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## Consolidated Financial Statements for the Second Quarter Ended September 30, 2014 FY2015 (April 1, 2014 - March 31, 2015) [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 11, 2014

- 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, 2014 (April 1, 2014 – September 30, 2014)

#### (1) Operating results

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

	Six months ended September 30, 2014		Six months ended September 30, 2013	
	(Millions of yen)	(%)	(Millions of yen)	(%)
Net sales	101,130	3.7	97,561	1.9
Operating income	3,275	36.8	2,395	(17.4)
Ordinary income	3,429	33.7	2,564	(10.8)
Net income	1,828	(72.3)	6,609	-
Net income per share (Yen)	9.09		32.58	
Fully diluted net income per share (Yen)	-		32.58	
Note: Comprehensive income	1,196	(93.2)	17,559	-

#### (2) Financial position

	As of September 30, 2014	As of March 31, 2014
	(Millions of yen)	(Millions of yen)
Total assets	246,530	238,577
Net assets	145,761	146,422
Equity ratio (%)	49.1	50.9
(Reference) Equity	120,936	121,431

### 2. Dividends

	Dividend per share (Yen)		
	Year ended March 31, 2014	Year ending March 31, 2015	Year ending March 31, 2015 (Forecast)
First quarter end	-	-	-
Second quarter end	-	-	-
Third quarter end	-	-	-
Year end	11.00	-	9.00
Annual	11.00	-	9.00

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

The annual dividend for the year ended March 31, 2014 comprises an ordinary dividend of ¥9.00 and a special dividend of ¥2.00.

### 3. Forecast for the year ending March 31, 2015 (April 1, 2014 – March 31, 2015)

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

	Year ending March 31, 2015	
	(Millions of yen)	(%)
Net sales	218,000	4.0
Operating income	9,800	3.3
Ordinary income	10,000	0.9
Net income	5,300	(48.4)
Net income per share (Yen)	26.34	

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

### 4. Others

- (1) Material changes in subsidiaries during this period  
(Changes in scope of consolidations resulting from change in specific subsidiaries) : No
- (2) Applying of specific accounting treatments of the quarterly consolidated financial statements : No
- (3) Changes in accounting policies, changes in accounting estimates, and retrospective restatement
  - 1) Changes based on revisions of accounting standard : Yes
  - 2) Changes other than ones based on revisions of accounting standard : Yes
  - 3) Changes in accounting estimates : Yes
  - 4) Restatement : No
- (4) Number of outstanding shares (common stock)
  - 1) Number of outstanding shares at year end (Treasury stocks are included)

As of September 30, 2014 :	217,699,743
As of March 31, 2014 :	217,699,743
  - 2) Number of treasury stocks at year end

As of September 30, 2014 :	16,473,370
As of March 31, 2014 :	16,466,424
  - 3) Average number of outstanding shares

Six months ended September 30, 2014 :	201,228,886
Six months ended September 30, 2013 :	202,857,741

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## 1. Qualitative Information for the Six Months Ended September 30, 2014

### (1) Consolidated Financial Results

In the six months ended September 30, 2014, the Japanese economy experienced a slow recovery from the downturn following the increase in the rate of the consumption tax, partly as a result of unseasonable weather during the summer. In addition, the depreciation in the value of the yen, which had appeared to have settled down slightly, rapidly picked up speed going into September, and the prices of imported raw materials are predicted to rise. There are also concerns about a slump in consumer confidence with the increase in the price of consumer goods which has accompanied the increase in the rate of the consumption tax exceeding growth in real wages. Meanwhile, the uncertainty outside Japan persisted as economic growth in Europe and emerging countries clouded over slightly, and there were also some concerns about the impact of so-called geo-political risk while the economy in the United States remained firm.

In this environment, we endeavored to further improve corporate value in accordance with the three-year Takara Group Medium-Term Management Plan FY2017 under which our basic policy is that “To achieve the Takara Group Vision 2020 (our long-term vision), we will improve domestic business profitability and expand our overseas business, while at the same time building a well-balanced business structure that can hold up well to business environment changes by accelerating the growth of our Biomedical business.”

In the domestic alcoholic beverages business, the Group focused its resources on developing original new products and cultivating brands in response to diversifying customer preferences. In the seasonings and raw alcohol business, the Group made concerted efforts to increase sales by proposing differentiated products that meet customer needs.

In the overseas alcoholic beverages business and Japanese food wholesale business in overseas markets, the Group worked to accelerate business expansion by spreading Japanese food culture across the globe

In the Biomedical business, management resources were focused on three areas – the Bioindustry business, the Gene Therapy business, and the AgriBio business – in pursuit of improved performance.

In the six months ended September 30, 2014, net sales were up 3.7% year on year to ¥101,130 million due to the inclusion of sales from subsidiaries that were newly consolidated during the previous fiscal year and an increase in sales at overseas subsidiaries due to the depreciation in the value of the yen among other factors. Gross profit also rose 4.5% year on year to ¥38,627 million in tandem with the increase in net sales.

Selling, general and administrative (SG&A) expenses were up 2.3% year on year to ¥35,351 million, successfully held down relative to the increase in gross profit, as personnel and other expenses outside Japan rose due to the new consolidation of subsidiaries and the depreciation in the value of the yen although advertising and promotion expenses declined. Consequently, operating income rose 36.8% year on year to ¥3,275 million. Non-operating income and expenses was roughly flat year on year although the foreign exchange gains of the same period in the previous fiscal year turned to foreign exchange losses and the stock issuance expenses recorded in the previous corresponding period was not recorded in the period under review. Thus, ordinary income also rose 33.7% to ¥3,429 million year on year.

In regard to extraordinary income and loss, extraordinary income fell considerably year on year as the gain on sales of subsidiaries and affiliates' stocks due to the sale of a portion of the stock held in Takara Bio Inc. recorded in the corresponding period of the previous fiscal year was not recorded in the period under review. As a result, income before income taxes and minority interests declined considerably by 71.8% year on year to ¥3,343 million, and net income also dropped 72.3% compared with the six months ended September 2013 to ¥1,828 million.

Results by business segment were as follows.

#### [Takara Shuzo Group]

In the six months ended September 2014, overall sales of mainstay shochu products declined considerably with sluggish sales of all products, particularly *ko*-type shochu. While sales of *Takara Shochu High Ball* were robust, sales of light-alcohol refreshers overall declined, partly in reaction to new products launched in the previous fiscal year. Meanwhile, sales of sake products increased, including the ever-popular sparkling sake *Sho-Chiku-Bai Shirakabe-gura Mio*, partly helped by the new *Sho-Chiku-Bai Ten with 70% reduced sugar* that was launched in September 2014. Nevertheless, the decline in shochu sales weighed heavily, and overall sales of alcoholic beverages declined as a result.

On the other hand, sales in Japanese food wholesale business in overseas markets rose substantially with the inclusion of sales at TAZAKI FOODS LTD. (UK) and COMINPORT DISTORIBUCIÓN S.L. (Spain), which were consolidated during the previous fiscal year. Therefore, total net sales for the Takara Shuzo Group overall increased 3.3% year on year to ¥88,515 million

Cost of sales was up 2.9% year on year to ¥56,846 million. However, the rate of increase was small relative to the growth in net sales despite increases in the cost of raw materials due to the depreciation in the value of the yen because of ongoing cost cutting initiatives and a decline in the cost of sales ratio due to changes in the product mix. Gross profit was also up 3.9% to ¥31,668 million. SG&A expenses only increased 1.6% year on year to ¥29,474 million because advertising and promotion expenses at Takara Shuzo Co., Ltd. fell despite the increases in personnel and other expenses at subsidiaries outside Japan. Accordingly, the Takara Shuzo Group recorded operating income up

49.9% year on year to ¥2,194 million for the six months ended September 2014.

#### [Takara Bio Group]

Net sales increased 6.8% to ¥10,971 million as sales of the mainstay research reagents exceeded those of the same period of the previous fiscal year, due in part to the effect of the depreciation in the value of the yen. Cost of sales was up 5.2% year on year to ¥4,916 million. Consequently, gross profit increased 8.1% to ¥6,054 million. Higher personnel expenses and other factors led to an increase of 5.4% in SG&A expenses to ¥5,429 million. Consequently, the Takara Bio Group recorded operating income up 37.6% to ¥625 million compared with the six months ended September 2013.

#### [Takara Healthcare]

Net sales for the six months ended September 2014 increased by 20.1% year on year to ¥810 million due to strong sales of the mainstay fucoidan-related products and isosamidin-related products in addition to sales growth for OEM cosmetics. Gross profit increased in conjunction with net sales, offsetting an increase in SG&A expenses including advertising expenses. Takara Healthcare recorded an operating profit of ¥30 million for the six months ended September 2014, an improvement of ¥35 million compared with the six months ended September 2013 when it recorded an operating loss of ¥4 million.

#### [Other]

Net sales of business segments other than the reported segments decreased 4.1% year on year to ¥3,336 million, and operating income was down 72.7% to ¥28 million due to increases in the cost of sales ratio and SG&A expenses.

#### Breakdown of sales results by product category

Segment	Equivalent Period of Previous Fiscal Year (From April 1, 2013, to September 30, 2013)	Period under Review (from April 1, 2014, to September 30, 2014)	YoY Comparison
Product category	Amount (Millions of yen)	Amount (Millions of yen)	(%)
<b>Takara Shuzo Group</b>			
Shochu	33,128	31,090	93.8
Sake	8,368	9,168	109.6
Light-alcohol refreshers	14,467	13,375	92.5
Other alcoholic beverages	5,986	6,335	105.8
Alcoholic beverages total	61,950	59,970	96.8
<i>Hon Mirin</i>	6,811	6,465	94.9
Other seasonings	3,940	4,107	104.2
Seasonings total	10,751	10,573	98.3
Raw alcohol, etc.	3,184	3,171	99.6
Transportation	5,692	5,645	99.2
Japanese food wholesale business in overseas markets	3,345	8,390	250.8
Other	785	764	97.3
<b>Total</b>	<b>85,712</b>	<b>88,515</b>	<b>103.3</b>
Takara Bio Group	10,277	10,971	106.8
Takara Healthcare	674	810	120.1
Other	3,477	3,336	95.9
Sales not allocated to business segments and intersegment transactions	(2,579)	(2,502)	-
<b>Total</b>	<b>97,561</b>	<b>101,130</b>	<b>103.7</b>

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

#### (2) Consolidated Financial Position

Total assets stood at ¥246,530 million as of September 30, 2014, up ¥7,953 million from March 31, 2014, the end of the previous fiscal year. This was due to a ¥3,782 million increase in current assets from the end of the previous fiscal year to ¥154,334 million resulting from factors including an increase in securities for the management of surplus funds and increase in inventories despite a decrease in cash and deposits and notes and accounts receivable-trade. Noncurrent assets increased by ¥4,171 million to ¥92,196 million due to such factors as an increase in property, plant and equipment

due to capital expenditure and an increase in investment securities due to a rise in the market prices of listed stocks and other items.

Total liabilities amounted to ¥100,769 million as of September 30, 2014, up ¥8,614 million from March 31, 2014. The main changes were an increase in long-term loans payable, an increase in other, current liabilities due to accrued payments relating to the acquisition of property, plant and equipment, and a decrease in income taxes payable.

Net assets stood at ¥145,761 million as of September 30, 2014, down ¥661 million from March 31, 2014 due to a fall in accumulated other comprehensive income resulting from a decline in foreign currency translation adjustment despite an increase in valuation difference on available-for-sale securities.

Net cash used in operating activities in the six months ended September 30, 2014 was ¥1,306 million, a decrease of ¥580 million in cash used in operating activities in the six months ended September 30, 2013. Major factors increasing cash included income before income taxes and minority interests and depreciation and amortization in addition to a decrease in notes and accounts receivables-trade. However, these were outweighed by factors reducing cash such as an increase in inventories and outflow of income taxes paid based on taxable income from the previous fiscal year and other payments.

Net cash used in investing activities in the six months ended September 30, 2014 amounted to ¥4,873 million, an increase of ¥2,883 million in cash used in investing activities in the six months ended September 30, 2013. Outflows came in the form of payments for the purchase of investment securities and the purchase of property, plant and equipment and intangible assets.

Net cash provided by financing activities was ¥7,339 million, up ¥3,050 million year on year due to proceeds from long-term loans payable despite cash dividends paid.

As a result, cash and cash equivalents as of September 30, 2014 stood at ¥35,296 million, up ¥687 million from the previous fiscal year-end.

### **(3) Qualitative Information Regarding Consolidated Forecasts**

Full-year consolidated net sales are expected to be in line with initial forecasts overall, so forecasts for the Group overall are unchanged. This is because although the Takara Shuzo Group's net sales outside Japan are likely to exceed initial forecasts due to the strong performance of the Japanese food wholesale business in overseas markets as well as the effect of the depreciation in the value of the yen, there are concerns over a decline in sales in Japan due to the delayed recovery in consumption trends.

While consolidated income figures slightly exceeded the initial forecasts for the six months ended September 30, 2014, the business environment for the Takara Shuzo Group's domestic alcoholic beverages business, which experiences peak demand from now through to the end of the year, and the recovery in personal consumption remain uncertain although the Japanese food wholesale business in overseas markets will continue to perform well. Initial forecasts of operating income for the Takara Bio Group are unchanged while forecast ordinary income has been revised upward slightly. However, the initial full-year forecasts for consolidated operating income, ordinary income and net income for the Group as a whole are unchanged.

## **2. Summary Information (Notes)**

### **Change in Accounting Policy and Retrospective Restatement of Accounting Estimates**

(Change in Accounting Policy)

(Application of Accounting Standard for Retirement Benefits)

The Company adopted the provisions in the main text of paragraph 35 of the Accounting Standard for Retirement Benefits (Accounting Standards Board of Japan ("ASBJ") Statement No. 26, May 17, 2012) and the main text of paragraph 67 of the Application Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012) from the first quarter of this fiscal year, revising the method of calculating retirement benefit obligations and service expenses, modifying the method of attributing expected benefit to periods from the straight-line basis to the benefit formula basis as well as changing the discount rate from one based on the average remaining service years of its employees to a single weighted average discount rate reflecting the expected timing and amount of benefit payments.

In accordance with the transitional measures provided for in paragraph 37 of the Accounting Standard for Retirement Benefits for the application of the Accounting Standard for Retirement Benefits and its Guidance, the effect of the change in the method of calculation of retirement benefit obligations and service costs has been added to or deducted from retained earnings as of the beginning of the first half of this fiscal year (the half ended September 30, 2014).

As a result, at the beginning of the first half of this fiscal year, net defined benefit liabilities fell ¥313 million while other investments and other assets increased by ¥359 million, retained earnings increased by ¥414 million and minority interests increased by ¥16 million. The impact on consolidated operating income, ordinary income and income before income taxes and minority interests in the six months ended September 30, 2014 was immaterial.

(Change in Accounting Policy that is Difficult to Distinguish from Change in Accounting Estimates)

(Change in Method of Depreciation for Property, Plant and Equipment)

Consolidated subsidiary Takara Bio Inc. previously applied declining balance depreciation to property, plant and equipment but switched to straight-line depreciation from the three months ended June 30, 2014.

Takara Bio reconsidered its method of depreciation and determined that this change from declining balance to straight-line depreciation is reasonable in view of the fact that the stable utilization of property, plant and equipment in research and development and production activities is anticipated because it has been 12 years since the company was established and facilities that include the Center for Gene and Cell Processing will be in operation from this fiscal year.

The impact of this change on consolidated operating income, ordinary income and income before income taxes and minority interests in the six months ended September 30, 2014 is an increase of ¥97 million respectively.

**3. Consolidated Quarterly Financial Statements**  
**(1) Consolidated Quarterly Balance Sheets**

(Millions of Yen)

	As of Mar. 31, 2014	As of Sep. 30, 2014
<b>Assets</b>		
Current assets		
Cash and deposits	41,015	36,930
Notes and accounts receivable-trade	51,901	49,923
Securities	21,534	28,814
Merchandise and finished goods	26,729	28,028
Work in process	908	1,309
Raw materials and supplies	3,351	3,325
Other	5,254	6,150
Allowance for doubtful accounts	(143)	(148)
Total current assets	150,551	154,334
Noncurrent assets		
Property, plant and equipment	47,976	50,947
Intangible assets		
Goodwill	7,539	7,248
Other	4,123	3,999
Total intangible assets	11,662	11,247
Investments and other assets		
Investment securities	23,532	25,013
Other	5,077	5,213
Allowance for doubtful accounts	(223)	(224)
Total investments and other assets	28,386	30,001
Total noncurrent assets	88,025	92,196
Total assets	238,577	246,530
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	14,416	14,406
Short-term loans payable	5,914	5,646
Current portion of bonds	-	5,000
Accrued alcohol tax	8,376	7,308
Accrued expenses	4,480	4,405
Income taxes payable	5,621	912
Provision for bonuses	2,081	2,356
Other provision	1,817	1,711
Other	5,953	10,091
Total current liabilities	48,663	51,839
Noncurrent liabilities		
Bonds payable	25,000	20,000
Long-term loans payable	310	10,378
Net defined benefit liability	6,943	6,714
Long-term deposits received	5,591	5,628
Other	5,644	6,208
Total noncurrent liabilities	43,491	48,929
Total liabilities	92,154	100,769



(Millions of Yen)

	As of Mar. 31, 2014	As of Sep. 30, 2014
Net assets		
Shareholders' equity		
Capital stock	13,226	13,226
Capital surplus	3,196	3,196
Securities	104,739	104,769
Merchandise and finished goods	(9,931)	(9,936)
Total noncurrent assets	111,230	111,255
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,941	6,877
Deferred gains or losses on hedges	279	449
Foreign currency translation adjustment	2,894	1,360
Remeasurements of defined benefit plans	1,085	993
Total accumulated other comprehensive income	10,200	9,681
Minority interests	24,991	24,824
Total net assets	146,422	145,761
Total liabilities and net assets	238,577	246,530

**(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, 2014 and 2013)**

(Millions of Yen)

	FY2014 2Q (Apr. 1, 2013 – Sep. 30, 2013)	FY2015 2Q (Apr. 1, 2014 – Sep. 30, 2014)
Net sales	97,561	101,130
Cost of sales	60,608	62,502
Gross profit	36,953	38,627
Selling, general and administrative expenses	34,558	35,351
Operating income	2,395	3,275
Non-operating income		
Dividends income	198	236
Other	309	324
Total non-operating income	508	560
Non-operating expenses		
Interest expenses	223	247
Other	115	159
Total non-operating expenses	339	407
Ordinary income	2,564	3,429
Extraordinary income		
Gain on sales of subsidiaries and affiliates' stocks	9,261	-
Gain on sales of noncurrent assets	6	59
Gain on sales of investment securities	0	19
Other	75	-
Total extraordinary income	9,344	78
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	43	128
Directors' retirement benefits	24	34
Other	0	1
Total extraordinary losses	68	164
Income before income taxes and minority interests	11,839	3,343
Income taxes-current	4,937	1,310
Income taxes-deferred	167	(76)
Total income taxes	5,104	1,233
Income before minority interests	6,734	2,110
Minority interests in income	125	281
Net income	6,609	1,828

**(Consolidated Quarterly Statements of Comprehensive Income)**  
**(For the Six Months Ended September 30, 2014 and 2013)**

(Millions of Yen)

	FY2014 2Q (Apr. 1, 2013 – Sep. 30, 2013)	FY2015 2Q (Apr. 1, 2014 – Sep. 30, 2014)
Income before minority interests	6,734	2,110
Other comprehensive income		
Valuation difference on available-for-sale securities	1,514	936
Deferred gains or losses on hedges	64	166
Foreign currency translation adjustment	3,149	(1,837)
Remeasurements of defined benefit plans	-	(92)
Share of other comprehensive income of associates accounted for using equity method	249	(87)
Gain or loss on change in equity	5,847	-
Total other comprehensive income	10,825	(913)
Comprehensive income	17,559	1,196
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	16,715	1,309
Comprehensive income attributable to minority interests	844	(112)

**(3) Consolidated Quarterly Statements of Cash Flows**

(Millions of Yen)

	FY2014 2Q (Apr. 1, 2013 – Sep. 30, 2013)	FY2015 2Q (Apr. 1, 2014 – Sep. 30, 2014)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	11,839	3,343
Depreciation and amortization	2,028	2,127
Interest and dividends income	(272)	(337)
Interest expenses	223	247
Loss (gain) on sales of stocks of subsidiaries and affiliates	(9,261)	-
Decrease (increase) in notes and accounts receivable-trade	1,560	1,772
Decrease (increase) in inventories	(2,907)	(1,937)
Increase (decrease) in notes and accounts payable-trade	122	40
Increase (decrease) in liquor taxes payable	(2,023)	(1,066)
Other, net	(773)	316
Subtotal	536	4,506
Interest and dividends income received	311	355
Interest expenses paid	(242)	(244)
Income taxes paid	(2,493)	(5,923)
Net cash provided by (used in) operating activities	(1,887)	(1,306)
Net cash provided by (used in) investing activities		
Payments into time deposits	(18,368)	(10,856)
Proceeds from withdrawal of time deposits	10,935	11,231
Purchase of securities	(1,695)	(3,880)
Proceeds from sales and redemption of securities	701	1,686
Purchase of property, plant and equipment and intangible assets	(3,085)	(3,045)
Proceeds from sales of stocks of subsidiaries and affiliates	12,241	-
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(2,666)	(142)
Other, net	(56)	133
Net cash provided by (used in) investing activities	(1,989)	(4,873)
Net cash provided by (used in) financing activities		
Proceeds from long-term loans payable	-	10,100
Redemption of bonds	(5,000)	-
Proceeds from stock issuance to minority shareholders	11,420	-
Cash dividends paid	(1,823)	(2,211)
Other, net	(308)	(549)
Net cash provided by (used in) financing activities	4,288	7,339
Effect of exchange rate change on cash and cash equivalents	865	(471)
Net increase (decrease) in cash and cash equivalent	1,276	687
Cash and cash equivalents at beginning of period	35,287	34,608
Cash and cash equivalents at end of period	36,564	35,296

**(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.

**(Segment Information)**

**I. Equivalent Period of Previous Fiscal Year (From April 1, 2013, to September 30, 2013)**

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

(Millions of yen)

	Reported Segment				Other (Note: 1)	Total	Adjustment (Note: 2)	Amount recognized in consolidated quarterly statements of income (Note: 3)
	Takara Shuzo Group	Takara Bio Group	Takara Healthcare	Subtotal				
Net sales								
External customers	85,540	9,986	673	96,200	1,147	97,347	213	97,561
Intersegment	172	290	1	463	2,329	2,793	(2,793)	-
Total	85,712	10,277	674	96,663	3,477	100,141	(2,579)	97,561
Segment income (loss)	1,463	454	(4)	1,913	103	2,017	377	2,395

- Notes:
- Other includes business segments that are not part of reported segments, such as the printing business and other subsidiaries.
  - Details of adjustment amounts are as follows.
    - Net sales to external customers are income from real estate rent recognized by the Company.
    - Segment income (loss) comprises intersegment eliminations of ¥39 million and income of the Company not allocated to business segments of ¥338 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**

(Material impairment losses on noncurrent assets)

No items to report.

(Material changes in the amount of goodwill)

In the Takara Shuzo Group segment, goodwill increased ¥2,506 million in the six months ended September 30, 2014, due to factors including the acquisition of stock in newly consolidated T. Tazaki & Company Limited.

**II. Period under Review (From April 1, 2014, to September 30, 2014)**

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

(Millions of yen)

	Reported Segment				Other (Note: 1)	Total	Adjustment (Note: 2)	Amount recognized in consolidated quarterly statements of income (Note: 3)
	Takara Shuzo Group	Takara Bio Group	Takara Healthcare	Subtotal				
Net sales								
External customers	88,358	10,585	809	99,753	1,150	100,904	225	101,130
Intersegment	156	385	0	542	2,185	2,728	(2,728)	-
Total	88,515	10,971	810	100,296	3,336	103,632	(2,502)	101,130
Segment income	2,194	625	30	2,850	28	2,878	396	3,275

- Notes:
- Other includes business segments that are not part of reported segments, such as the printing business and other subsidiaries.
  - Details of adjustment amounts are as follows.
    - Net sales to external customers are income from real estate rent recognized by the Company.
    - Segment income comprises intersegment eliminations of ¥21 million and income of the Company not allocated to business segments of ¥375 million.
  - Segment income has been adjusted to the operating loss of consolidated quarterly statements of income.

**2. Matters concerning Changes to Reporting Segments**

(Change in Method of Depreciation for Property, Plant and Equipment)

Consolidated subsidiary Takara Bio Inc. previously applied declining balance depreciation to property, plant and equipment but switched to straight-line depreciation from the three months ended June 30, 2014.

With this change, segment income for the Takara Bio Group for the six months ended September 30, 2014 increased ¥97 million compared with the previous method of depreciation.

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

No items to report.