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**Consolidated Financial Statements for the Second Quarter Ended September 30, 2018
FY2019 (April 1, 2018 - March 31, 2019) [UNAUDITED]**

Company name: Takara Holdings Inc.
 Stock exchange listings: Tokyo Stock Exchange (1st section)
 Code number: 2531
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 Quarterly statement filing date (as planned): November 9, 2018

- 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 six months ended September 30, 2018 (April 1, 2018 - September 30, 2018)

(1) Consolidated Operating results

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

| | Six months ended September 30, 2018 | | Six months ended September 30, 2017 | |
|--|--|--------|--|------|
| | (Millions of yen) | (%) | (Millions of yen) | (%) |
| Net sales | 133,987 | 4.0 | 128,855 | 19.9 |
| Operating income (loss) | 8,159 | 33.1 | 6,128 | 17.7 |
| Ordinary income (loss) | 8,243 | 32.9 | 6,200 | 10.4 |
| Net income (loss) attributable to owners of the parent | 4,578 | 32.8 | 3,447 | 8.5 |
| Net income (loss) per share (Yen) | 22.94 | | 17.13 | |
| Fully diluted net income per share (Yen) | - | | - | |
| Note: Comprehensive income (loss) | 2,924 | (36.0) | 4,572 | - |

(2) Consolidated Financial position

| | As of September 30, 2018 | As of March 31, 2018 |
|--------------------|--------------------------|----------------------|
| | (Millions of yen) | (Millions of yen) |
| Total assets | 281,851 | 284,281 |
| Net assets | 175,637 | 176,217 |
| Equity ratio (%) | 51.3 | 51.0 |
| (Reference) Equity | 144,601 | 145,111 |

2. Dividends

| | Dividend per share (Yen) | | |
|--------------------|------------------------------|-------------------------------|--|
| | Year ended March 31, 2018 | Year ending March 31, 2019 | Year ending March 31, 2019 (Forecast) |
| First quarter end | - | - | - |
| Second quarter end | - | - | - |
| Third quarter end | - | - | - |
| Year end | 16.00 | - | 18.00 |
| Annual | 16.00 | - | 18.00 |

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

3. Forecast for the year ending March 31, 2019 (April 1, 2018 - March 31, 2019)

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

| | Year ending March 31, 2019 | |
|--|-------------------------------|-------|
| | (Millions of yen) | (%) |
| Net sales | 280,000 | 4.4 |
| Operating income (loss) | 17,300 | 10.8 |
| Ordinary income (loss) | 17,900 | 11.3 |
| Net income (loss) attributable to owners of the parent | 10,000 | (9.3) |
| Net income per share (Yen) | 50.09 | |

Note: Correction of financial forecast from the most recent financial forecast : Yes

4. Others

- (1) Material changes in subsidiaries during this period
(Changes in specified subsidiaries that caused a change in the scope of consolidation) : No
- (2) Accounting procedures specific to quarterly consolidated financial statements : No
- (3) Changes in accounting policies, accounting estimates and retrospective restatement
 - 1) Changes based on revisions of accounting standard : No
 - 2) Changes other than ones based on revisions of accounting standard : No
 - 3) Changes in accounting estimates : No
 - 4) Restatement : No
- (4) Number of outstanding shares (common stock)
 - 1) Number of outstanding shares at the end of each period (Treasury stocks are included)
 - As of September 30, 2018 : 201,699,743
 - As of March 31, 2018 : 201,699,743
 - 2) Number of treasury stocks at the end of each period
 - As of September 30, 2018 : 2,069,555
 - As of March 31, 2018 : 2,069,224
 - 3) Average number of outstanding shares in each period
 - Six months ended September 30, 2018 : 199,630,369
 - Six months ended September 30, 2017 : 201,223,863

Contents of the attached document

| | | |
|----|---|----|
| 1. | Qualitative Information for the Six Months Ended September 30, 2018 ----- | 2 |
| | (1) Consolidated Financial Results ----- | 2 |
| | (2) Consolidated Financial Position ----- | 3 |
| | (3) Qualitative Information Regarding Consolidated Forecasts ----- | 5 |
| 2 | Consolidated Quarterly Financial Statements and Important Notes ----- | 6 |
| | (1) Consolidated Quarterly Balance Sheets ----- | 6 |
| | (2) Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income ----- | 8 |
| | Consolidated Quarterly Statements of Income (For the Six Months Ended September 30, 2018 and 2017) ----- | 8 |
| | Consolidated Quarterly Statements of Comprehensive Income (For the Six Months Ended September 30, 2018 and 2017) ----- | 9 |
| | (3) Consolidated Quarterly Statements of Cash Flows ----- | 10 |
| | (4) Notes on Consolidated Quarterly Financial Statements ----- | 11 |
| | (Notes on Premise of Going Concern) ----- | 11 |
| | (Notes on Material Changes in Shareholders' Equity) ----- | 11 |
| | (Additional Information) ----- | 11 |
| | (Segment Information) ----- | 11 |
| o | Supplement for the Consolidated Quarterly Financial Statements | |

1. Qualitative Information for the Six Months Ended September 30, 2017

(1) Consolidated Financial Results

In the six months ended September 30, 2018, the Japanese economy maintained a moderate recovery as the corporate earnings and hiring environment improved. However, with the intensifying trade friction originating in the U.S. and surging prices for crude oil and raw materials, the economic outlook remains uncertain.

Under these economic circumstances, under the Takara Group Medium-Term Management Plan FY2020, which is the last step towards achieving its long-term Takara Group Vision 2020, the Company is aiming to build up a great number of fields in which it can beat competitors and establish a balanced business foundation able to grow revenues significantly, no matter what environmental changes occur, by further increasing the overseas sales ratio together with having a full product line-up and many products with a competitive edge, both in Japan and overseas.

As a result, in the six months ended September 30, 2018, net sales were up 4.0% year on year to ¥133,987 million. Gross profit rose 6.5% year on year to ¥52,655 million. Operating income increased by 33.1% year on year to ¥8,159 million. Ordinary income increased by 32.9% year on year to ¥8,243 million. Net income attributable to owners of the parent increased by 32.8% to ¥4,578 million.

Results by business segment were as follows.

[Takara Shuzo]

For alcoholic beverages, in the six months ended September 30, 2018, while sales of shochu and sake decreased, sales of light alcohol refreshers, where *Takara Shochu High Ball* remained robust, rose, and sales of alcoholic beverages overall increased.

In the Seasonings Business, sales were down due to decreased sales of mirin and other products. Sales of raw alcohol and other products were up, mainly as sales of industrial alcohol remained favorable.

As a result, net sales for the Takara Shuzo Group rose 1.8% year on year to ¥73,259 million. Cost of sales increased by 1.8% to ¥44,144 million. As a result, gross profit rose 1.8% year on year to ¥29,115 million. SG&A expenses were up by 0.8% year on year, to ¥26,839 million, due to increases in transportation and promotion expenses and other expenses. Accordingly, the Takara Shuzo Group recorded operating income up 14.3% year on year to ¥2,275 million.

[Takara Shuzo International Group]

In the six months ended September 30, 2018, sales for the Japanese food wholesale business in overseas markets increased with robust sales at FOODEX S.A.S. (France), Mutual Trading Co., Inc. (U.S.), and other companies. As a result, net sales for the Takara Shuzo International Group increased by 11.0% year on year to ¥37,527 million. Cost of sales increased by 10.4% year on year to ¥26,329 million. As a result, gross profit rose by 12.2% year on year to ¥11,197 million. SG&A expenses were up by 13.0% year on year to ¥8,762 million due mainly to increases in personnel and transportation expenses. Accordingly, the Takara Shuzo International Group recorded operating income up 9.5% year on year to ¥2,434 million.

[Takara Bio Group]

Net sales for the six months ended September 30, 2018, were up by 23.0% year on year, to ¥17,370 million, mainly due to increased sales of mainstay research reagents and the receipt of consideration in relation to a domestic co-development and exclusive sales agreement for NY-ESO-1 siTCR® gene therapy product and CD19 CAR gene therapy product. Cost of sales increased by 18.2% year on year to ¥7,049 million due to the increase in net sales. As a result, gross profit rose by 26.5% year on year to ¥10,321 million. SG&A expenses increased by 3.0% year on year to ¥7,697 million due to an increase in personnel expenses and other factors. Accordingly, operating income increased 280.9% year on year to ¥2,623 million.

[Other]

Net sales of the Other segment for the six months ended September 30, 2018, declined 16.5% year on year, to ¥16,071 million, as TAKARA CHOU UN Co., Ltd. was excluded from the scope of consolidation during the previous fiscal year, accompanying the sale of shares in that company. Cost of sales declined by 15.7% year on year, to ¥13,567 million. Consequently, gross profit decreased by 20.7% year on year to ¥2,503 million. SG&A expenses fell by 13.3% year on year, to ¥1,548 million. As a result, operating income decreased by 30.4% year on year, to ¥955 million.

Breakdown of sales results by product category

| Segment | Equivalent Period of Previous Fiscal Year (From April 1, 2017, to September 30, 2017) | Period under Review (from April 1, 2018, to September 30, 2018) | YoY Comparison |
|--|--|--|----------------|
| Product category | Amount (Millions of yen) | Amount (Millions of yen) | (%) |
| Takara Shuzo Group | | | |
| Shochu | 27,340 | 26,779 | 97.9 |
| Sake | 8,619 | 8,400 | 97.5 |
| Light-alcohol refreshers | 17,599 | 19,686 | 111.9 |
| Other alcoholic beverages | 3,160 | 3,185 | 100.8 |
| Alcoholic beverages total | 56,719 | 58,050 | 102.3 |
| <i>Hon Mirin</i> | 6,735 | 6,469 | 96.1 |
| Other seasonings | 4,703 | 4,659 | 99.1 |
| Seasonings total | 11,439 | 11,129 | 97.3 |
| Raw alcohol, etc. | 3,814 | 4,079 | 106.9 |
| Total | 71,973 | 73,259 | 101.8 |
| Takara Shuzo International Group | | | |
| Overseas Alcoholic Beverages Business | 5,055 | 5,044 | 99.8 |
| Japanese Food Wholesales Business in overseas markets | 29,694 | 33,459 | 112.7 |
| Other | 21 | 36 | 167.4 |
| Elimination of intraGroup transaction on consolidation | (949) | (1,013) | — |
| Total | 33,822 | 37,527 | 111.0 |
| Takara Bio Group | 14,126 | 17,370 | 123.0 |
| Reported segment total | 119,922 | 128,157 | 106.9 |
| Other | 19,246 | 16,071 | 83.5 |
| Segment total | 139,168 | 144,228 | 103.6 |
| Sales not allocated to business segments and intersegment transactions | (10,312) | (10,241) | — |
| Total | 128,855 | 133,987 | 104.0 |

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

(2) Consolidated Financial Position

As of September 30, 2018, current assets were ¥170,374 million, a decrease of ¥693 million compared with that at the end of the previous fiscal year. This was primarily due to a decrease in securities of ¥7,420 million and increases in cash and deposits of ¥2,222 million, in notes and accounts receivable-trade of ¥1,599 million, merchandise and finished goods of ¥1,122 million, and other current assets, including prepaid expenses and others, of ¥1,324 million.

Noncurrent assets were ¥111,476 million, a decrease of ¥1,737 million compared with that at the end of the previous fiscal year. This was primarily due to a decrease in intangible fixed assets of ¥1,560 million.

As a result, total assets were ¥281,851 million, a decrease of ¥2,430 million compared with that at the end of the previous fiscal year.

As of September 30, 2018, current liabilities were ¥55,989 million, an increase of ¥3,277 million compared with that at the end of the previous fiscal year. This was primarily due to increases in short-term loans payable, mainly due to transfers from noncurrent liabilities, of ¥4,888 million and in accrued alcohol tax of ¥1,747 million and decreases in income taxes payable of ¥1,564 million and in other current liabilities, including a decrease in accounts payable, of ¥1,536 million.

Noncurrent liabilities were ¥50,223 million, a decrease of ¥5,128 million compared with that at the end of the previous fiscal year. This was primarily due to a decrease in long-term loans payable of ¥5,192 million.

As a result, total liabilities were ¥106,213 million, a decrease of ¥1,851 million compared with that at the end of the previous fiscal year.

As of September 30, 2018, total net assets were ¥175,637 million, a decrease of ¥579 million compared with that at the end of the previous fiscal year. This was primarily due to a decrease of ¥2,342 million in foreign currency translation adjustments and increases of ¥1,384 million in retained earnings and ¥330 million in deferred gains or losses on hedges.

As a result, the equity ratio totaled 51.3%, compared with 51.0% at the end of the previous fiscal year.

Net cash provided by operating activities in the six months ended September 30, 2018 was ¥4.140 million, an increase of ¥971 million compared with the six months ended September 30, 2017. Major factors included income before income taxes and minority interests of ¥7,972 million, depreciation and amortization of ¥3,183 million, an increase of ¥2,108 million in notes and accounts receivable-trade, an increase of ¥2,566 million in inventories, an increase of ¥1,747 million in liquor taxes payable, and income taxes paid of ¥4,543 million.

Net cash used in investing activities in the six months ended September 30, 2018 amounted to ¥4,653 million, a decrease of ¥12,465 million in net cash used in investing activities compared with that in the six months ended September 30, 2017. Outflows mainly came in the form of payments of ¥3,956 million for the purchase of property, plant and equipment and intangible fixed assets.

Net cash used in financing activities in the six months ended September 30, 2018 amounted to ¥3,851 million compared with net cash provided by financing activities of ¥1,931 million in the six months ended September 30, 2017. Major factors included cash dividends paid of ¥3,187 million.

As a result, cash and cash equivalents as of September 30, 2018, including effect of exchange rate change on cash and cash equivalents, stood at ¥44,231 million, down ¥5,109million from the previous fiscal year-end.

(3) Qualitative Information Regarding Consolidated Forecasts

The Company has revised the full-year consolidated business results forecasts published on May 11, 2018 in view of the consolidated business results in the six months ended September 30, 2018 and recent circumstances.

While sales in the Takara Bio Group are expected to exceed the plan in the Gene Therapy business, sales in the Bioindustry business and the AgriBio business are expected to fall short of plans. The Company will also exclude consolidated subsidiary TAKARA HEALTHCARE INC. from the scope of consolidation. As a result, the Company has revised the full-year consolidated forecast for net sales down by ¥2,000 million from the initial forecast.

In terms of profit, the initial forecasts for operating income and ordinary income have not been revised due to efforts to reduce SG&A expenses even though gross profit will be lower than the plan as net sales fall short.

Net income attributable to owners of the parent has been revised up by ¥400 million from the initial forecast as the Company expects to receive extraordinary income related to the transfer of shares in a subsidiary.

2. Consolidated Quarterly Financial Statements and Important Notes
(1) Consolidated Quarterly Balance Sheets

(2) Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income
(Consolidated Quarterly Statements of Income)
(For the Six Months Ended September 30, 2018 and 2017)

**(Consolidated Quarterly Statements of Comprehensive Income)
(For the Six Months Ended September 30, 2018 and 2017)**

(3) Consolidated Statements of Cash Flows

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

No items to report.

(Notes on Material Changes in Shareholders' Equity)

No items to report.

(Additional Information)

(Adoption of the Partial Amendments to Accounting Standard for Tax Effect Accounting, etc.)

Following the adoption of the Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28, February 16, 2018) and other standards from the beginning of the first quarter of the fiscal year under review, Deferred Tax Assets is classified as Investments and Other Assets and Deferred Tax Liabilities is classified as Noncurrent Liabilities.

(Segment Information)

I. Equivalent Period of Previous Fiscal Year (From April 1, 2017, to September 30, 2017)

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

(Millions of yen)

| | Reported Segment | | | | Other (Note: 1) | Total | Adjustment (Note: 2) | Amount recognized in consolidated quarterly statements of income |
|-----------------------|------------------|--|------------------------|----------|--------------------|---------|-------------------------|---|
| | Takara Shuzo | Takara Shuzo Internatio nal Group | Takara Bio Group | Subtotal | | | | |
| Net sales | | | | | | | | |
| External customers | 71,818 | 33,618 | 13,772 | 119,208 | 9,646 | 128,855 | 0 | 128,855 |
| Intersegment | 155 | 204 | 354 | 713 | 9,599 | 10,312 | (10,312) | — |
| Total | 71,973 | 33,822 | 14,126 | 119,922 | 19,246 | 139,168 | (10,312) | 128,855 |
| Segment income (loss) | 1,991 | 2,223 | 688 | 4,904 | 1,371 | 6,275 | (147) | 6,128 |

- Notes:
- Other includes business segments that are not part of reported segments, such as the Company's real estate rental business and the transportation business of domestic Group companies among others.
 - Details of adjustment amounts are as follows.
 - Net sales to external customers are income from business contracting recorded at the Company.
 - Segment income (loss) comprises intersegment eliminations of ¥16 million and income of the Company not allocated to business segments of ¥-163 million.
 - Segment income (loss) has been adjusted to the operating income of consolidated quarterly statements of income.

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

(Significant Changes to the Amount of Goodwill)

In the Takara Bio Group segment, goodwill was recorded due to the acquisition of shares in WaferGen Bio-systems, Inc. and Rubicon Genomics, Inc. by the Takara Bio Inc.'s wholly owned subsidiary Takara Bio USA Holdings Inc. The increase in goodwill due to this event in the six months ended September 30, 2017 was ¥7,713 million. Note that as the allocation of the acquisition cost has not been completed, this is a tentatively calculated amount.

II. Period under Review (From April 1, 2018, to September 30, 2018)

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

(Millions of yen)

| | Reported Segment | | | | Other (Note: 1) | Total | Adjustment (Note: 2) | Amount recognized in consolidated quarterly statements of income (Note: 3) |
|--------------------|--------------------------|--|---------------------|----------|--------------------|---------|-------------------------|--|
| | Takara Shuzo Group | Takara Shuzo Internation al Group | Takara Bio Group | Subtotal | | | | |
| Net sales | | | | | | | | |
| External customers | 72,908 | 37,358 | 17,122 | 127,389 | 6,597 | 133,987 | 0 | 133,987 |
| Intersegment | 351 | 168 | 248 | 767 | 9,474 | 10,241 | (10,241) | — |
| Total | 73,259 | 37,527 | 17,370 | 128,157 | 16,071 | 144,228 | (10,241) | 133,987 |
| Segment income | 2,275 | 2,434 | 2,623 | 7,334 | 955 | 8,289 | (129) | 8,159 |

- Notes:
1. Other includes business segments that are not part of reported segments, such as the Company's real estate rental business and the transportation business of domestic Group companies among others.
 2. Details of adjustment amounts are as follows.
 - (1) Net sales to external customers are income from business contracting recorded at the Company.
 - (2) Segment income (loss) comprises intersegment eliminations of ¥13 million and income of the Company not allocated to business segments of ¥-143 million.
 3. Segment income (loss) has been adjusted to the operating income of consolidated quarterly statements of income.

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

No items to report.