK) Takara Shuzo Foods Co., Ltd. (China) LB FOOD SYSTEM CO., LTD. (China) Shanghai Takara Shuzo International Trading Co., Ltd. (China) Takara Bio Inc. Mizuho Nourin Co., Ltd. Takara Bio Farming Center Inc. Kinoko Center Kin Inc. Takara Biotechnology (Dalian) Co., Ltd. (China) Takara Bio Europe S.A.S. (France) Takara Korea Biomedical Inc. (Korea) Takara Biomedical Technology (Beijing) Co., Ltd. (China) Takara Bio USA Holdings Inc. (US) Clontech Laboratories, Inc. (US) Takara Butsuryu System Co., Ltd. TB Co., Ltd. CHOU UN Co., Ltd. (Previously Nagasaki Transport Co., Ltd.) Takara Healthcare Inc. Taihei Printing Co., Ltd. Takara Network System Co., Ltd. Kawahigashi Shoji Co., Ltd. Singapore Takara Pte Ltd., a consolidated subsidiary of the Company during the fiscal year ended March 31, 2009, was liquidated by the end of the fiscal year ended March 31, 2010 and was therefore removed from the scope of consolidation. However, it was included in the scope of consolidation during the period in which it was a consolidated subsidiary.	(1) Number of consolidated subsidiaries: 36 Takara Shuzo Co., Ltd. Takara Butsuryu System Co., Ltd. TB Co., Ltd. CHOU UN Co., Ltd. Komaki-zyouzou Co., Ltd. Luc Corporation, Ltd. Takara Bussan Co., Ltd. Takara Yoki Co., Ltd. Total Management Business Co., Ltd. USA Takara Holding Company (US) Takara Sake USA Inc. (US) AADC Holding Company, Inc. (US) Age International, Inc. (US) The Tomatin Distillery Co., Ltd. (UK) J&W Hardie Ltd. (UK) FOODEX S.A.S. (France) FOODEX S.A.R.L. (Switzerland) FOODEX S.R.L. (Italy) FOODEX SUD S.A.R.L. (France) Takara Shuzo Foods Co., Ltd. (China) LB FOOD SYSTEM CO., LTD. (China) Shanghai Takara Shuzo International Trading Co., Ltd. (China) Takara Bio Inc. Mizuho Nourin Co., Ltd. Takara Bio Farming Center Inc. Kinoko Center Kin Inc. Takara Biotechnology (Dalian) Co., Ltd. (China) Takara Bio Europe S.A.S. (France) Takara Korea Biomedical Inc. (Korea) Takara Biomedical Technology (Beijing) Co., Ltd. (China) Takara Bio USA Holdings Inc. (US) Clontech Laboratories, Inc. (US) Takara Healthcare Inc. Taihei Printing Co., Ltd. Takara Network System Co., Ltd. Kawahigashi Shoji Co., Ltd. Among the above-mentioned, the three subsidiaries of FOODEX S.A.S. (FOODEX S.A.R.L., FOODEX S.R.L., FOODEX SUD S.A.R.L.) have been included within the scope of consolidation because the Company newly acquired shares of FOODEX S.A.S. in the fiscal year under review.

Items	Previous Fiscal Year (From April 1, 2009, to March 31, 2010)	Fiscal Year under Review (From April 1, 2010, to March 31, 2011)
1. Scope of consolidation	(2) The Company possesses one non-consolidated subsidiary: Maruoka Co., Ltd. (Reason for exclusion from the scope of consolidation) This company has been excluded from the scope of consolidation as the company is small in scale in terms of amount of assets, net sales, net income (equal to the equity share), and retained earnings (equal to the equity share); it has little influence on the finances and performance of the Group and has little materiality as a whole.	(2) The Company possesses one non-consolidated subsidiary: Maruoka Co., Ltd. (Reason for exclusion from the scope of consolidation) Same as on left
2. Application of equity method	(1) The Company has three affiliates accounted for under the equity method: Mutual Trading Co., Inc. (US), Japan Synthetic Alcohol Co., Ltd., and Nissin Shurui Co., Ltd. (2) Non-consolidated subsidiary Maruoka Co., Ltd. and the three affiliates (Hoyu Co., Ltd. and others) to which the equity method is not applied are small in scale in terms of net income and retained earnings (equal to the equity share); each has little influence on the finances and performance of the Group and has little materiality as a whole. (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.	(1) [Same as on left] (2) Regarding investment in non-consolidated subsidiary Maruoka Co., Ltd., and two affiliates, the amounts corresponding to equity share of these companies' net income and retained earnings have a negligible effect on total consolidated net income and consolidated retained earnings. Therefore, they have been excluded from the scope of equity method application. (3) [Same as on left]
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.	[Same as on left]
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	(1) Valuation basis and method of major assets A. Marketable securities a. Held-to-maturity debt securities [Same as on left] b. Other marketable securities Available-for-sale securities: [Same as on left] Non-marketable available-for-sale securities: [Same as on left]

Items	Previous Fiscal Year (From April 1, 2009, to March 31, 2010)	Fiscal Year under Review (From April 1, 2010, to March 31, 2011)
4. Matters concerning accounting policies	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 Subsidiaries in the United States use U.S. accounting standard SFAS No. 142, "Goodwill and Other Intangible Assets," excluding goodwill. C. Lease assets Lease assets related to finance lease transactions without title transfer The straight-line method has been applied, using the lease period as the useful life and taking the residual value as zero. The Company has continued to treat finance lease transactions without title transfer that commenced before March 31, 2008, as operating leases. (3) Accounting criteria for major allowances A. Allowance for doubtful accounts To prepare for losses on doubtful accounts, general provisions are determined on the basis of past credit loss experience, and specific provisions, such as loss apprehensive credits, are determined by considering individual collectability. B. Provision for bonuses Provision for bonuses is provided for the current portion of the future expected payment, in order to prepare for the payment of bonuses to employees at the Company and its consolidated domestic subsidiaries. C. Provision for directors' bonuses Provision for directors' bonuses is provided for the current portion of the future expected payment, in order to prepare for the payment of bonuses to directors and corporate auditors at certain consolidated domestic subsidiaries.	B. Inventories [Same as on left] (2) Depreciation method for major depreciable assets A. Property, plant and equipment (excluding lease assets) [Same as on left] 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" (formerly, U.S. accounting standard SFAS No. 142, "Goodwill and Other Intangible Assets"), excluding goodwill. C. Lease assets Lease assets related to finance lease transactions without title transfer [Same as on left] (3) Accounting criteria for major allowances A. Allowance for doubtful accounts [Same as on left] B. Provision for bonuses [Same as on left] C. Provision for directors' bonuses [Same as on left]

Items	Previous Fiscal Year (From April 1, 2009, to March 31, 2010)	Fiscal Year under Review (From April 1, 2010, to March 31, 2011)
4. Matters concerning accounting policies	D. 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. E. Provision for retirement benefits Provision for retirement benefits is provided based on the actuarially calculated retirement benefit obligation and pension assets. Unrecognized actuarial gains or losses are amortized using the straight-line method over a certain period (mainly 13 years) less than the remaining average service period from the date incurred. This amortization begins to record from the next fiscal year. (Changes in accounting methods) From the fiscal year ended March 31, 2010, the Company has applied ASBJ Statement No. 19, “Partial Amendments to Accounting Standard for Retirement Benefits (Part3).” This has not affected operating income, ordinary income, or income before income taxes and minority interests. (4) Standards for translating the values of important assets and liabilities valued in foreign currency into Japanese currency Receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rate at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statements of income as non-operating items. The balance sheet accounts of the foreign consolidated subsidiaries are translated into Japanese yen at the exchange rate at the balance sheet date except for equity. Revenue and expense accounts are translated into Japanese yen at the average exchange rate during the fiscal year. The resulting translation differences are presented as foreign currency translation adjustments and minority interests in equity. (5) 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.	D. Provision for sales promotion expenses [Same as on left] E. Provision for retirement benefits Provision for retirement benefits is provided based on the actuarially calculated retirement benefit obligation and pension assets. Unrecognized actuarial gains or losses are amortized using the straight-line method over a certain period (mainly 10 years) less than the remaining average service period from the date incurred. This amortization begins to record from the next fiscal year. (4) Standards for translating the values of important assets and liabilities valued in foreign currency into Japanese currency [Same as on left] (5) Major hedge accounting methods A. Hedge accounting methods [Same as on left]

<table>
<tr><th>Items</th><th>Previous Fiscal Year
(From April 1, 2009, to March 31, 2010)</th><th>Fiscal Year under Review
(From April 1, 2010, to March 31, 2011)</th></tr>
<tr><td>4.
Matters concerning accounting policies</td><td>B. Hedging instruments and hedged items
The hedging instruments used and items hedged in the year under review are as follows.
<table><tr><td>Hedging instrument:</td><td>Hedged items:</td></tr><tr><td>Currency options</td><td>Foreign currency-denominated import transactions</td></tr><tr><td>Currency swaps</td><td>Foreign currency-denominated loans</td></tr><tr><td>Foreign exchange forward contracts</td><td>Foreign currency-denominated notes and accounts payable accompanying procurement and royalty payment</td></tr></table>
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.

[N.A.]

[N.A.]

(6) 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.</td><td>B. Hedging instruments and hedged items
[Same as on left]

C. Hedging policy
[Same as on left]

D. Assessment of hedge effectiveness
[Same as on left]

(6) 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.

(7) 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.

(8) Other significant items related to the preparation of the consolidated financial statements
Accounting for consumption tax, etc.
[Same as on left]</td></tr>
<tr><td>5.
Valuation of assets and liabilities of consolidated subsidiaries</td><td>Assets and liabilities of consolidated subsidiaries are carried at fair value at the time of acquisition.</td><td>[N.A.]</td></tr>
</table>

Items	Previous Fiscal Year (From April 1, 2009, to March 31, 2010)	Fiscal Year under Review (From April 1, 2010, to March 31, 2011)
6. Amortization of goodwill and negative goodwill	Goodwill and negative goodwill have been amortized by the straight-line method evenly over periods not exceeding 20 years.	[N.A.]
7. 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.	[N.A.]

(7) Changes in Basis of Presentation of Consolidated Financial Statements

Previous Fiscal Year (Fiscal year ended March 31, 2010)	Fiscal Year Under Review (Fiscal year ended March 31, 2011)
[N.A.]	1. (Application of Accounting Standards for Asset Retirement Obligations) From the fiscal year under review, the Company applied “Accounting Standards for Asset Retirement Obligations” (ASBJ Statement No. 18, March 31, 2008) and “Guidance on Accounting Standards for Asset Retirement Obligations” (ASBJ Guidance No. 21, March 31, 2008). As a result, operating income decreased ¥18 million, ordinary income decreased ¥18 million, and income before income taxes and minority interests decreased ¥442 million. 2. (Application of Accounting Standard for Business Combinations) From the fiscal year under review, the Company applied “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, December 26, 2008), “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, December 26, 2008), “Partial amendments to Accounting Standard for Research and Development Costs” (ASBJ Statement No. 23, December 26, 2008), “Revised Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, December 26, 2008), “Revised Accounting Standard for Equity Method of Accounting for Investments” (ASBJ Statement No. 16,December 26, 2008), and “Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, December 26, 2008).

(8) Changes in Method of Presentation

Previous Fiscal Year (Fiscal year ended March 31, 2010)	Fiscal Year Under Review (Fiscal year ended March 31, 2011)
(Consolidated Statements of Income) 1. In non-operating income, “subsidy income” has been presented separately because it exceeded one-tenth of total non-operating income for the fiscal year ended March 31, 2010. Further, “subsidy income” was included in “other, net” and amounted to ¥19 million for the fiscal year ended March 31, 2009. 2. In extraordinary gain, “gain on sales of investment securities” has been presented separately because it exceeded one-tenth of total non-operating income for the fiscal year ended March 31, 2010. Further, “gain on sales of investment securities” was included in “other, net” and amounted to ¥16 million for the fiscal year ended March 31, 2009. 3. In extraordinary gain, “gain on sales of noncurrent assets” was presented separately for the fiscal year ended March 31, 2009. However, “gain on sales of noncurrent assets” has been included in “other, net” because it was one-tenth of extraordinary gain or less for the fiscal year ended March 31, 2010. Further, “gain on sales of noncurrent assets” amounted to ¥8 million for the fiscal year ended March 31, 2010. (Consolidated Statements of Cash Flows) 1. In net cash provided by (used in) investing activities, “purchase of securities” has been included in “other, net” because the amount was negligible for the fiscal year ended March 31, 2010. Further, “purchase of securities” included in “other, net” amounted to ¥89 million for the fiscal year ended March 31, 2010. 2. In net cash provided by (used in) investing activities, “proceeds from sales and redemption of securities” has been presented separately because it became a more significant amount for the fiscal year ended March 31, 2010. Further, “proceeds from sales and redemption of securities” was included in “other, net” and amounted to ¥883 million for the fiscal year ended March 31, 2009.	(Consolidated Statements of Income) 1. In non-operating income, “real estate rent” has been presented separately because it exceeded one-tenth of total non-operating income for the fiscal year ended March 31, 2011. Further, “real estate rent” was included in “other, net” and amounted to ¥39 million for the fiscal year ended March 31, 2010. 2. In extraordinary gain, “gain on sales of noncurrent assets” has been presented separately because it exceeded one-tenth of total non-operating income for the fiscal year ended March 31, 2011. Further, “gain on sales of noncurrent assets” was included in “other, net” and amounted to ¥8 million for the fiscal year ended March 31, 2010. (Consolidated Statements of Cash Flows) 1. In net cash provided by (used in) investing activities, “purchase of securities” has been presented separately because it became a more significant amount for the fiscal year ended March 31, 2011. Further, “purchase of securities” was included in “other, net” and amounted to ¥89 million for the fiscal year ended March 31, 2010.

(9) Supplementary Information

Previous Fiscal Year (From April 1, 2009, to March 31, 2010)	Fiscal Year under Review (From April 1, 2010, to March 31, 2011)
[N.A.]	From the fiscal year under review, the Company applied “Accounting Standard for Presentation of Comprehensive Income” (ASBJ Statement No. 25, June 30, 2010). However, for “accumulated other comprehensive income” and “total accumulated other comprehensive income” for the previous fiscal year, the amounts of “valuation and translation adjustments” and “total valuation and translation adjustments” have been used.

(10) Notes to Consolidated Financial Statements

(Consolidated Statements of Comprehensive Income)

Fiscal Year under Review (From April 1, 2010, to March 31, 2011)

*1. Comprehensive income for the fiscal year immediately prior to the fiscal year under review (Millions of yen)

Comprehensive income attributable to owners of the parent	6,821
Comprehensive income attributable to minority interests	291
Total	7,113

*2. Other comprehensive income for the fiscal year immediately prior to the fiscal year under review (Millions of yen)

Valuation difference on available-for-sale securities	1,646
Deferred gains or losses on hedges	37
Foreign currency translation adjustment	545
Share of other comprehensive income of associates accounted for using equity method	(7)
Total	2,222

(Segment Information)

a. Business Segments

Previous Fiscal Year (From April 1, 2009, to March 31, 2010)

(Millions of yen)

	Alcoholic Beverages and Seasonings	Biomedical	Transportation	Other	Total	Eliminations / Corporate	Consolidated
I. Net sales and operating income							
Net sales							
(1) External customers	157,755	18,900	8,218	5,650	190,525	-	190,525
(2) Intersegment	622	425	8,083	5,693	14,825	(14,825)	-
Total	158,378	19,325	16,302	11,343	205,350	(14,825)	190,525
Operating expenses	150,146	18,761	15,917	11,181	196,007	(14,055)	181,952
Operating income	8,232	564	384	162	9,343	(770)	8,572
II. Assets, depreciation and amortization, impairment loss, and capital expenditures							
Assets	111,087	43,651	6,244	10,671	171,653	23,841	195,495
Depreciation and amortization	3,155	1,230	304	129	4,819	19	4,839
Impairment loss	-	122	-	-	122	4	127
Capital expenditures	1,976	1,069	453	136	3,636	9	3,645

Notes:

1. Method dividing business segments

   Taking into account the types and characteristics of its products, as well as the similarities between the markets for these products, the Company has decided to divide its operations into four business segments: Alcoholic Beverages and Seasonings, Biomedical, Transportation, and Other.

2. Main products of each business segment

Business segment	Main products
Alcoholic Beverages and Seasonings	Shochu, light-alcohol refreshers, sake, wine, whisky, Chinese alcoholic beverages, *hon mirin*, seasonings, raw alcohol
Biomedical	Research reagents, scientific instruments, contract research services, genetic engineering research related patent compensation, gene transduction products, mushrooms, Bunashimeji mushroom related patent compensation, health food products containing bioactive ingredients
Transportation	Cargo forwarding, warehousing, distribution processing
Other	Labels, posters, catalogs, cartons, cardboard cases, wrapping paper, sales promotion supplies, real estate leasing, health foods

3. In operating expenses, unallocated operating expenses included in Eliminations/Corporate were ¥970 million for the fiscal year ended March 31, 2010, and were incurred by the Company.

4. In assets, corporate assets included in Eliminations/Corporate were ¥33,264 million for the fiscal year ended March 31, 2010, principally comprising surplus funds held by the Company (cash and cash equivalents), long-term investment assets (investment securities), and assets attributed to the Company’s administration departments.

b. Geographical Segments

Previous Fiscal Year (From April1, 2009, to March 31, 2010)

(Millions of yen)

		Japan	Other	Total	Eliminations / Corporate	Consolidated
I.	Net sales and operating income Net sales					
	(1) External customers	178,790	11,734	190,525	-	190,525
	(2) Intersegment	2,170	2,390	4,561	(4,561)	-
	Total	180,961	14,124	195,086	(4,561)	190,525
	Operating expenses	172,374	13,260	185,634	(3,681)	181,952
	Operating income	8,587	864	9,451	(879)	8,572
II.	Assets	148,963	21,513	170,477	25,018	195,495

Notes:
1. Countries are classified based on geographical proximity.
2. Countries belonging to geographical classifications other than Japan are as follows.
   Other: United States, United Kingdom, China, South Korea, France, Singapore
3. In operating expenses, unallocated operating expenses included in Eliminations/Corporate were ¥970 million for the fiscal year ended March 31, 2010, and were incurred by the Company.
4. In assets, corporate assets included in Eliminations/Corporate were ¥33,264 million for the fiscal year ended March 31, 2010, principally comprising surplus funds held by the Company (cash and cash equivalents), long-term investment assets (investment securities), and assets attributed to the Company’s administration departments.

c. Overseas sales

Previous Fiscal Year (April 1, 2009, to March 31, 2010)

As overseas sales account for less than 10% of total consolidated net sales, information regarding overseas sales is not disclosed.

d.Segment Information

Fiscal Year under Review (April 1, 2010, to March 31, 2011)

1. Overview of Reported Segments

Reporting segments are the segments of the Takara Group for which financial information can be obtained. The Board of Directors, top organization for decision making on Group management, examines such information to determine the allocation of management resources and evaluate the business performance on a regular basis.

The Group consists of the two corporate groups centered on the operating companies, Takara Shuzo Co., Ltd. and Takara Bio Inc., both of which were formed when the Company became a holding company; the health food business, which is managed by Takara Healthcare Inc.; other businesses; and the Company, which manages the whole group as the holding company. All operating companies develop comprehensive business strategies, covering both domestic and overseas operations, for the products and services that they offer, and work to expand their business operations.

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

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

2. Calculation method for net sales, income or loss, assets, liabilities, and other items of each reported segment

The accounting treatment of reported business segments is generally the same as that explained in “Basis of Presentation of Consolidated Financial Statements.”

The figures for the income of reported segments are based on operating income. Further, until the third quarter of the fiscal year under review, segment income was presented as net income. However, at the same time as a change in segment classification based on a new management approach to segment classification from the fiscal year under review, segment income is presented as operating income from the end of the fiscal year under review in order to be consistent with the Takara Group Medium-Term Management Plan FY2014 and provide investors with useful information.

Intersegment income is based on the prevailing market price.

3. Net sales, Income (Loss), Assets and Other items by Reported Segment
Previous Fiscal Year (From April 1, 2009, to March 31, 2010)

(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	165,974	18,900	2,482	187,356	2,820	190,177	347	190,525
Intersegment	995	425	4	1,425	5,689	7,114	(7,114)	-
Total	166,969	19,325	2,486	188,781	8,509	197,291	(6,766)	190,525
Segment income (loss)	7,129	553	(316)	7,366	285	7,651	921	8,572
Segment assets	116,043	43,651	609	160,303	8,811	169,115	26,380	195,495
Other items								
Depreciation and amortization	3,461	1,230	9	4,701	116	4,818	20	4,839
Amortization of goodwill	-	143	-	143	-	143	(11)	131
Investment in equity-method affiliates	346	-	-	346	20	367	2,387	2,754
Increase in total fixed assets, property, plant and equipment and intangible assets	2,436	1,069	24	3,530	111	3,642	2	3,645

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 ¥96 million, amortization of negative goodwill of ¥11 million, and income of the Company not allocated to business segments of ¥813 million.
   (3) Segment assets include assets of the Company not allocated to business segments of ¥32,268 million and other adjustment (principally eliminations) of ¥5,888 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, 2010, to March 31, 2011)

(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	165,872	18,197	2,563	186,633	2,790	189,423	345	189,769
Intersegment	918	540	4	1,462	5,418	6,880	(6,880)	-
Total	166,790	18,737	2,567	188,095	8,208	196,304	(6,535)	189,769
Segment income (loss)	6,568	1,097	(252)	7,413	219	7,633	702	8,335
Segment assets	118,314	42,594	646	161,555	6,359	167,915	24,533	192,448
Other items								
Depreciation and amortization	3,284	1,122	10	4,416	117	4,534	17	4,551
Amortization of goodwill	64	136	-	201	-	201	38	239
Investment in equity-method affiliates	304	-	-	304	20	325	2,440	2,766
Increase in total fixed assets, property, plant and equipment and intangible assets	2,735	928	-	3,663	70	3,734	1	3,735

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 ¥103 million, amortization of goodwill of ¥38 million, and income of the Company not allocated to business segments of ¥637 million.
   (3) Segment assets include assets of the Company not allocated to business segments of ¥329,882 million and other adjustment (principally eliminations) of ¥5,348 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.

(Supplementary Information)

Fiscal year under review (From April 1, 2010, to March 31, 2011)

From the fiscal year under review, the Company applied “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Statement No. 17, March 27, 2009) and “Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Guidance No. 20, March 21, 2008).

(Per Share Information)

Previous Fiscal Year (From April 1, 2009, to March 31, 2010)		Fiscal Year under Review (From April 1, 2010, to March 31, 2011)	
Net assets per share	¥459.92	Net assets per share	¥454.21
Net income per share	¥22.20	Net income per share	¥18.21
Fully diluted net income per share	¥22.20	Fully diluted net income per share	¥18.21

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

	Previous Fiscal Year (As of March 31, 2010)	Fiscal Year under Review (As of March 31, 2011)
Total net assets (¥ million)	109,206	106,895
Amount deducted from total net assets (¥ million)	12,540	12,587
(of which minority interests)	(12,540)	(12,587)
Net assets at term-end related to shares of common stock (¥ million)	96,666	94,308
Shares of common stock at term-end used to calculate net assets per share (1,000 shares)	210,179	207,630

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

	Previous Fiscal Year (From April 1, 2009, to March 31, 2010)	Fiscal Year under Review (From April 1, 2010, to March 31, 2011)
Net income per share		
Net income (¥ million)	4,677	3,788
Amount not belonging to common shareholders (¥ million)	-	-
Net income related to shares of common stock (¥ million)	4,677	3,788
Average number of shares of common stock outstanding during the term (1,000 shares)	210,642	208,048
Fully diluted net income per share		
Fully diluted net income adjustment (¥ million)	(0)	(0)
(of which adjustment due to residual securities issued by consolidated subsidiaries) (¥ million)	((0))	((0))
Increase in shares of common stock (1,000 shares)	-	-

(Significant Subsequent Events)

<table>
<tr><th>Previous Fiscal Year
(From April 1, 2009, to March 31, 2010)</th><th>Fiscal Year under Review
(From April 1, 2010, to March 31, 2011)</th></tr>
<tr><td>Based on a resolution of a meeting of the Board of Directors convened on May 11, 2010, the Company issued unsecure bonds as follows.
Net proceeds will be used for bond redemption and loan repayment.
<table>
<tr><th></th><th>10th Unsecured Bond (with inter-bond pari passu clause)</th><th>11th Unsecured Bond (with inter-bond pari passu clause)</th></tr>
<tr><td>1. Total amount of issue</td><td>¥5,000 million</td><td>¥5,000 million</td></tr>
<tr><td>2. Issue price</td><td>100% of the denomination of each bond</td><td>100% of the denomination of each bond</td></tr>
<tr><td>3. Payment date</td><td>26 May, 2010</td><td>26 May, 2010</td></tr>
<tr><td>4. Maturity date</td><td>26 May, 2015</td><td>26 May, 2020</td></tr>
<tr><td>5. Interest rate</td><td>0.587% per annum</td><td>1.561% per annum</td></tr>
</table></td><td>Revision of retirement benefit plans

In conjunction with the enactment of the Defined Benefit Corporation Pension Act, the Company and its consolidated subsidiaries Takara Shuzo Co., Ltd. and Takara Bio Inc. plan to partially review their retirement benefit regulations and partially revise their retirement benefit regulations on April 1, 2011. The companies plan to transfer from the current lump-sum payment plans and tax-qualified pension plans to lump-sum payment plans and defined benefit corporate pension plans and apply “Accounting for Transfer between Retirement Benefit Plans” (ASBJ Guidance No. 1).
As a result, reduction in prior service cost will be ¥3,159 million. It is planned to charge this to retirement benefit expenses from the fiscal year of incurrence as the amount resulting from application of the straight-line method over a certain number of years (10 years) within the average remaining service period of employees at the time of incurrence.</td></tr>
</table>