

Established Strengths, Sustained Progress

Established strengths underpinning our business foundations
and
Sustained progress toward the next stage of growth

March 2, 2011

Takara Holdings Inc.
Representative Director, Executive Vice President
Tadashi Omiya



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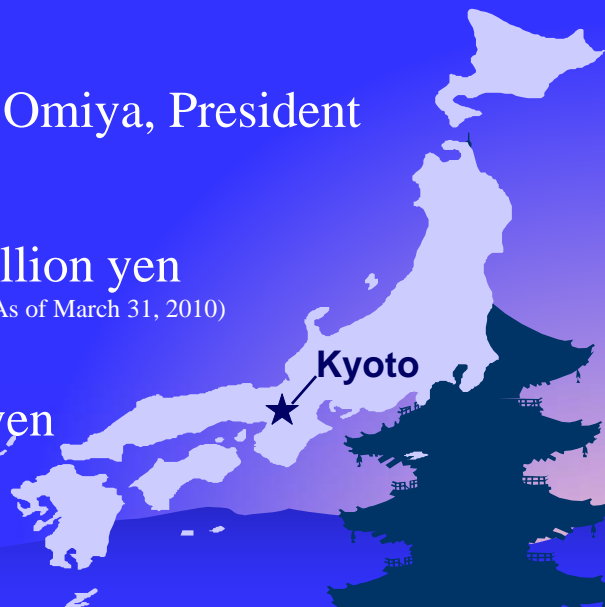
Business Outline, Business Strategies

IV. Financial Strategies



Corporate Data

- **Trading Name:** Takara Holdings Inc.
- **Established:** 1925
- **Stock Listings:** Tokyo and Osaka (Code: 2531)
- **Head Office:** Kyoto, Japan
- **Company Representative:** Hisashi Omiya, President
- **Issued Capital:** 13,226 million yen
- **Market Capitalization:** 114,074 million yen
(As of March 31, 2010)
- **Net Sales:** 190,525 million yen
- Operating Income:** 8,572 million yen
- Net Income:** 4,677 million yen
(FY2010: Year ended March 31, 2010)



Overseas Offices

■ **FOODEX S.A.S.**
■ **Takara Bio Europe S.A.S.**
■ **Takara Biomedical Technology (Beijing) Co., Ltd.**
■ **Takara Biotechnology (Dalian) Co., Ltd.**
■ **Takara Korea Biomedical Inc.**
■ **Shanghai Takara Shuzo International Trading Co., Ltd**
■ **Takara Shuzo Foods Co., Ltd.**
■ **DSS TAKARA BIO Ltd.**
 (To be established Apr. 2011)
■ **The Tomatin Distillery Co., Ltd.**
■ **J&W Hardie Ltd.**
■ **Takara Sake USA Inc.**
■ **Age International, Inc.**
■ **Clontech Laboratories, Inc.**

★ Takara Shuzo Group (Alcoholic Beverages and Seasonings Business)
★ Takara Bio Group (Biomedical Business)



BIG T
(Scotch whisky)



Blanton's
(Bourbon)



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



Business Chronicles

1842 Sake brewing business is launched. (Production and sales of sake started)

- 1864 Shochu and mirin businesses are launched.
- 1912 Continuous distilled shochu is launched.
- 1920 "Sho-Chiku-Bai" sake is launched.

1925 Takara Shuzo Co., Ltd. is established.

- 1949 Takara Shuzo Co., Ltd. is listed on the Tokyo Stock Exchange.
- 1967 Central Research Institute is established.
- 1972 Import and sale of Chinese alcoholic beverages start.
- 1977 "Takara Shochu Jun" is launched.



Central Research Institute



PR poster from 1930s

1979 Sales of first domestically produced restriction enzymes begins.

- 1983 Takara Sake USA Inc. is established.
- 1984 "Takara Can Chu-Hi" is launched.
- 1993 Worldwide rights to PCR method, which is widely used in gene amplification, are obtained.
- 1995 The RetroNectin® Method, a highly efficient gene transduction method, is developed.
- 2001 "Ikkomon" (100% sweet-potato-based shochu) is launched.



"Takara Can Chu-Hi"



Restriction Enzymes

2002 Takara Holdings Inc. (holding company) is established.

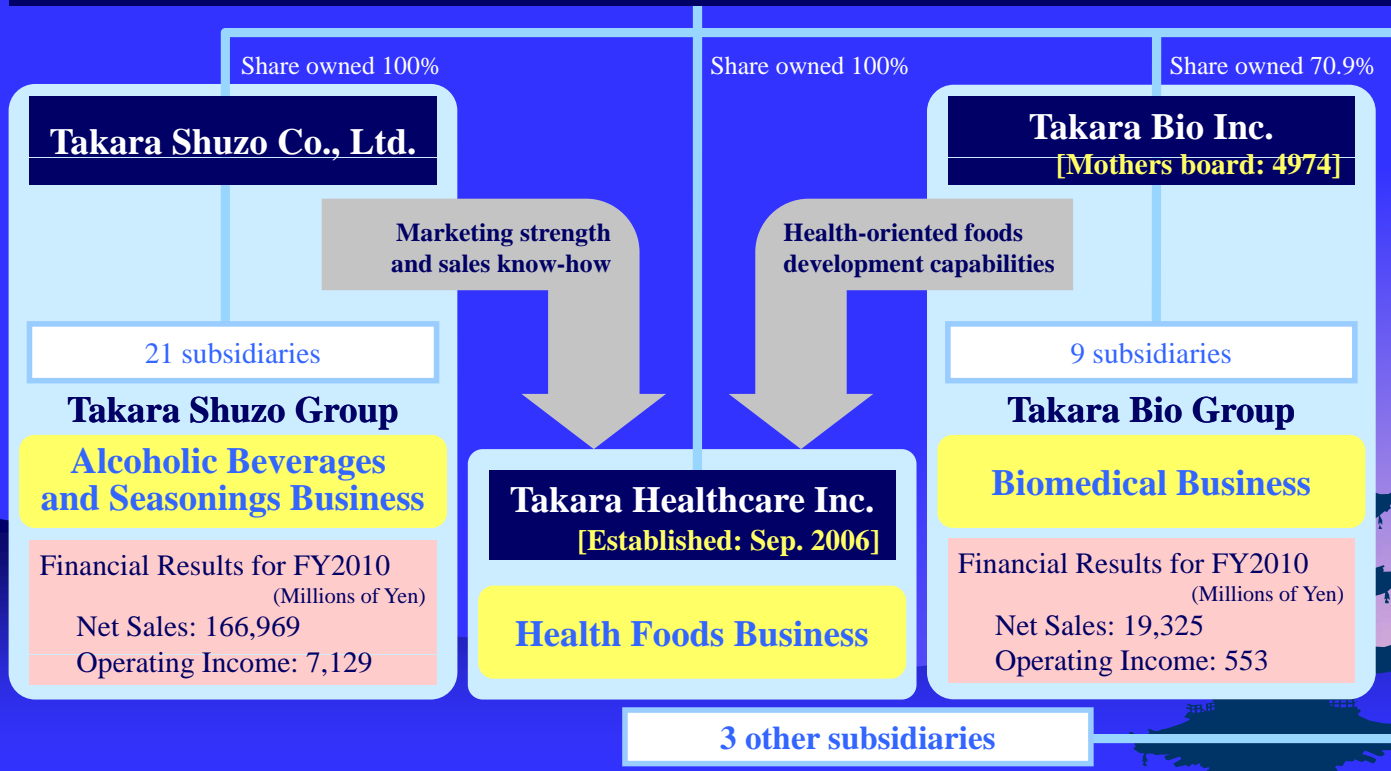
- 2004 Takara Bio Inc. is listed on the Tokyo Stock Exchange Mothers market.
- 2005 Clontech Laboratories, Inc. is acquired from Becton, Dickinson and Company, of the U.S.
- 2006 Takara Healthcare Inc. is established.
- 2010 Shares in FODEX S.A.S., France's largest importer and wholesaler of Japanese food ingredients, are acquired.



RetroNectin® Reagent (GMP grade)

Takara Holdings Inc.

Corporate Planning, Finance, Public Relations, Investor Relations

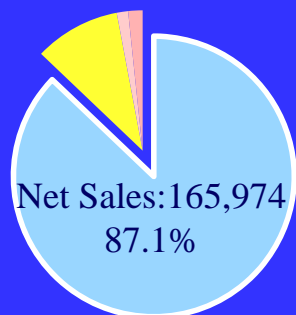


Business Outline

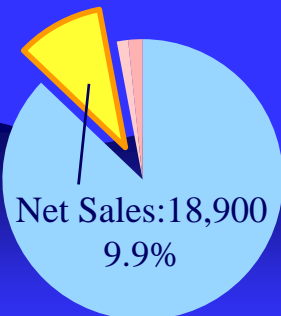
Composition of Net Sales by Business Segment

FY2010 (Millions of Yen)

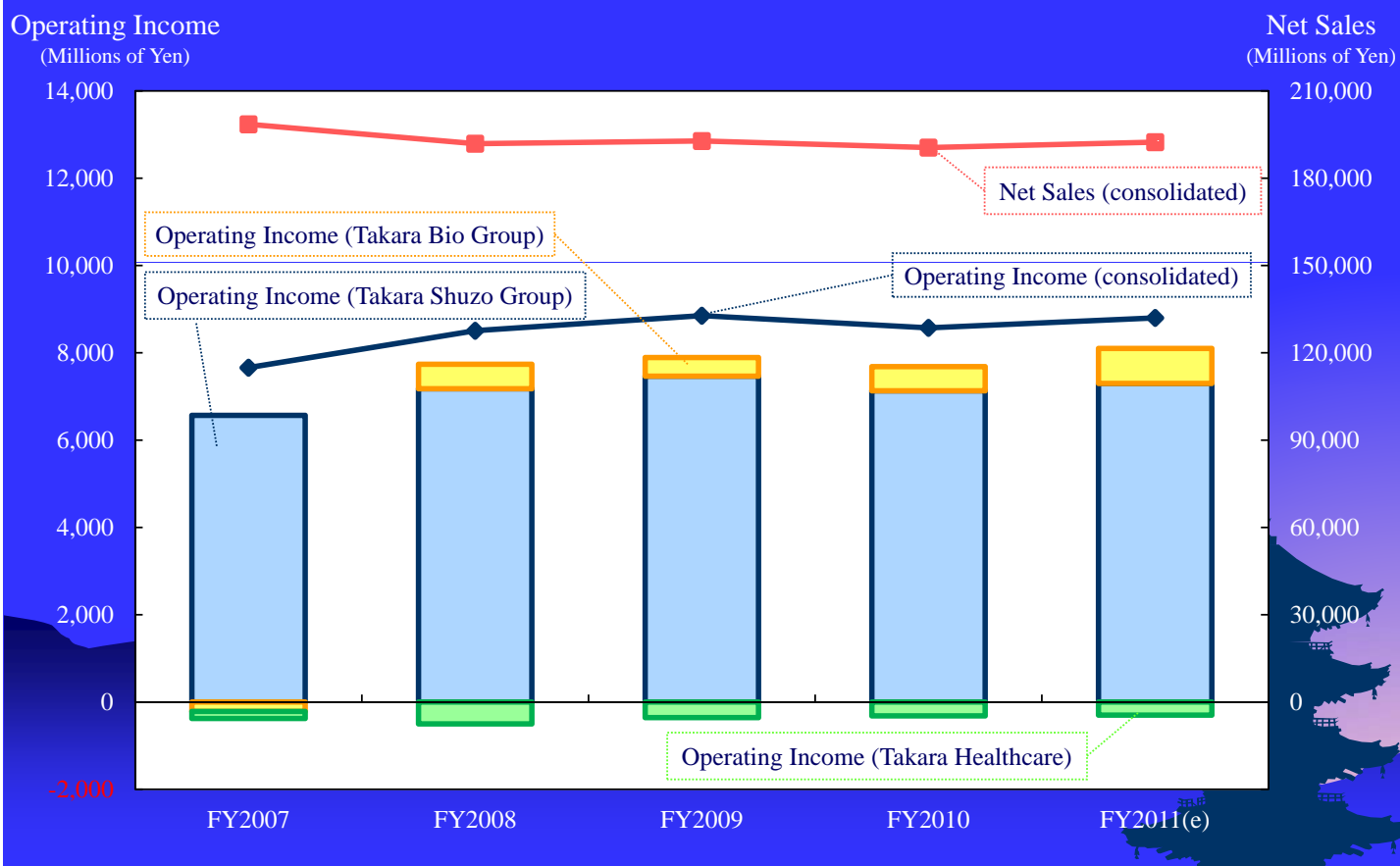
Takara Shuzo Group (Alcoholic Beverages and Seasonings Business)



Takara Bio Group (Biomedical Business)

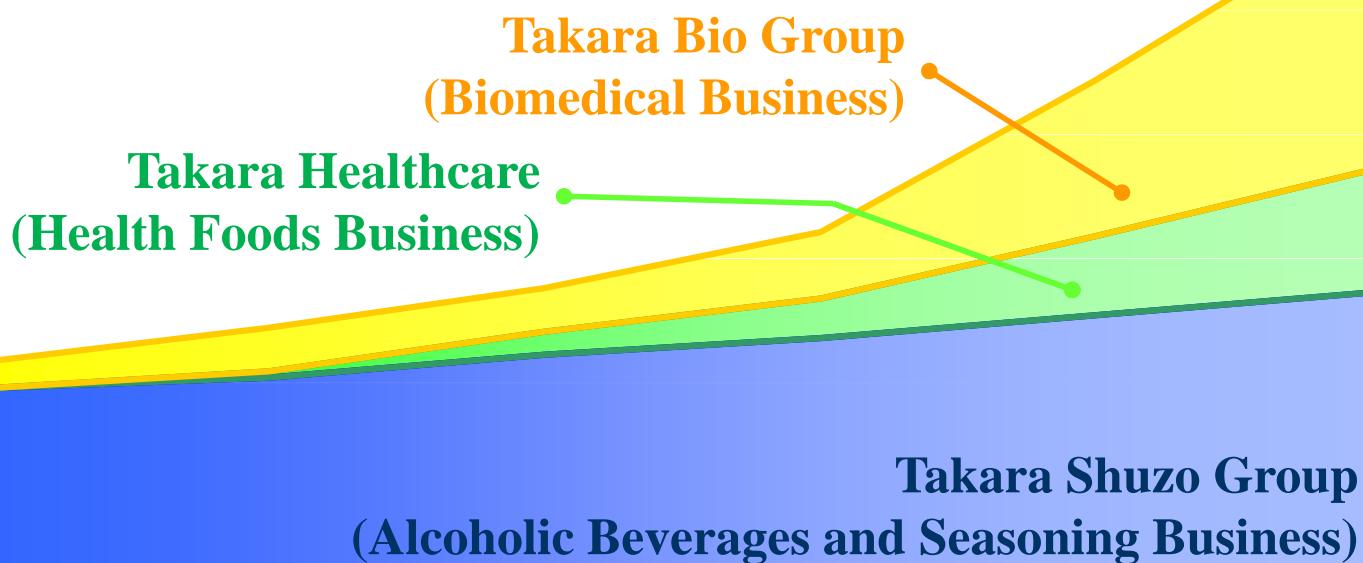


Five-year Financial Summary



Basic Business Strategy

Established Strengths, Sustained Progress



Takara Shuzo Group

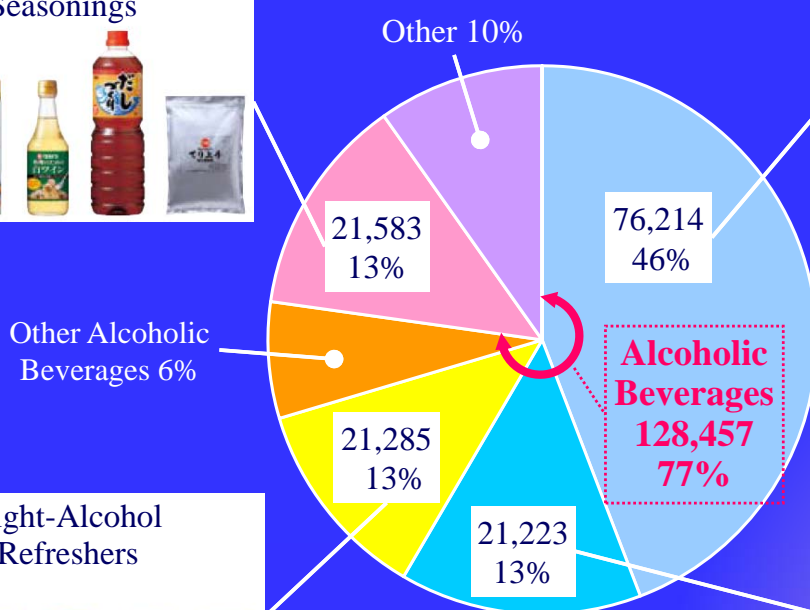
Alcoholic Beverages and Seasonings Business



Business Outline

▼ Sales by Product Category: Takara Shuzo Group

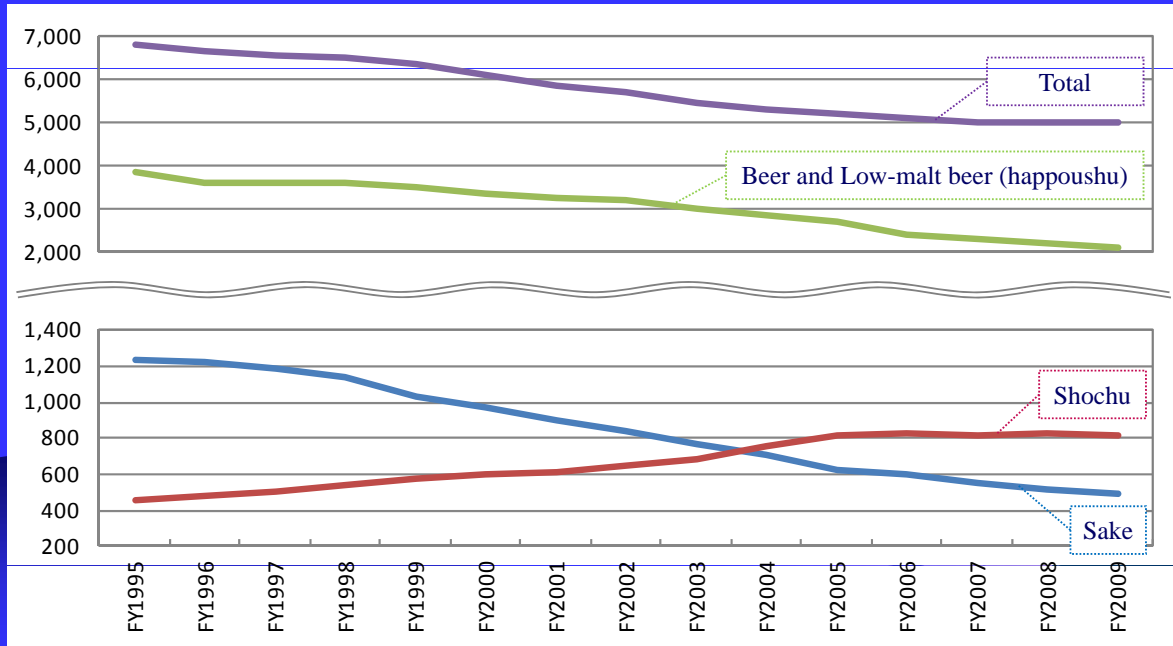
FY2010
(Millions of Yen)



Market Condition

➤ Declining Alcoholic Beverages Market

▼ Trend in the Amount of Alcoholic Beverages Consumption (Billions of Yen)

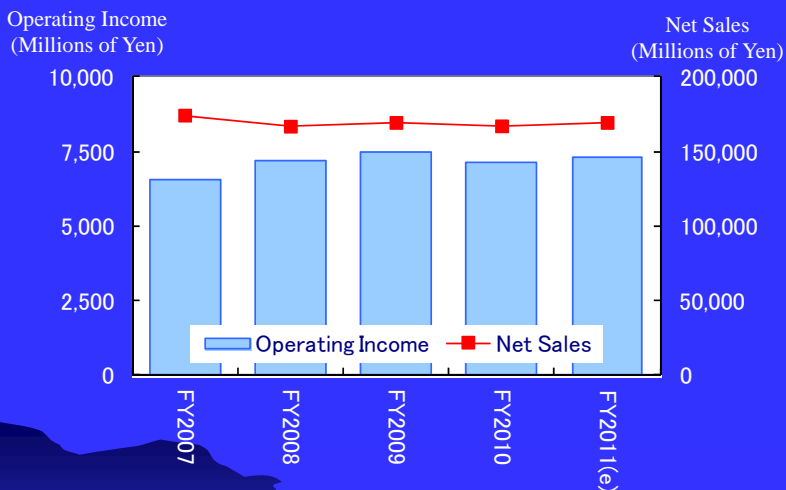


Source: Shuhan News (Jouzou Sangyo Newspaper)

Business Performance

➤ Maintaining Stable Performance in the Shrinking Market

▼ Five-year Financial Summary



FY2011(e): forecast announced Nov 4, 2010
 Net Sales: 169,300 million yen (+1.4% y-o-y)
 Operating Income: 7,300 million yen (+2.4% y-o-y)

■ Market Share (CY2009)

Categories	Domestic Market Share	Position
Shochu	14.3%	1 st
Ko-type	29.5%	1 st
Sake	7.2%	3 rd
For Gift Use (1.8 liter bottle sake)		1 st
Light-Alcohol Refreshers	11.4%	4 th
Mirin (Type-1)	52.1%	1 st

Sources: Nikkan Jouzou Sangyo Bulletin, Alcohol and Foods Monthly Statistics of Nikkan keizai tsushinsya, Inc., Takara's sales data

Basic Business Strategies

➤ Ensuring Profit from Businesses with Stable Profitability

▼ Domestic alcoholic beverages business

- Developing and nurturing differentiated products
- Responding to the diversification of consumer needs
(Trends toward high-quality products and toward low-priced products)
- Implementing cost-reduction activities

➤ Nurturing Growth Businesses

▼ Seasonings business for food processing

- Developing B-to-B businesses

▼ Overseas business

- Expanding into North America, Europe, and China



Domestic Alcoholic Beverages Business Product Strategies

Trend toward high-quality products

Premium-range products

Centering to consumer trends toward high-quality products, this category nurtures brands based on a meticulous, long-term strategy.



■ Main products

“Ikkomon” 100% sweet-potato-based shochu,
“Shirashinken” honkaku barley shochu,
“Sho-Chiku-Bai Shirakabe-gura Kimoto Junmai” sake,
etc.

Trend toward low-priced products

Mid-range products

In response to consumer economizing and trends toward low-priced products, this category is designed to ensure sales volumes and to reinforce the company’s earnings base.



■ Main products

“Gokujo Takara Shochu” ko-type shochu,
“Takara Shochu High Ball” canned chu-hi,
“Sho-Chiku-Bai Ten” sake,
etc.

**Aiming to provide strong branded products
that meet each of consumer trends**

Seasonings Business for Food Processing

▼ Expanding seasonings business

Household market



Processed food market

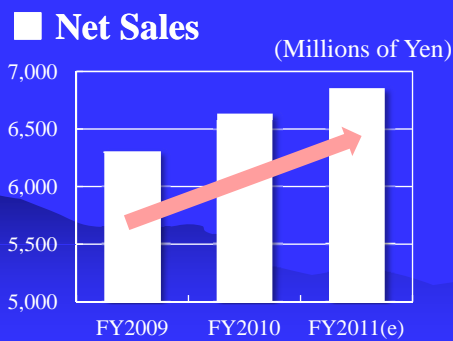
Ready-prepared meal market

Restaurant market

- ▶ Establishment of the Seasonings Processing Business Division (Apr. 2006)
- ▶ Construction of technological assistance infrastructure (Oct. 2006)
- ▶ Development of seasonings for food processing, that have functional and economic advantages



East Japan Seasonings Customer Center



Low-alcohol Hon Mirin (left)
Dried bonito-based seasoning (right)

Overseas Business

Europe

- ▶ Equity stake in French company FOODEX S.A.S. acquired (Apr. 2010)
- ▶ Entering the import and wholesale business for Japanese food ingredients

USA

- ▶ Takara Sake USA Inc. established in 1983
- ▶ Manufacture and sale of sake, mirin, etc.
- ▶ Top share in USA sake market

China

- ▶ Takara Shuzo Foods Co., Ltd. established in 1995
- ▶ Manufacture and sale of sake, mirin, etc.



▶ Spreading Japanese food culture by increasing sales of sake, mirin, etc.

Takara Bio Group

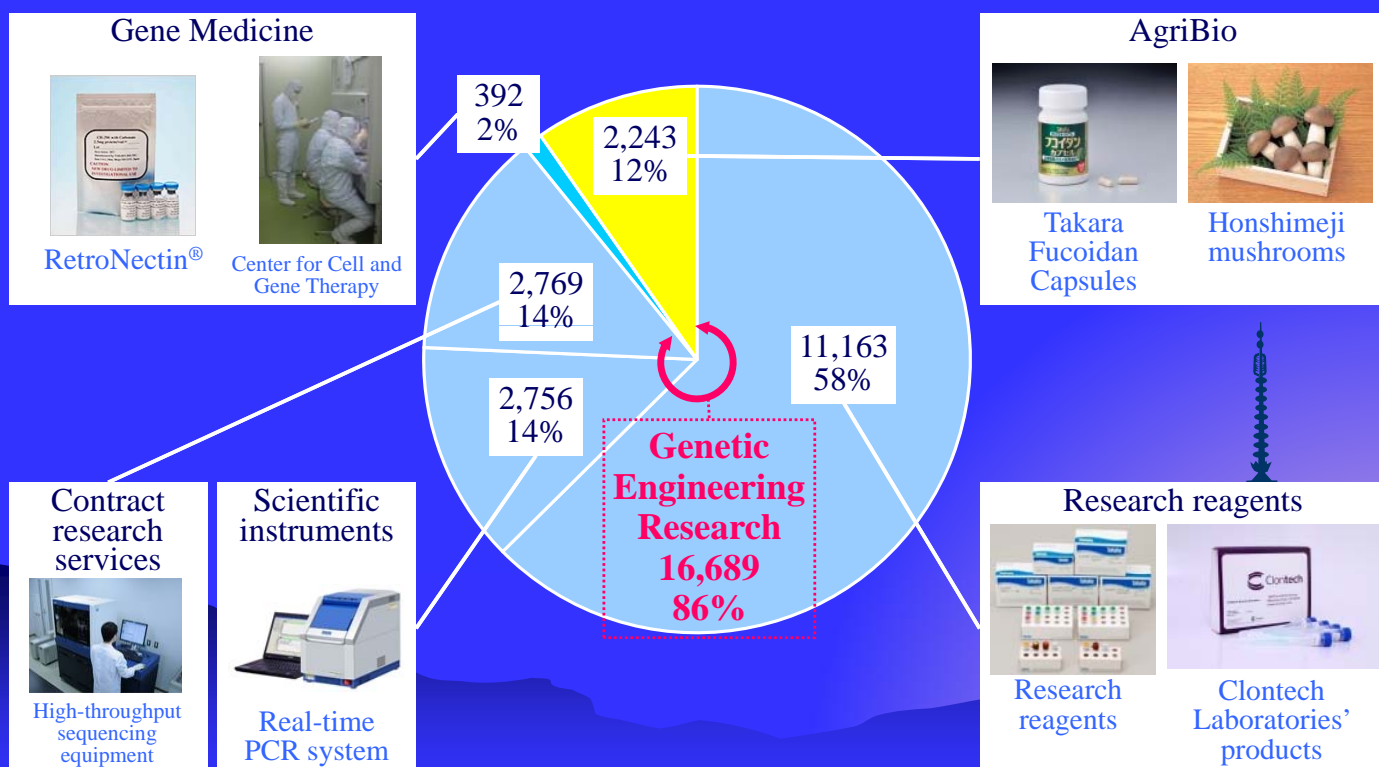
Biomedical Business



Business Outline

▼ Sales by Business Category: Takara Bio Group

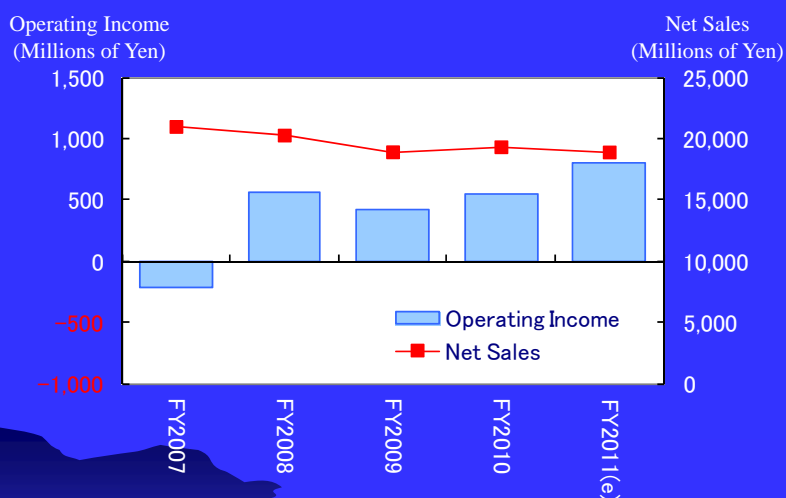
FY2010
(Millions of Yen)



Business Performance

➤ Generating Stable Profits

▼ Five-year Financial Summary



FY2011(e): forecast announced Jan. 28, 2011
 Net Sales: 18,900 million yen (-2.2% y-o-y)
 Operating Income: 800 million yen (+44.6% y-o-y)

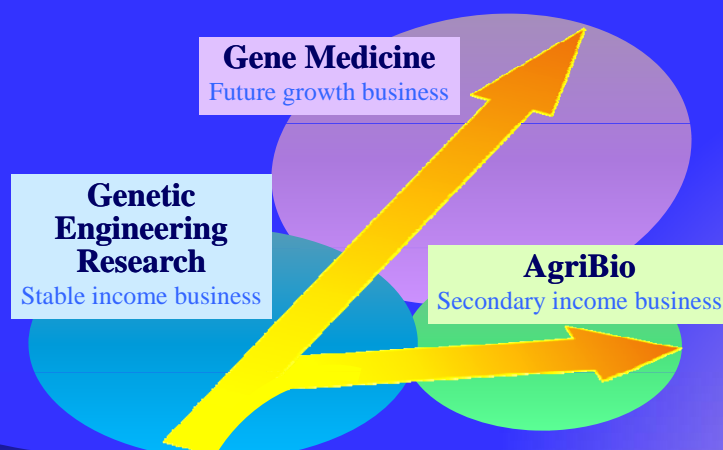
■ “Banzuke” of Japanese Biotech Companies in 2011

EAST		WEST
<ul style="list-style-type: none"> • Chugai Pharmaceutical • Takeda Pharmaceutical • Takara Bio 	YOKOZUNA	<ul style="list-style-type: none"> • Kyowa Hakko Kirin • Daiichi Sankyo
<ul style="list-style-type: none"> • Eisai • Otsuka Holdings • Pfizer Japan • Mitsubishi Tanabe Pharma / Benesis / BIPHA • Roche Diagnostics 	OZEKI	<ul style="list-style-type: none"> • Astellas Pharma • FUJIFILM Holdings • JCR Pharmaceuticals • Novartis Pharma

Source: Nikkei Biotechnology and Business (Nikkei Business Publications, Inc.)

Basic Business Strategies

- Achieving expansion and profit stability in Genetic Engineering Research
- Improving profitability in AgriBio
- Pursuing R&D activities in Gene Medicine



➤ Commercialize Gene and Cell Therapies

Genetic Engineering Research

▼ Became a leading company in the Japanese Market

- ▶ Obtained a strong share of the research reagents market

▼ Acquired the Clontech unit of BD Biosciences in 2005

- ▶ Bolstered product lineup of research reagents
- ▶ Expanded overseas sales
- ▶ Reduced manufacturing costs of Clontech Laboratories' products (due to transferring production from USA to Dalian, China)

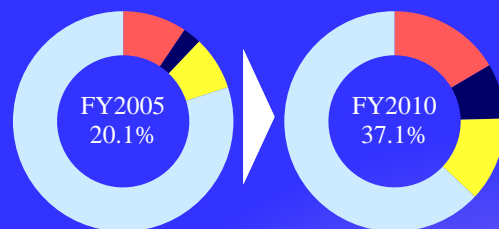
▼ Strengthening business in China

- ▶ Established Takara Biotechnology (Dalian) Co., Ltd. in 1993
- ▶ Reestablishing China as viable market, rather than simply a site for production



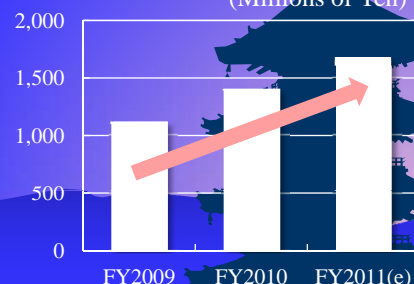
Takara Biotechnology (Dalian) Co., Ltd.

■ Overseas Sales Ratio



■ Net Sales in China

(Millions of Yen)



AgriBio

▼ Aiming for AgriBio to realize operating profit in FY2012

- ▶ Improving earnings through increased sales of mushrooms and cost reductions
- ▶ Transferring sales of health foods to Takara Healthcare Inc. (Sep. 2006)



Hatakeshimeji mushrooms



Honshimeji mushrooms

▼ Selling health foods through Takara Healthcare

Takara Bio's unique, cutting-edge technologies



Takara Shuzo's marketing and sales know-how utilized by Takara Healthcare

Acquire application data that has a direct impact on the sales promotion and product development of health food ingredients



Gagome kombu (kelp)
"fucoidan"



Ashitaba (angelica herb)
"chalcone"



"Takara Fucoidan Supplement 50"



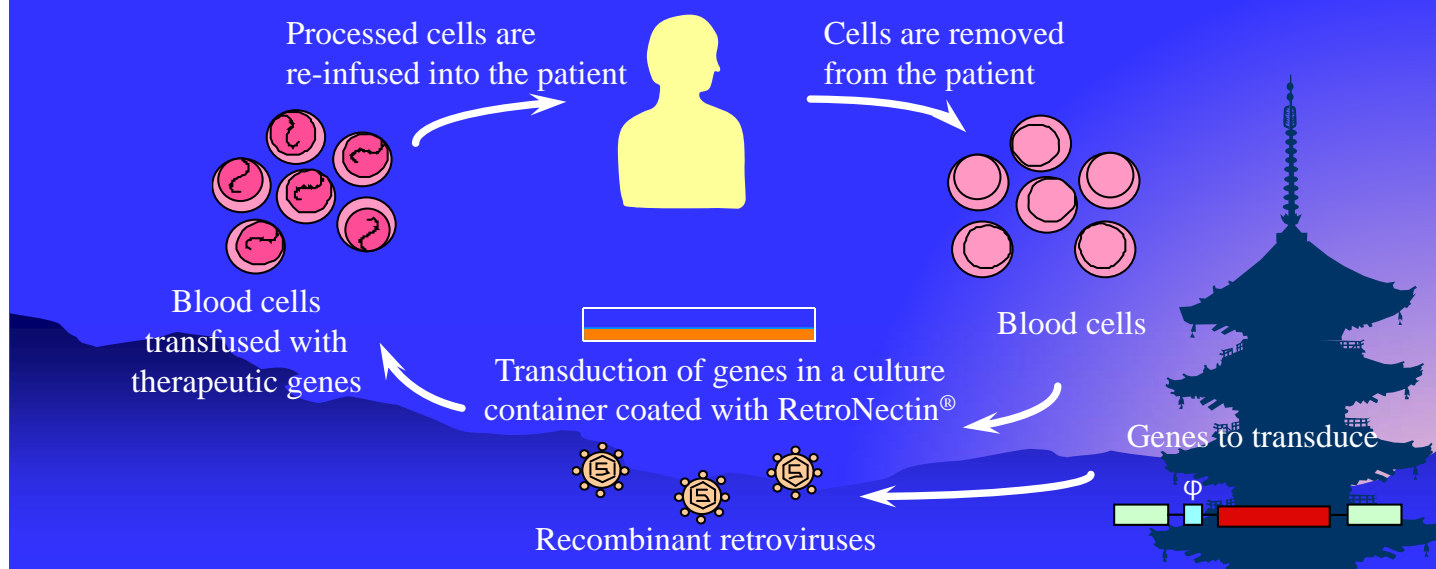
"Ashitaba Chalcone"

Gene Medicine

▼ Licensing the RetroNectin® Method

- ▶ Possess exclusive rights for worldwide use of the RetroNectin® Method
- ▶ The RetroNectin® Method currently used by public medical institutions for over 50 clinical gene therapy studies licensed out to 4 overseas private corporations

<Gene Therapy Protocol Using the RetroNectin® Method>



Gene Medicine

▼ Clinical development projects the Takara Bio Group is working on

Gene Therapy	Target Disease	Partner Institution
HSV-TK gene therapy (donor lymphocyte gene transfer therapy)	Relapsed leukemia	The National Cancer Center Hospital
HSV-TK gene therapy (haplo add-back)	Hematological malignancies	The National Cancer Center Hospital
TCR gene therapy: wtMA24	Esophageal cancer	Mie University School of Medicine
TCR gene therapy: siMA24 (RN-T)	Esophageal cancer	Mie University School of Medicine and others
TCR gene therapy: siWT24 (RN-T)	Cerebral tumors, hematological tumors, colorectal cancer	Mie University School of Medicine and others
MazF gene therapy	HIV	University of Pennsylvania and others
HF10	Head and neck cancer	University of Pittsburgh and others

Cell Therapy	Target Disease	Partner Institution
RetroNectin® induced T cell therapy	Esophageal cancer, ovarian cancer, etc.	Mie University School of Medicine and others
	Hepatocellular carcinoma	Kyoto Prefectural University of Medicine
	Refractory cancer, Hepatocellular carcinoma	Tianjin Medical University, Sun Yat-Sen University

Financial Strategies



Financial Strategies

▼ Financial Strategies of 7th Medium-Term Management Plan

(FY2009
~FY2011)

We will maintain investment at the recurrent levels in existing businesses, extend capital for investments geared toward growth and actively work to generate returns for investors.

Growth investments:
Cumulative outlays exceeding **10** billion yen over the three years.

Total shareholder return:
Generate aggregate returns of more than **10** billion yen over the three years.
(doubling the previous plan's levels)

Shareholder return payout:
Minimum of **50** %^{*1}

*1 Calculated as follows:
Shareholder return payout = $\frac{(\text{Total dividends} + \text{Amount of share buybacks})}{\text{Deemed consolidated net income}^*2} \geq 50\%$

*2 Deemed consolidated net income =
(Consolidated ordinary income – Interest income and dividends + Interest payments) x (1 – Effective tax rate)

Statements in this presentation, other than those based on historical fact, concerning the current plans, prospects, strategies and expectations of the Company and its Group represent forecasts of future results. While such statements are based on the conclusions of management according to information available at the time of writing, they reflect many assumptions and opinions derived from information that includes major risks and uncertainties. Actual results may vary significantly from these forecasts due to various factors.

Factors that could influence actual results include, but are not limited to, economic conditions, especially trends in consumer spending, as well as exchange rate fluctuations, changes in laws and government systems, pressure from competitors' prices and product strategies, declines in selling power of the Company's existing and new products, disruptions to production, violations of the Company's intellectual property rights, rapid advances in technology and unfavorable verdicts in major litigation.

