

Takara

 TAKARA HOLDINGS INC.

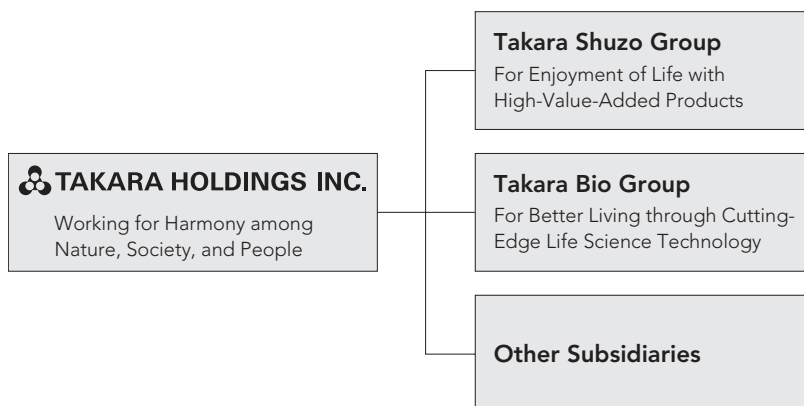
ANNUAL REPORT 2006

Contributing to the creation of healthy
lifestyles and a vital society in harmony
with nature through fermentation
technologies and biotechnologies

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Contributing to the creation of healthy lifestyles and a vital society in harmony with nature through fermentation technologies and biotechnologies



Forward-Looking Statements

Statements in this report, 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.

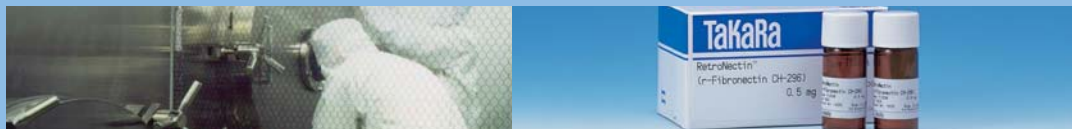
The Takara Group's goal is to contribute to healthy, fulfilling living by continually creating new value in the fields of culinary culture, cultural life and life sciences, based on our fermentation technologies for traditional Japanese sake brewing and our innovative, cutting-edge biotechnologies.

The Takara Group is engaged in business activities based on the Takara Evolution-100 (TE-100) long-term management concept, covering the 10-year period from 2001 to 2010. The vision laid out in this plan calls for us to increase real corporate value by enhancing both the economic and cultural value of the Group through evolution in five business areas: business results, business operations, management, corporate culture and human assets, and social and environmental actions.

In order to realize this goal, the Takara Shuzo Group, focused on the alcoholic beverages and foods business, and the Takara Bio Group, specialized in biomedical business, have each formulated a mid-term management plan for the development of their business operations. In the following pages we introduce the key initiatives that these two core businesses are currently focusing on.



Takara Shuzo's Honkaku Shochu, a 100% pure sweet potato shochu "Ikkomon"



Takara Bio's Gene Medicine Projects

Special Feature

Takara Shuzo's Honkaku Shochu, a 100% pure sweet potato shochu *Ikkomon*



As the population ages and the birthrate declines, there is an increasing need in the domestic Japanese alcoholic beverages market for high-quality products produced with refined technology. The ability to respond accurately to the needs of this market is the key to the growth of our business. Takara Shuzo sees the changing environment as an opportunity for new business, and aims to launch products desired by consumers through the development of unique products. In response to an emphasis on "genuine" products, one of our major thrusts has been the sale of our 100% pure sweet potato shochu, *Ikkomon*, introduced in further detail below.



100% pure sweet potato shochu *Ikkomon*

A Passion for 100% Pure Sweet Potato Shochu

Takara Shuzo first set its hand to the development of sweet potato shochu in 1997. After a review of anticipated future trends, we set out to create a taste that would express our brewmasters' passion and provide handcrafted taste.

Our engineering staff at the time was researching technologies of using sweet potatoes for koji (a malt used in the fermentation process) to create a "100% pure sweet potato" shochu. Most sweet potato shochu uses rice koji, since the techniques required to produce sweet potato koji are believed to be extremely difficult. When the sweet potatoes are steamed, it becomes too soft. Their high water content makes it difficult to cultivate the koji mold. While other companies have produced several brands of shochu made from 100% sweet potatoes, sweet potato koji made using the existing technologies, in addition to being difficult to use, tends to have less koji malt power than rice koji (especially in its ability to break down starches), hampering the fermentation process and leading to a flat taste with an acidic bouquet.

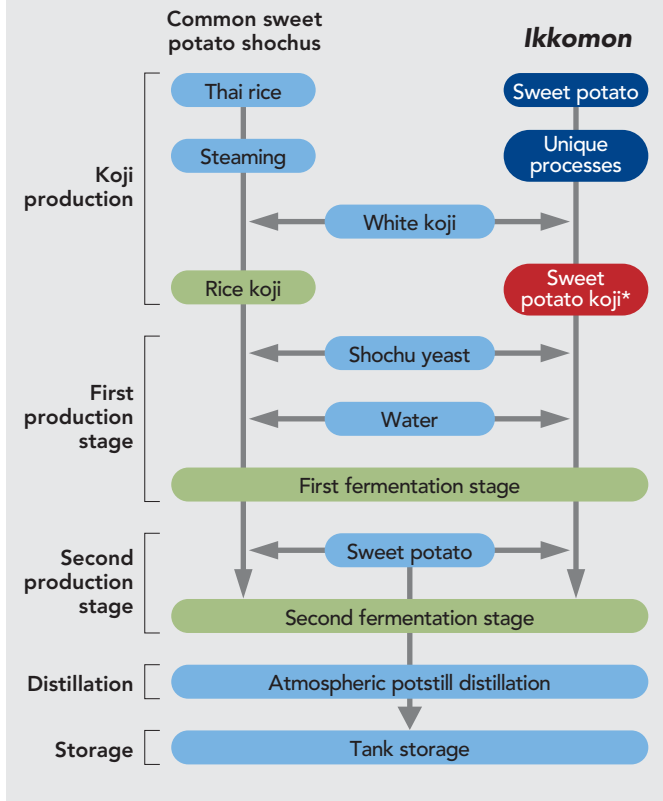
Takara Shuzo's technologies, developed through our work with a wide variety of alcoholic beverages, finally led to a breakthrough. By employing Takara Shuzo's unique production technologies, our engineering staff succeeded, through trial and error, in creating the ideal sweet potato koji for the production of shochu.

Ikkomon production process

Key point:
Made from 100% sweet potato

Sweet potato koji made through Takara Shuzo's unique technologies*

Succeeded in realizing sweet potato koji suitable for sweet potato shochu production utilizing Takara Shuzo's unique technologies, acquired through many years of research.



Koganesangan sweet potatoes, used to make sweet potato shochu

The Taste and Bouquet of 100% Pure Sweet Potato

The 100% pure sweet potato shochu, which is the result of our relentless efforts, produces an alcoholic beverage with a surprisingly refined bouquet. Unlike the characteristic bouquet produced by the fatty acids of rice koji, the natural aroma of the sweet potatoes is preserved, creating a clean, refined finish. In addition, the high quality of the koji improves fermentation of moromi (main mash), creating a mellow flavor.

A blossoming partnership

While work was progressing on the product development of sweet potato shochu, Takara Shuzo, who was aiming to embody regional character in the production of honkaku shochu, decided on its production policy through a technological alliance with local breweries in Kyushu, Japan's southernmost island. After a number of visits to breweries in Kumamoto, Kagoshima, Miyazaki and Okinawa prefectures, an alliance was reached in 2000 with Komaki Jozo (a company accounted for by the equity method) of Satsuma County, Kagoshima Prefecture — a brewery highly rated among shochu fans. So it was in 2001, through a combination of Takara Shuzo's know-how in making koji and shochu, and Komaki Jozo's know-how in making sweet potato shochu, the first 100% pure sweet potato shochu was born. The product name *Ikkomon* comes from a word in the local Kagoshima dialect meaning "bull-headed", for our bull-headed insistence on high-quality production.

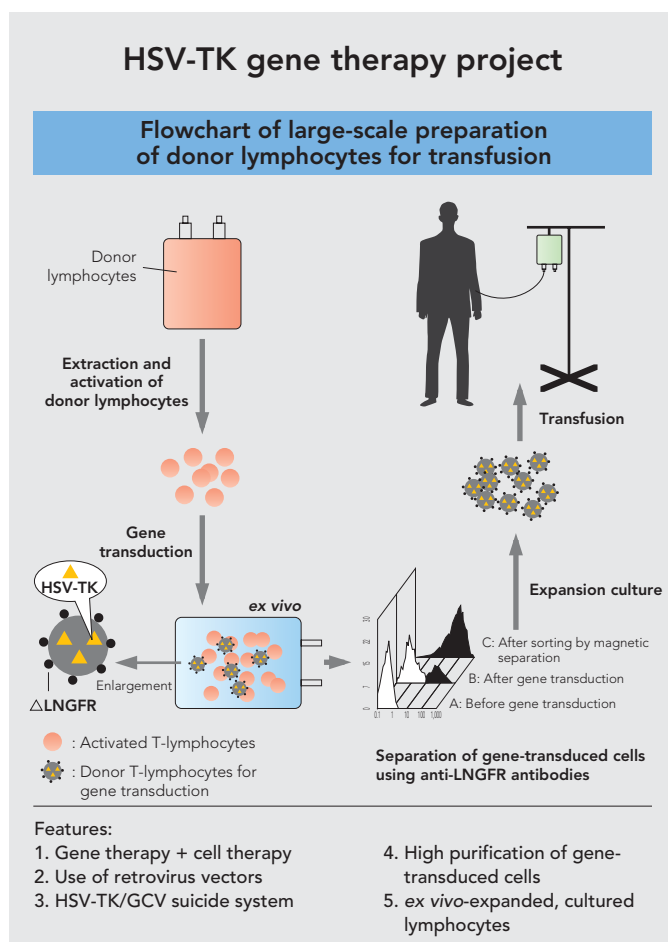
Company-Wide Sales Campaign of Ikkomon, as Our Strategic Product

Since the launch, *Ikkomon* has become so popular, fueled by a boom in sweet potato shochu that production cannot keep pace. Sales in fiscal 2006 were nearly 1.5 times the previous year's, providing ample proof of the wide support of this product gained among customers.

Then in April 2006, Takara Shuzo positioned *Ikkomon* as its strategic product for increasing profitability in the domestic alcoholic beverages market and launched the company-wide project. Through a variety of initiatives including the launches of new products targeting pubs and bars, strengthened promotional campaigns, and aggressive sales to pub and bar clients who do not carry *Ikkomon*, we will strive to increase our brand value by clearly communicating our products' superior quality to consumers.

Takara Bio's Gene Medicine Projects

Takara Bio is developing its biotechnology business based on the genetic engineering as its core technologies, which is comprised of the three pillars of Genetic engineering research, AgriBio and Gene medicine. In particular, Gene medicine involving cell and gene therapies for the treatment of cancer and AIDS has the potential to become a highly profitable business in the future. This section introduces some of the clinical development projects that Takara Bio is promoting in the field of Gene medicine for cancer treatment.



HSV-TK Gene Therapy for Leukemia Treatment: The National Cancer Center (Japan)

MolMed S.p.A. of Italy, to which we have licensed out the RetroNectin method, is conducting clinical trials in Europe using HSV-TK-based gene therapies for leukemia. Takara Bio has obtained exclusive rights from MolMed to use these treatment technologies in most of Asia.

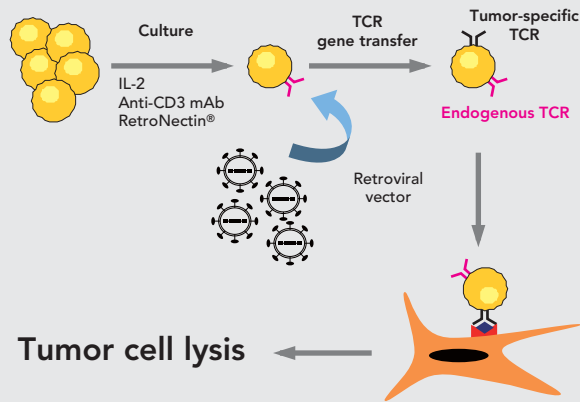
Together with the National Cancer Center in Japan, we have established a Good Manufacturing Practice (GMP)-compliant Cell Processing Room at the National Cancer Center in order to promote clinical trials of HSV-TK-based gene therapies for leukemia in Japan. Presently, we are working to receive approval on our Confirmation Application, so we can begin clinical trials of this gene therapy.

<The RetroNectin Method — A Key Technology in Gene Medicine>

The RetroNectin method is Takara Bio's unique technology developed in collaboration with Indiana University in the U.S., and it is the core technology of the gene medicine. The RetroNectin method is used in *ex vivo* gene therapy, and makes the efficient transduction of genes into hematopoietic stem cells and other blood cells possible, which was previously considered difficult. We have exclusive rights for worldwide use of the RetroNectin method, and have licensed it to a number of gene medicine researchers and businesses, where it is used in clinical trials.

TCR Gene Therapy Project

Flowchart of TCR Gene Transfer



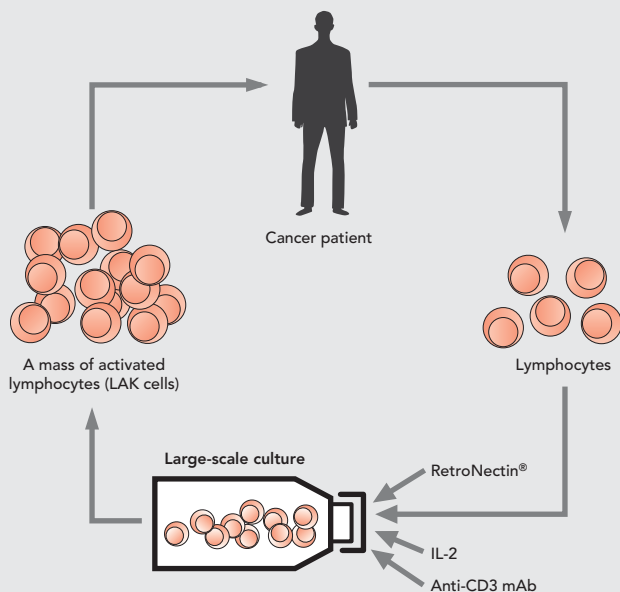
TCR Gene Therapy for Esophageal Cancer Treatment: Mie University School of Medicine (Japan)

Takara Bio is collaborating with Mie University School of Medicine in the clinical development of T-cell receptor (TCR) gene therapy targeting esophageal cancer. This therapy involves the re-infusion of tumor-fighting lymphocytes transduced with a TCR gene specific to the cancer antigen into the patient. The TCR gene therapy approach has been found so promising that a TCR clinical trials targeting melanoma using our RetroNectin method are currently being conducted at the National Cancer Institute in the U.S. Significantly, TCR therapies combines both cell therapy and gene therapy.

Adoptive Immunotherapy for Renal Cancer Treatment: Cancer Institute and Hospital, Chinese Academy of Medical Science (China)

Takara Bio has developed a technology for highly efficient cultivation of lymphocytes using the RetroNectin®, and is progressing with clinical development of adoptive immunotherapy in partnership with the Cancer Institute and Hospital (CIH), Chinese Academy of Medical Science. In December 2005 our subsidiary, Takara Biomedical Technology (Beijing) Co., Ltd., and CIH applied to the Beijing Drug Administration for permission to begin clinical trials of adoptive immunotherapy using RetroNectin® for renal cancer. We hope to obtain permission to begin clinical trials after the review by the Drug Administration, and the State Food and Drug Administration of China.

Activated lymphocyte injection therapy using RetroNectin®



Cancer Institute and Hospital, Chinese Academy of Medical Science

To Our Shareholders



Special Feature

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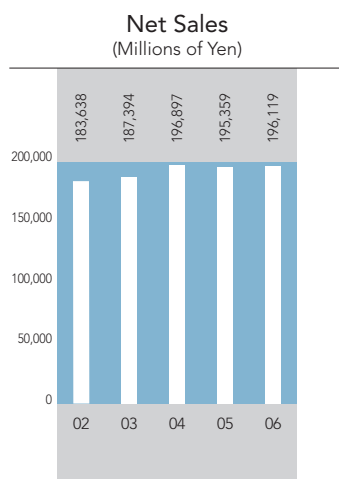
Takara Group
Business Chronicles

The year ended March 2006 was tough but rewarding

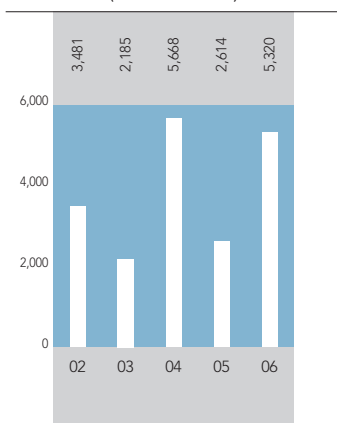
The year ended March 31, 2006 (hereinafter “fiscal 2006”) marked the first year of the Sixth Medium-Term Management Plan. In this sense, it was a challenging year since we laid the groundwork for the achievement of the plan’s goals, while at the same time putting efforts into securing short-term earnings.

In fiscal 2006, our consolidated net sales were up 0.4% year-on-year to 196,119 million yen, operating income declined 20.0% from the previous year to 5,924 million yen, ordinary income decreased by 13.3% year-on-year to 5,931 million yen, and net income resulted in 5,320 million yen, a 103.5% increase over the previous year. In the alcoholic beverages and foods segment, sales from light alcoholic refreshers and other beverages were substantially down, and sales of ko-type shochu, including *Takara Shochu Jun*, also decreased due to an adverse effect of a contraction of the market as a whole. In the biomedical segment, while net sales increased considerably thanks to the acquisition of Clontech Laboratories, Inc., operating losses increased due to one-time expenses associated with the acquisition. As a result of these, the Group as a whole ended with a slight increase in net sales, but a decline in operating income. The large increase in net income was due to a gain resulting from changes in ownership in subsidiaries, and a gain on sale of the Takara Shuzo’s Fushimi Factory site.

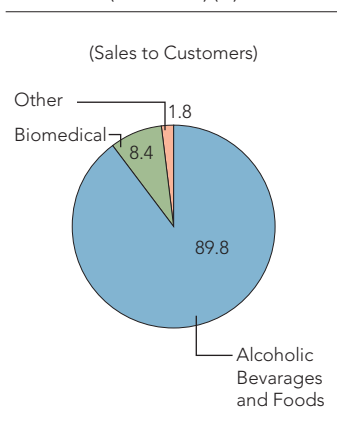
At the same time, there was much good news from other products and business segments. Sales of honkaku shochu remain strong. We achieved an increase in sales of sake in spite of a minus growth of the overall market. In both cases, our main products were the driving force of the increased sales. In the field of honkaku shochu, sales of *Ikkomon*, a 100% pure sweet potato shochu, increased by more



Net Income
(Millions of Yen)



Sales by Segment
(Fiscal 2006) (%)



than 40% over the previous year, and now represent one-quarter of all honkaku shochu sales. *Ikkomon* has won greater recognition among consumers as a high-quality brand, and is becoming one of our new sources of revenue. In the field of sake, *Sho-Chiku-Bai Ten* in paper packs, which appeals to buyers as they are easy to purchase, continue to increase in sales volumes, especially at supermarkets and convenience stores. *Sho-Chiku-Bai Ten*, launched in response to expanding sales channels in the wake of the deregulation in alcoholic beverage retail licensing in September 2003, has played a major role in expanding our company's share of the sake market. Meanwhile, in the biomedical segment, we acquired Clontech Laboratories, Inc. in the United States in order to further expand our research reagent lineup, obtain sales channels overseas, and enhance our research and development power. We intend to further strengthen the earning power of the biomedical segment and accelerate our business strategy.

Tenacity in the face of challenges is the Takara way

In fiscal 2006, despite a market-wide increase in volume of shipments, sales of light alcoholic beverages, such as *Takara Can Chu-Hi*, decreased from the previous year. Responding to increasing customer demand for less sweet products, we put great efforts into expanding sales of *Takara Can Chu-Hi Honkaku Karakuchi*, but business has been tough. Consequently, we returned to the roots of *Chu-Hi*, and in March 2006 we launched the sales of *Takara Shochu High Ball*, another dry type *Chu-Hi*. As a pioneer of the *Can Chu-Hi* market we intend to remain firmly committed.

In the seasonings business, we are starting to see the effects of our marketing efforts, targeted at the home-meal replacement market. As the average number of people per household has continued to decrease nowadays, so the sources of demand for seasonings have been steadily shifting from households to manufacturers of prepared meals. In response to this change, we established an organization in 2005 to actively solicit the sales of seasonings to prepared meal manufacturers. In April 2006, this organization was expanded into the Seasoning Processing Business Division. In addition, we created a new brand, *Kyo Takara*, specifically aimed at prepared meal manufacturers, as part of our commitment to extending our product lineup. Of these products, *Teri Jozu* in particular has won rave reviews for sustaining a food's appeal with "teri".

The performance of our beverage business was severe. This is because we are striving to add functionality to our product lineup, and move our beverage business towards the functional food business. During the fiscal year ending March 2007, this process will be accelerated, and we intend to transform our business



into a worthy business that provides consumers with foods which are truly good for the body.

One of the central tenets of the Takara Group's business philosophy is the tenacious pursuit of business goals. In the face of challenges in the light alcohol refreshers and beverages businesses, we have not rushed to implement hasty countermeasures, but rather we are working solidly on initiatives that match our philosophy. The same can also be said of our pioneering biomedical business. Since the foundation of the biomedical business in 1979, we have built a solid foundation as one of the top businesses supporting domestic genetic engineering research. At present, we continue to build on our successes, such as the establishment of our RetroNectin Method for gene therapy and confirmation of the effectiveness of mRNA interferase, and continue to work towards the commercialization of gene therapies.

Aiming to meet the goals of our Medium-Term Management Plan

The Sixth Medium-Term Management Plan ends in March 2008. Our policy is to devote all our energy to ensuring the realization of the goals contained within this plan. First, the Takara Shuzo Group has three main priority policies: One, to strengthen the profitability of the domestic alcoholic beverages business; Two, to focus on the domestic non-alcoholic beverages business and on overseas business; Three, to continuously endeavor to reduce costs in order to support business activities. To achieve the first priority, we will further increase sales of *Ikkomon* shochu that had a tremendous increase in sales in fiscal 2006. Our sales division called for pushing this product more aggressively, and as a result the sales of this product have increased. More recently, *Ikkomon* has become so popular that this product is stocked even by stores not regularly visited by our sales representatives. We feel this feedback is very similar to that generated by long-selling products such as *Takara Shochu Jun*, released in 1977, and *Takara Can Chu-Hi*, released in 1984. We plan to develop *Ikkomon* into a ten billion yen product in the future.

For the second priority, in addition to the strategies of the seasonings and beverages businesses outlined above, we aim to develop our overseas businesses in the medium to long term. The increasing population and rising incomes in China and other Asian countries, as well as the high level of interest in Japanese foods in Europe and North America hold great promise for the overseas market. Even though the market may be small at the moment, patient work at this early stage will surely lead to future profits.

In the third area, although there are now more factors of increased costs



such as a rise in the costs of ethanol (ethyl alcohol) and crude oil, etc., we will continue to endeavor to reduce costs through various measures, while at the same time reducing fixed costs.

The Takara Bio Group is striving to balance its income and expenses by providing a solid base for future growth through continuing to make prior investments in Gene medicine which is now in the development stage, as well as establishing a stable revenue base centered on the field of Genetic engineering research. In the fiscal year ending March 2007, we will promote the realization of synergistic effects from the acquisition of Clontech Laboratories, Inc. and strengthen our earning power. In the field of Gene medicine, we will aggressively pursue licensing-out opportunities for our RetroNectin Method, which is becoming the standard technology in ex vivo gene therapy, and at the same time we will continue to go forward with two clinical developments of gene therapy that the Group is carrying on in Japan.

The Takara group: combining practicality with ambition

The Takara Holdings is composed of the Takara Shuzo Group, which is involved in the alcoholic beverages and foods business, and the Takara Bio Group, which is responsible for our biomedical business. The former represents a steady and practical business which pays close attention to the daily lives of consumers. The latter is involved in state-of-the-art technologies, and hence involves some risks. However, the Group's involvement in socially significant businesses such as gene therapy suggests large revenues in the future. We aim to maintain steady earnings from our alcoholic beverages and foods business, and pass these earnings along to our shareholders, while at the same time strive to develop the biomedical business that has a great potential in the future. Takara Holdings is proud to have created a business portfolio that shareholders can rely on to provide practical business for today and ambitious plans for tomorrow. We hope we may count on your support and understanding in the future.

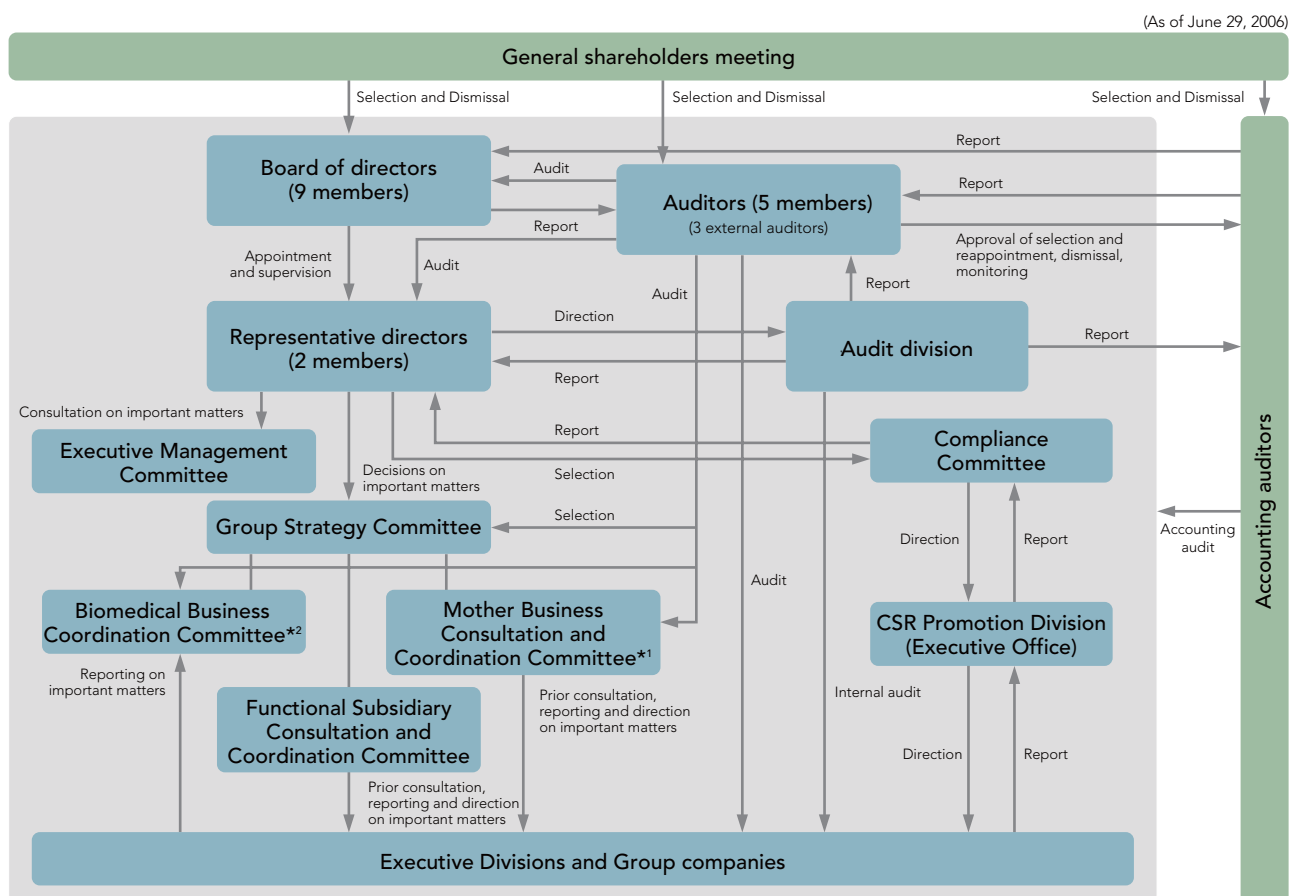
Hisashi Ohmiya, President
August 2006

Corporate Governance

Takara Holdings Inc. ("the Company") and its affiliated companies (together, "the Group") believe it is possible to continuously enhance corporate value over the long term by fulfilling its social responsibilities as a corporation and by earning the trust of the Group's various stakeholders. Recognizing this, the Group has identified the strengthening of corporate governance as a key management task and is committed to work toward this goal.

Corporate Governance System

As of June 29, 2006, the Company's board of directors is composed of nine members (external directors are not appointed) and the Company employs an auditing system consisting of five auditors, three of whom are external auditors. The Company's auditors audit the legality of decision-making and business execution of the board of directors, through their participation in important meetings such as the board of directors meetings and examination of key documents.



*1. Consultation and coordination committee for the "mother" business segment (alcoholic beverages and foods business)
 *2. Coordination committee for the biomedical business segment

Exceptional circumstances that may have a significant impact on corporate governance

Takara Bio Inc., our publicly traded subsidiary

Takara Holdings is a parent company of Takara Bio Inc. and holds 71.69% of the voting rights of Takara Bio as of March 31, 2006. The relationship between the Company and Takara Bio is outlined below.

<1>The positioning of Takara Bio Inc. within the Group

Takara Bio Inc. was established on April 1, 2002 as a spin-off from the Company as its wholly owned subsidiary. Since then, through Takara Bio's capital increases by the allocation of new shares to third parties and public offerings, and Takara Bio's issuance of bonds with stock acquisition rights, the proportion of voting rights has reached the present level.

The Group is composed of the Company, a pure holdings company, and its 40 affiliated companies (30 subsidiaries and 10 affiliated companies), in which Takara Bio is positioned as a subsidiary specializing in biotechnology. Through Takara Bio's business activities, the Group promotes the biomedical business.

<2>Group company management

From a consolidated management perspective, the Company has implemented a set of Group Company Management Regulations, and its objective is to maximize the corporate value of the entire Group while each of the Group's companies maintains its independence and autonomy. These regulations are also applicable to Takara Bio Inc. Although Takara Holdings receives reports on decisions made at Takara Bio's board of directors meetings, Takara Bio is not required to gain prior approval for the resolutions of its board of directors and manages its business operations independently.

Furthermore, the Company has organized several Committees, including Group Strategy Committee and Biomedical Business Coordination Committee. While the representative director, board members and executive committee members of Takara Bio Inc. are requested to attend these committee meetings, the purposes of these meetings are for discussing the entire Group's policies and reporting between Group companies, and they are not intended to inhibit the independence and autonomy of Takara Bio.

About the Policies on Response to Large-scale Purchases of the Company's Shares

Takara Holdings, Inc., in order to maintain and increase corporate value and, by extension, the joint benefit of our shareholders, has established a rational set of rules that ensures our shareholders have sufficient time and information to consider their response in the event of a large-scale purchase of the Company's share certificates without prior approval from the Company's board of directors. For its details, please refer to the Company's website, <http://www.takara.co.jp/ir/index.htm>, the financial statement report, and the Management's Discussion and Analysis section of this annual report.

Environmental Activities

To continue to be a company that contributes to healthy and active lives, we are striving to become a "green ink" enterprise that cares about both society and the environment.

For healthy and active customers

To deliver safe and secure products to our customers, Takara Shuzo has acquired the ISO9001 quality management system certification for all of our factories, and created a rigorous quality control system in which only high-quality ingredients are used.

We are also promoting the development of environmentally-friendly products, such as bulk sales (selling products by weight), developing EcoPET bottles for easy segregation, and using returnable bottles that can be reused, as well as working in cooperation with customers to promote the recycling of containers.

In addition, to prevent customers from suffering health problems from excessive drinking, we are conducting educational activities encouraging people to drink in moderation.



Selling shochu by weight

For an active society

Takara Holdings established the Takara Harmonist Fund, a public trust fund in 1985 to support various activities involved in the protection of the natural environment of Japan's forests, waterbeds, and creatures living there. Including fiscal 2006, a cumulative total of 105.25 million yen has been donated to 219 organizations and individuals.

In addition, in April 2004 we opened the Takara Rice and Sake School, a place where parents and children learn the rules of society and the preciousness of nature through growing rice and making sake. We are also supporting a wide range of activities including social action programs, as well as participating in volunteer programs such as local clean-ups.



Takara Harmonist Fund

For a healthy planet

At Takara Shuzo, we are keenly aware that a business activity puts a burden on the environment. Since 1998, Takara has been publicly announcing the Green Ink Accounting Report index, showing our improvement rate of environment-friendliness, social contributions, and reduction in environmental burden, expressed in the form of balance sheet.



Green Ink Corporate Report 2005, introducing Takara Shuzo's CSR activities and green ink accounting report

Takara Shuzo Group

Our alcoholic beverages and foods business, the Group's core business, traces its history back to the year 1842. For over 160 years, we have continued our operation in our mission to provide reliable products backed by our creative, tried-and-tested technologies by responding to the changing values and tastes of consumers over the ages.

These products span a wide range of categories, including shochu, sake, light-alcohol refreshers, wine, whisky, Chinese alcoholic beverages, seasonings, drinks, and raw alcohol. Business operations now span the globe, with subsidiaries operating in the United States, China and Scotland (UK).



Shochu

Shochu: Constantly working to create new markets

Takara has been contributing to further expansion of shochu market by constantly seeking the trend-setting shochus and creating new markets through its unique, advanced technologies developed over many years as a specialist in shochu production. In the ko-type shochu market, we have successfully established an entirely new category of bottled shochu with *Takara Shochu Jun*, a long seller product celebrating its 30th anniversary in 2007, and *Shochu JAPAN* that features a stylish design and a mellow refreshing taste. We have also established a firm position in the growing honkaku shochu market by launching various shochus made with only the finest ingredients and traditional methods such as *Ikkomon*, a 100% pure sweet potato shochu made through our own unique process, and *Shirakabe-gura* brand *Kasutori Shochu "Hinomoto"*, infused with the techniques handed down through the history of Japan's Meiji and Taisho eras.



Sake Sho-Chiku-Bai

Sake: Pursuing even higher quality and discriminating taste

By linking Takara's marketing strategies to current trends, the *Sho-Chiku-Bai* label has secured a strong position as the leading brand in the celebration and gift segments of the sake market. Contributing to this growth, Takara has maintained its reputation as a high-quality brand sake linked to joyful occasions. In the soft pack sake market, we launched *Sho-Chiku-Bai Ten*. This product's distinctive taste as well as package design featuring the calligraphy of *Bakuzan Sakaki* has been well received, earning the support of many customers. The *Shirakabe-gura* Brewery (white-walled brewery), specializing in the production of high-quality sake, continues our quest to find the secret of truly good tasting sake.



Light-alcoholic refreshers
Takara Can Chu-Hi



Seasonings Takara Hon Mirin Junmai
and Takara Hon Ryoriseishu



Tasting room at Takara Sake USA Inc.

Light-Alcohol Refreshers: Offering chu-hi made with top-quality shochu

The year 1984 marked the stunning debut of *Takara Can Chu-Hi*. This product's high quality, backed by our well-established technologies and insistence on using only the finest shochu, fruit juice and water, has won the overwhelming support of our customers, and this product has remained a major hit for over 20 years since its launch. In March 2006 we launched *Takara Shochu High Ball*. This product recaptures the taste of the original *Shochu High Ball*, first created in downtown Tokyo in the late 1940s and known as the origin of chu-hi. With a dry taste that goes well with meals, this product has widened our customers' drinking options. Takara continues to develop products made with the best shochu and high-quality products that meet the discriminating customers' needs.

Seasonings: Sake makes food taste better

Takara has long focused on the power of sake as a seasoning, which has long been used worldwide, and offers a wide range of products that enhance the flavor of cuisine and enriches the dining experience. Since its creation in the early 19th century, *Takara Hon Mirin*, an alcohol-based seasoning, has won support from customers as an indispensable part of Japanese cuisine, and continues to contribute to the evolution and development of Japanese culinary culture as the leading brand of hon mirin. In addition *Takara Hon Ryoriseishu* has become a much-loved brand of sake as most suitable for cooking, due to its ability to eliminate odors associated with some ingredients and bring out the deep flavors of fine food. In recent years we have made strong inroads into the growing home-meal replacement market, and have actively promoted sales of seasonings for takeout and prepared meal manufacturers.

Overseas Activities: Utilizing our network to develop overseas markets

By utilizing the sales networks established through our overseas affiliates that have developed around the world, we are engaged in the import, export and local production of alcoholic beverages and seasonings. In the United States, Takara Sake USA Inc. produces and sells *Sho-Chiku-Bai* sake, mirin and plum wine, while Age International Inc. makes super-premium bourbon under the Blanton's label. In China, Takara Shuzo Food Co., Ltd. produces and sells *Sho-Chiku-Bai* sake, mirin and shochu, while Shanghai Takara Shuzo International Trading Co., Ltd. imports and sells products manufactured by the Group companies in Japan and other countries. In Europe, The Tomatin Distillery Co., Ltd. of Scotland manufactures and sells Scotch whisky. We will continue to pursue more effective business operations and the development of new businesses undertakings through the shared utilization and supplementation of these networks.

Takara Bio Group

The biomedical division of the Takara Group is committed to contributing to benefit society through the use of biotechnology. We believe that the integration of genetic engineering technology and biomedicine is the most direct route to establishing a revolutionary form of medicine, "gene medicine", and similarly the integration of biotechnology and food engineering gives rise to a new development in "agribio". Therefore we are focusing all our resources on only one business, the ever-advancing field of biotechnology.

We intend to establish a firm position in the global biotechnology market by focusing on three biomedical business segments: the Genetic engineering research segment, which is the core of our biomedical business, the AgriBio business segment, which is striving to become the second profitable business, and the Gene medicine segment, which has the potential to become an enormous business in the future.



Research reagents



Clontech fluorescent proteins

Genetic Engineering Research

The Takara Bio Group is involved in the sales of research reagents and scientific instruments, which are essential to research and development of biotechnology, as well as offering contract research services.

In the field of research reagents and scientific instruments, we are striving to increase sales by developing our own products mainly in the field of Genetic engineering research, such as gene amplification-related reagents and instruments, as well as product development in the field of molecular biology, primarily through Clontech that we acquired in September 2005. At the same time, we aim to further expand sales by extending sales field across the entire biotechnology through the introduction and sales of products from European and American manufacturers.

In addition we offer comprehensive contract research services including genome sequencing that utilizes our large-scale sequencing ability and functional analysis of genes by using our DNA chips and DNA microbeads array technology.

Going forward, we aim to further increase our profit in the Genetic engineering research segment by increasing efficiency and taking advantage of synergistic effects of Takara Bio's and Clontech's abilities in research and development, and by further reducing costs through shifting production of Clontech products to Takara Biotechnology (Dalian) Co., Ltd.



Cultivation of Ashitaba



Honshimeji mushrooms



RetroNectin®

AgriBio

Based on the concept of using food as therapeutic agent, we offer functional foods to customers by finding the functions of traditional Japanese foodstuffs through the use of biotechnology. We have discovered the physiological properties such as fucoidan in kombu (kelp), agaligo in agar, chalcone in Ashitaba and polyterpene in mushroom, and we are developing products using these materials.

In the field of large-scale cultivation of mushrooms, we became the first to succeed in large-scale cultivation of Bunashimeji mushrooms in 1970 and have also established a large-scale cultivation method for Hatakeshimeji and Honshimeji mushrooms, and we are now promoting the commercialization of these mushrooms. Furthermore Takara Bio has already succeeded in decoding the Matsutake mushroom genome and now aims to establish a large-scale cultivation method for high value-added mushrooms by utilizing the Matsutake mushroom genome.

Gene Medicine

By applying the technologies gained through our genetic engineering business, we aim to develop and commercialize the cutting-edge technologies essential for gene medicine such as gene therapies and cell therapies.

Takara Bio's core technology in the Gene medicine is the RetroNectin method, developed in collaboration with Indiana University in the U.S., for which Takara Bio has exclusive rights for worldwide use. The RetroNectin method, which is used in *ex vivo* gene therapy, makes the efficient transduction of genes into hematopoietic stem cells and other blood cells possible, which was previously considered difficult. Our RetroNectin method is used by various public medical institutions for clinical research of gene therapies as well as by overseas private businesses for clinical trials. Furthermore Takara Bio is promoting, as its own project, clinical development of gene therapy for the treatment of leukemia and esophageal cancer in Japan.

In the field of cell therapy, Takara Biomedical Technology (Beijing) Co., Ltd. is promoting clinical development of cancer immunotherapy for treatment of renal cancer.

Six-Year Financial Summary

Takara Holdings Inc. and Consolidated Subsidiaries

	Millions of Yen						Thousand of U.S. Dollars
	2006	2005	2004	2003	2002	2001	2006
For the years ended March 31:							
Sales to customers	196,119	195,359	196,897	187,394	183,638	184,886	1,676,230
Alcoholic beverages and foods segment	176,107	178,068	179,675	167,188	164,792	–	1,505,188
Alcoholic beverages and seasonings segment	–	–	–	–	–	155,661	–
Beverages segment	–	–	–	–	–	11,472	–
Biomedical segment	16,490	13,671	13,560	14,338	14,312	–	140,940
Biomedical segment	–	–	–	–	–	11,469	–
Other segment	3,520	3,618	3,661	5,867	4,533	–	30,085
Printing segment	–	–	–	–	–	–	–
Other segment	–	–	–	–	–	6,283	–
Cost of sales	120,132	119,114	119,023	114,617	112,482	111,381	1,026,769
Gross profit	75,986	76,244	77,874	72,776	71,155	73,504	649,452
SG&A expenses	70,062	68,841	68,514	64,169	62,460	61,918	598,820
Operating income	5,924	7,402	9,360	8,606	8,695	11,585	50,632
Income before income taxes and minority interests	7,876	6,813	10,453	6,232	7,173	9,852	67,316
Net income	5,320	2,614	5,668	2,185	3,481	5,092	45,470
Depreciation and amortization	6,755	6,393	6,427	6,627	6,443	5,628	57,735
Capital expenditures	5,633	6,511	5,243	7,269	10,065	13,337	48,145
R&D expenses	3,574	3,353	3,127	3,591	3,699	3,093	30,547
As of March 31:							
Total assets	212,466	190,773	189,416	175,830	179,702	191,844	1,815,948
Interest-bearing debt	39,330	40,347	41,560	38,854	28,331	31,865	336,153
Shareholders' equity	101,839	89,478	88,006	79,888	83,714	84,742	870,418
Per share of common stock (Yen and U.S. Dollars):							
Net income	24.39	11.74	25.93	9.76	16.05	23.47	0.20
Cash dividends	9.00	7.50	7.50	7.50	7.50	7.50	0.07
Ratios (%):							
Return on assets (ROA)	2.6	1.4	3.1	1.2	1.9	3.0	
Return on equity (ROE)	5.6	2.9	6.8	2.7	4.1	6.4	
Equity ratio	47.9	46.9	46.5	45.4	46.6	44.2	

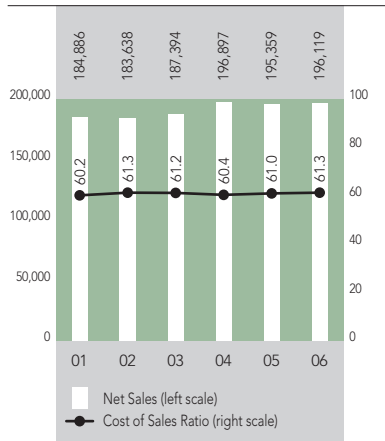
Notes 1. Japanese yen figures less than a million yen have been rounded down to the nearest million yen.

2. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥117 to \$1, the approximate rate of exchange at March 31, 2006.

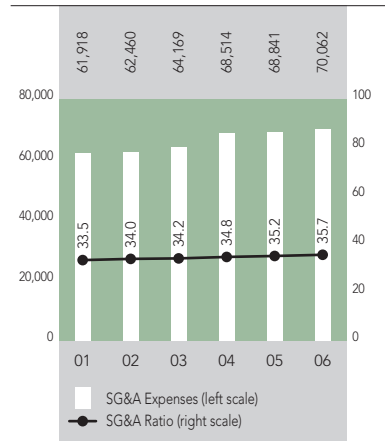
3. On April 1, 2002, some of the Takara Group's business operations were restructured into separate companies. To provide appropriate disclosure of segment information reflecting this change in the Group's management structure, it was necessary to modify the segmentation used up until the year ended March 2002. The Alcoholic Beverages and Seasonings Segment and the Beverages Segment were merged to create the Alcoholic Beverages and Foods Segment. In addition, physical distribution and materials procurement operations relating to alcoholic beverages and foods businesses were shifted from the Other Business Segment to the Alcoholic Beverages and Foods Segment. Segment information for the year ended March 2002 has been recalculated on the basis of specific criteria to reflect this new segmentation.

Fact Sheets

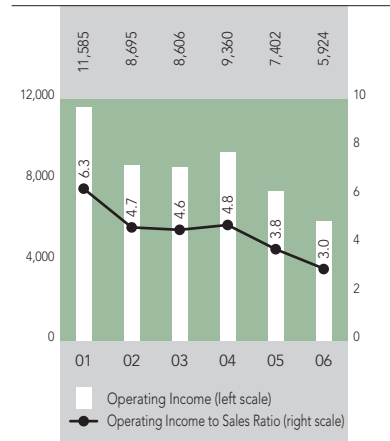
Net Sales / Cost of Sales Ratio
(Millions of Yen / %)



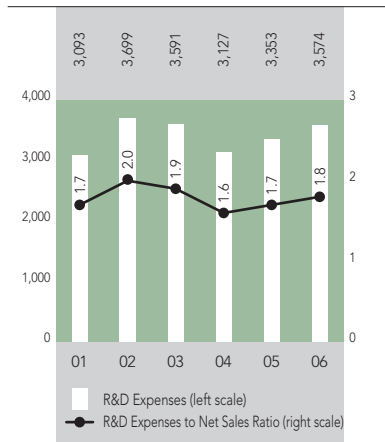
Selling, General and Administrative Expenses / SG&A Ratio
(Millions of Yen / %)



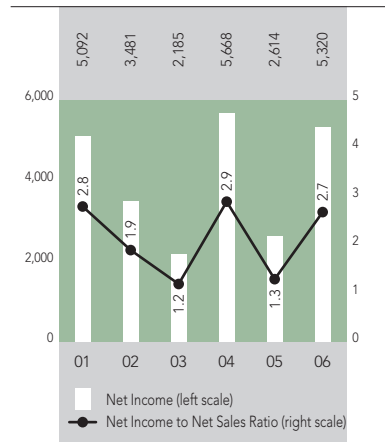
Operating Income / Operating Income to Sales Ratio
(Millions of Yen / %)



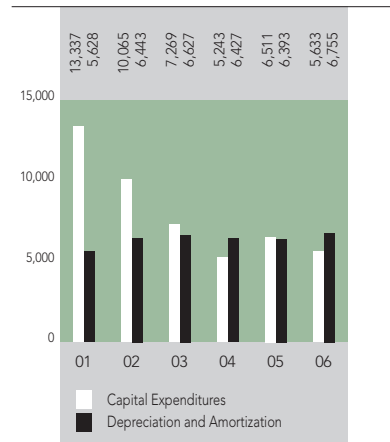
R&D Expenses / R&D Expenses to Net Sales Ratio
(Millions of Yen / %)



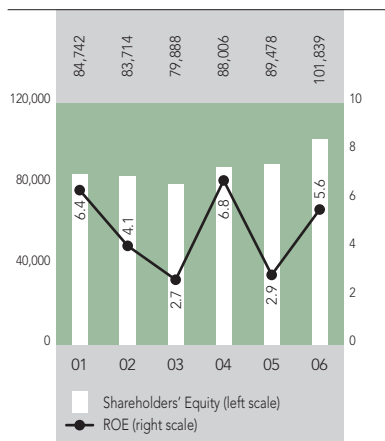
Net Income / Net Income to Net Sales Ratio
(Millions of Yen / %)



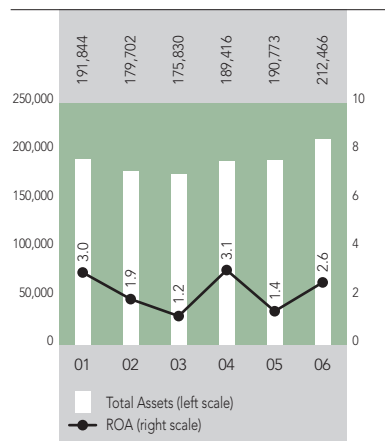
Capital Expenditures / Depreciation and Amortization
(Millions of Yen)



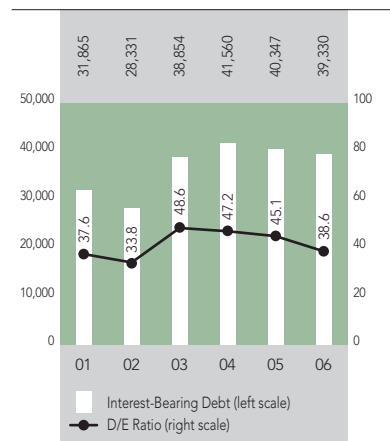
Shareholders' Equity / ROE
(Millions of Yen / %)



Total Assets / ROA
(Millions of Yen / %)



Interest-Bearing Debt / D/E Ratio
(Millions of Yen / %)



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Major Consolidated Subsidiaries

Name	Address	Issued Capital	Percentage of Equity Owned	Lines of Business
TAKARA SHUZO CO., LTD.	20 Naginatahoko-cho, Shijo-dori Karasuma Higishi-iru, Shimogyo-ku, Kyoto 600-8688, Japan TEL 075-241-5110	¥1,000 million	100.0%	Manufacture and sale of alcoholic beverages, raw alcohol, and seasonings
Subsidiaries of Takara Shuzo Co., Ltd.				
•Takara Butsuryu System Co., Ltd.	173 Mekawa, Makishima-cho, Uji 611-0041, Japan TEL 0774-20-0761	¥50 million	(100.0%)	Transportation
•TB Co., Ltd.	173 Mekawa, Makishima-cho, Uji 611-0041, Japan TEL 0774-20-0726	¥10 million	(100.0%)	Transportation
•Luc Corporation, Ltd.	2-39, 5-chome, Akasaka, Minato-ku, Tokyo 107-0052, Japan TEL 03-3586-7501	¥80 million	(100.0%)	Import and sale of alcoholic beverages
•Takara Bussan Co., Ltd.	10-1, Matsudairachikuzen, Momoyama-cho, Fushimi-ku, Kyoto 612-8031, Japan TEL 075-601-6267	¥10 million	(100.0%)	Sale of food and fodder
•Takara Yoki Co., Ltd.	9, butai-cho, fushimi-ku, Kyoto 612-8338, Japan TEL 075-605-4540	¥30 million	(100.0%)	Wholesale of glass bottles
•Total Management Business Co., Ltd.	609 Takenaka-cho, Fushimi-ku, Kyoto 612-8061, Japan TEL 075-623-2660	¥20 million	(100.0%)	Advertising, marketing, and personal placement agency
•USA Takara Holding Company	708 Addison St., Berkeley, CA 94710, U.S.A. TEL 510-540-8250	US\$4,094 thousand	(100.0%)	Holding company
•Takara Sake USA Inc.	708 Addison St., Berkeley, CA 94710, U.S.A. TEL 510-540-8250	US\$3,000 thousand	(90.0%)	Manufacture and sale of alcoholic beverages
•AADC Holding Company, Inc.	W. Main St. Frankfort, KY 40602, U.S.A. TEL 502-223-9874	US\$30	(100.0%)	Holding company
•Age International, Inc.	W. Main St. Frankfort, KY 40602, U.S.A. TEL 502-223-9874	US\$250 thousand	(100.0%)	Sale of alcoholic beverages
•The Tomatin Distillery Co., Ltd.	Tomatin, Inverness, IV13 7YT, Scotland, U.K. TEL 1808-511-234	STG£3,297 thousand	(80.6%)	Manufacture and sale of Scotch whisky
•J&W Hardie Ltd.	Tomatin, Inverness, IV13 7YT, Scotland, U.K. TEL 1808-511-234	STG£250 thousand	(100.0%)	Manufacture and sale of Scotch whisky
•Takara Shuzo Foods Co., Ltd.	No.31 Nanyuan West St, Fengtai District, Beijing, People's Republic of China TEL 010-6791-1758	RMB130,000 thousand	(62.0%)	Manufacture and sale of alcoholic beverages, raw alcohol and seasonings
•Shanghai Takara Shuzo International Trading Co., Ltd.	No 889 Ren Ming Road Wai Wai China Tower room# 810-811, Shanghai, People's Republic of China TEL 21-6374-6652	US\$200 thousand	(100.0%)	Import and Export of alcoholic beverages and food
•Singapore Takara Pte. Ltd.	16, Raffles Quay, #15-09 Hong Leong Building, Singapore 048581 TEL 421-9258	US\$1,000 thousand	(100.0%)	Sale of alcoholic beverages and investment activities
TAKARA BIO INC.	3-4-1 Seta, Otsu, Shiga 520-2193, Japan TEL 077-543-7200	¥8,739 million	71.7%	Manufacture and sale of pharmaceuticals, medical instruments, research reagents, and scientific instruments, contracted gene analysis and contracted examination on gene for medical purpose
Subsidiaries of Takara Bio Inc.				
•Mizuho Nourin Co., Ltd.	38 Koaza-Mitsueda, Aza-Hoiya, Mizuho-cho, Funai-gun, Kyoto 622-0313, Japan TEL 0771-86-1500	¥10 million	(49.0%)	Cultivation and Sale of mushrooms
•Takara Bio Farming Center Inc.	4217 Nagayoshi, Osaki-cho, Soh-gun, Kagoshima 895-1817, Japan TEL 0994-71-7240	¥3 million	(48.3%)	Manufacture, processing, and sale of agricultural and forest products
•Takara Biotechnology (Dalian) Co., Ltd.	Dong Bai 2Jie 19Hao, Development Zone, Dalian, People's Republic of China (116600) TEL 411-8761-9944	¥2,000 thousand	(100.0%)	Manufacture and sale of research reagents
•Takara Bio Europe S.A.S.	2, avenue du president Kennedy, 78100 St Germain en Laye, France TEL 1-39-04-68-80	EUR600 thousand	(100.0%)	Sale of research reagents
•Takara Korea Biomedical, Inc.	Dong-ju Bldg., 451-3, Togok2-Dong, Kangnam-ku, Seoul, Korea TEL 02-577-2002	W3,860 million	(86.8%)	Develop, manufacture, and sale of research reagents
•Takara Mirus Bio Inc.	510 Charmany Drive Madison, WI 53719, USA TEL 608-441-2844	US\$200 thousand	(50.0%)	Sale of research reagents, research and development of gene therapy and related technologies
•Takara Biomedical Technology (Beijing) Co., Ltd.	A107-1 Science & Manufacture Incubator Building, Zhong Guan Cun Life Science Park, Chang Ping District, Beijing, People's Republic of China (102206) TEL 010-8267-9157	¥700 million	(100.0%)	Research and development of biopharmaceuticals, manufacture and sale of research reagents and scientific instruments, contracted research
•Takara Bio USA Holding Inc.	1290 Terra Bella Avenue, Mountain View, CA 94043, U.S.A.	US\$70,000 thousand	(100.0%)	Holding company
•Clontech Laboratories, Inc.	1290 Terra Bella Avenue, Mountain View, CA 94043, U.S.A. TEL 800-662-2566	US\$83 thousand	(100.0%)	Research and development, manufacture, and sale of research reagents, contracted research
Subsidiaries of Takara Holdings Inc.				
•Taihei Printing Co., Ltd.	55 Kakegoshi-cho, Nishi-shichijo, Simogyo-ku, Kyoto 600-8881, Japan TEL 075-313-7141	¥90 million	99.0% (1.0%)	Printing
•Takara Network System Co., Ltd.	20 Naginatahoko-cho, Shijo-dori Karasuma Higishi-iru, Shimogyo-ku, Kyoto 600-8688, Japan TEL 075-241-5139	¥30 million	100.0%	Computer system development, operation and maintenance
•Kawahigashi Shoji Co., Ltd.	9 Butai-machi, Fushimi-ku, Kyoto 612-8338, Japan TEL 075-601-5211	¥30 million	100.0%	Sale of alcoholic beverages

Board of Directors and Auditors (As of June 29, 2006)



Hisashi Ohmiya

President of Takara Holdings Inc.;
President of Takara Shuzo Co., Ltd.;
Chairman of Takara Bio Inc.



Tadashi Ohmiya

Vice President of Takara Holdings Inc.;
Corporate Planning, Accounting, Investor Relations, and Finance;
Vice President of Takara Shuzo Co., Ltd.



Ikunoshin Kato, Ph.D.

President & CEO of Takara Bio Inc.;
Director of Takara Holdings Inc.

Takara Holdings Inc.

Managing Director	Shuzo Hara	General Affairs, Human Resources, Environment, Public Relations, and CSR
Directors	Yoshiro Hosomi	Senior Advisor to the Board
	Isao Goto	Vice President of Takara Shuzo Co., Ltd.
	Shinobu Takahashi	Vice President of Takara Shuzo Co., Ltd.
	Masaharu Yano	Corporate Planning; General Manager of Financial Department; Director of Takara Shuzo Co., Ltd.
	Shuichiro Matsuzaki	General Manager of Accounting Department; General Manager of Investor Relations
Corporate Auditors	Hajime Nishikawa* Hideto Sekiyama* Yukihiko Ichida Yoshie Ohta Takeshi Chujo	

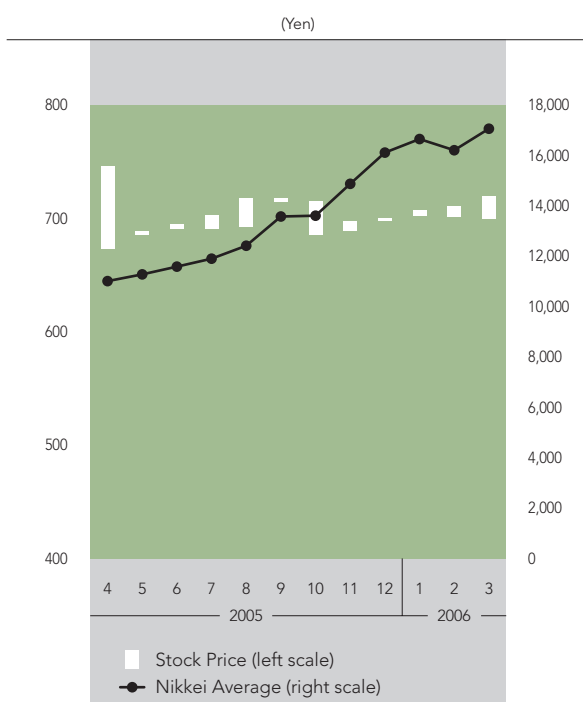
*Standing Auditor

Corporate Data

Takara Holdings Inc. (As of March 31, 2006)

Trade Name	Takara Holdings Inc.
Type of Business	Holding company
Head Office	20 Naginatahoko-cho, Shijo-dori Karasuma Higashi-iru, Shimogyo-ku, Kyoto 600-8688, Japan Telephone: (075) 241-5130
Established	September 6, 1925
Issued Capital	¥13,226 million
Company Representative	Hisashi Ohmiya, President
URL	http://www.takara.co.jp

Stock Price Range on the Tokyo Stock Exchange



Investor Information (As of March 31, 2006)

Common Stock	
Authorized	870,000,000 shares
Issued and outstanding	217,699,743 shares
Number of Shareholders	45,243
Stock Listings (Common Stock)	Tokyo, Osaka
Securities Code Number	2531
Transfer Agent and Registrar	Mizuho Trust & Banking Co., Ltd. 2-1, Yaesu 1-chome, Chuo-ku, Tokyo
Inquires to Transfer Agent and Registrar	Mizuho Trust & Banking Co., Ltd. Stock Agency Transfer Department 17-7, Saga 1-chome, Koto-ku, Tokyo 135-8722, Japan Telephone: (0120) 288-324 (toll free)

Annual Meeting of Shareholders The annual meeting of shareholders of the Company is normally held in June each year in Kyoto, Japan. In addition, the Company may hold a special meeting of shareholders whenever necessary by giving at least two weeks' advance notice to shareholders.

Major Shareholders

Name	Number of Shares (thousands)	Percentage of Shares Held
Mizuho Corporate Bank, Ltd.	9,738	4.47
The Norinchukin Bank	9,500	4.36
The Master Trust Bank of Japan, Ltd. (Trust Account)	8,956	4.11
Japan Trustee Services Bank, Ltd. (Trust Account)	6,715	3.08
Meiji Yasuda Life Insurance Company	6,318	2.90
Bank of Kyoto, Ltd.	5,000	2.30
The Sumitomo Trust & Banking Co., Ltd.	2,753	1.26
The Master Trust Bank of Japan, Ltd. (Retirement Benefit Trust Account for the Nisshin Fire & Marine Insurance Co., Ltd.)	2,183	1.00
Japan Trustee Services Bank, Ltd. (Pension Trust Account for Mitsui Asset Trust and Banking Company, Limited, Pension Trust Account for Mitsui & Co., Ltd.)	2,170	1.00
Takara Group Employee Stock Ownership Association	2,062	0.95

Notes: 1. Any amount less than 1,000 shares is disregarded.
2. The number of shares held by the Sumitomo Trust & Banking Co., Ltd. does not include the shares handled as part of its trust and banking business.

Takara Shuzo Co., Ltd. (As of March 31, 2006)

Trade Name	Takara Shuzo Co., Ltd.
Head Office	20 Naginatahoko-cho, Shijo-dori Karasuma Higashi-iru, Shimogyo-ku, Kyoto 600-8688, Japan Telephone: (075) 241-5110
Established	April 1, 2002
Issued Capital	¥1,000 million
Common Stock Issued and Outstanding	20,000 shares
Major Shareholder	Takara Holdings Inc. (100% equity owned)
Company Representative	Hisashi Ohmiya, President
URL	http://www.takarashuzo.co.jp

Takara Bio Inc. (As of March 31, 2006)

Trade Name	Takara Bio Inc.
Head Office	3-4-1, Seta, Otsu-shi, Shiga 520-2193, Japan Telephone: (077) 543-7200
Established	April 1, 2002
Issued Capital	¥8,739 million
Common Stock Issued and Outstanding	279,007.87 shares
Stock Listing (Common Stock)	Tokyo Stock Exchange Mothers
Securities Code Number	4974
Major Shareholder	Takara Holdings Inc. (71.68% equity owned)
Company Representative	Ikunoshin Kato, Ph.D., President & CEO
URL	http://www.takara-bio.co.jp

Takara Group Business Chronicles



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Takara Group Business Chronicles

	Alcoholic Beverages and Foods		Biomedical	
1925	Takara Shuzo Co., Ltd. is established.			
1949	Takara Shuzo Co., Ltd. is listed on the Tokyo Stock Exchange.			
1957	Entering into the beer market. (<i>Takara Beer</i> is launched.)			
1967	Withdrawal from the beer market.			
1970	Fermented seasoning <i>Ajishirube</i> is launched.		The Central Research Institute is completed in Otsu. Method for cultivation of <i>Bunashimeji</i> mushrooms is developed.	
1977	<i>Takara shochu Jun</i> is launched.			
1979	The "Come Back Salmon Campaign" is begun.		Sale of first domestically produced restriction enzymes, research reagents for genetic engineering research starts.	
1983	Takara Sake USA Inc. is established.			
1984	<i>Takara Can Chu-Hi</i> is launched.			
1986	<i>Takara Barbican</i> non-alcoholic beer is launched.			
1988	<i>Takara Shochu Jun Legend</i> is launched.		Exclusive rights to sell gene amplification equipment using PCR method in Japan is obtained.	
1993	<i>Surioroshi Ringo</i> apple juice is launched. <i>Calcium Parlor</i> is approved as a food for specified health uses.		Takara Biotechnology (Dalian) Co., Ltd. is established in China. (The exclusive worldwide rights to PCR method is obtained.)	
1994	Two new products, <i>Surioroshi Ringo</i> and <i>Ara Shibori Orenji</i> , are launched as part of <i>Takara Can Chu-Hi Deluxe</i> series.			
1995	Beijing Takara Foods Co., Ltd., a joint venture company, (currently Beijing Takara Shuzo Brewery Co., Ltd.) is established. Basic CI design is changed.		The RetroNectin method is developed. Takara Korea Biomedical Inc. is established in Seoul.	
FY1997			Apr. 96	Takara Agri Co., Ltd. is established. (Takara Bio acquires Takara Agri in August 2003.)
FY1998			May 97	Sale of RetroNectin®, a reagent used in gene therapy, begins worldwide.
			Dec. 97	Clinical studies of gene therapy using the RetroNectin method begins.
FY1999	Sep. 98	Green Ink Accounting Report (currently "Green Ink" Corporate Report) is issued.	Aug. 98	Sale of DNA chip manufacturing instruments and analyzer begins.
	Oct. 98	Enters wine business to start import / marketing of California wines.	Nov. 98	Highly efficient method of DNA-type identification using the fast PCR enzyme Z-Taq™ is developed.
FY2000	Mar. 00	< <i>Densho Kenju</i> > <i>Bainiku Ekiyu Iri Noshuku Inryo</i> is launched.	Sep. 99	Sale of DNA chip begins.
	Mar. 00	<i>Tokusen Takara Yuki Hon Mirin</i> , which acquired international certification from the Organic Crop Improvement Association (OCIA), is launched.	Feb. 00	Korean venture business ViroMed Co., Ltd. is acquired as a subsidiary.
FY2001	Apr. 00 Long-Term Management Concept TAKARA EVOLUTION-100 (TE-100) is launched.			
	Mar.01	Shares in Luc Corporation, Ltd. are acquired.	Jul. 01	High-throughput genome sequence analysis center Dragon Genomics Co., Ltd. is established. (Takara Bio acquires Dragon Genomics in October 2002.)
	Mar.01	<i>Shochu ZIPANG</i> is launched.	Sep. 00	ICAN™ (isothermal non-PCR DNA amplification technology) is launched.
FY2002			Nov. 00	Alliance is formed with Lynx Therapeutics Inc. of the U.S. for DNA microbeads array technology.
	Sep. 01	<i>Ikkomon</i> (a 100% pure sweet potato shochu), <i>Kurokame</i> (a genuine sweet potato shochu produced using black malted rice) and <i>Gankutsuo</i> (a genuine jar-aged rice shochu stored in traditional shochu caves) are launched.	Sep. 01	Takara Korea Biomedical Inc. implements a capital increase through third-party allocation.
	Sep. 01	Operations at the East Japan Logistics Center start in earnest.	Oct. 01	Genetic sequencing of the genome of symbiobacterium <i>toebii</i> is completed.
	Oct. 01	The <i>Shirakabe-gura</i> Brewery is completed at the Nada plant as the center of Takara's specially designated sake business.	Nov. 01	An ICAN-Based Bed-Side Genetic Diagnostic Reagent is introduced for use in research.
	Mar. 02	<i>Takara Shochu Jun</i> 25th Anniversary bottle is launched.	Dec. 01	The recombinant pre-integration complex (rPIC) method is developed.
			Mar. 02	Cold-shock vector system for the extremely efficient production of recombinant proteins is developed.

Alcoholic Beverages and Foods

Biomedical

FY2003

Apr. 02 Move to a holding company, TAKARA HOLDINGS INC. starts.

Apr. 02 TAKARA SHUZO CO., LTD. is established through restructuring and establishment of the holding company.
Dec. 02 *Ryu-kyu Awamori Omotohomura* is launched.
Dec. 02 *Iki Mugishochu Otoha* is launched.

Apr. 02 TAKARA BIO INC. is established through restructuring and establishment of the holding company.
Nov. 02 A carbapenem-resistant bacteria detection kit using the ICAN method is launched.
Feb. 03 Exclusive rights for use in Asia are obtained from MolMed S.p. A. for gene therapies, including suicide gene and vaccine therapies for cancer.

FY2004

Aug. 03 *Takara Hon Mirin Junmai* is launched.
Sep. 03 *Sho-Chiku-Bai Ten* is launched.
Mar. 04 *Takara Barbican Real Taste* is launched.
Mar. 04 Takara gains approval to label *Fiber Parlar* as a food for specified health uses.

May 03 Takara Mirus Bio Inc. (Wisconsin, U.S.) is established as a joint venture with Mirus Corporation of the U.S.
May 03 A Japanese patent application is filed for Isothermal and Chimeric primer-initiated Amplification of Nucleic acids (ICAN™).
May 03 Takara licenses its RetroNectin® gene therapy technology to VIRxSYS Corporation of the U.S.
Jun. 03 Misumachi-Takara Bio Inc. (Shibuya-ku, Tokyo) is established.
Oct. 03 Takara Bio Inc. issues shares to third parties and introduces a stock option system.
Jan. 04 Takara Biomedical Technology (Beijing) Co., Ltd. is established in Beijing to carry out research and development relating to gene therapy and genetic engineering.

FY2005

Dec. 04 Takara Bio Inc. is listed on the Tokyo Stock Exchange Mothers market.

Aug. 04 *Takara Yuki Hon Ryoriseishu* is launched.
Sep. 04 *Towari*, a 100% buckwheat shochu is launched.
Sep. 04 *Wakamurasaki-No-Kimi*, a shiso (perilla) shochu is launched.
Feb. 05 *Sho-Chiku-Bai Namareishu Kurokoji Yondan Karakuchi* is launched.
Mar. 05 *Takara Can Chu-Hi Honkaku Karakuchi* is launched.
Mar. 05 Long-aged shochu *Hizou No Tobira* is launched.
Mar. 05 *Takara Can Chu-Hi WMIX* is launched.

Jul. 04 Retro-Nectin® is supplied to clinical trials of T-cell receptor gene therapy at the National Cancer Institute in the U.S. for metastatic melanoma.
Aug. 04 Clinical development of cancer immunotherapy begins in collaboration with the Cancer Institute and Hospital, Chinese Academy of Medical Sciences.
Nov. 04 *Nomu Kanten <Calorie-Off>* is launched.
Dec. 04 Takara Bio succeeds in sequencing Matsutake mushroom genome by using whole-shotgun sequencing method.
Dec. 04 RetroNectin® is licensed to EUFETS AG for gene therapy for AIDS.
Jan. 05 Patents in Japan and the U.S. on mutations of FLT3 gene, one of the causes of refractory leukemia, are obtained.
Jan. 05 Childrens Hospital Los Angeles begins clinical trials of gene therapy for ADA deficiency. Takara Bio provides RetroNectin® for the trials.
Mar. 05 A lecture series is donated to Mie University School of Medicine as part of a collaborative venture with the School of Medicine to promote the clinical development of T-cell receptor gene therapy targeting such intractable cancers as lung, esophageal, head, and neck cancers.

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Apr. 05 The Takara Group's Sixth Medium-term Management Plan starts.

Aug. 05 *Takara Kyo Mirin*, using genuine rice shochu, is launched.
Sep. 05 *Sho-Chiku-Bai Shirakabe-gura Yamahai Daiginjo* and *Yamahai Tokubetsu Junmai*, both stored in jars in an ice room for three years, are launched.
Sep. 05 *Kurokabe-gura Honkaku Mugijochu Juku*, a genuine wheat shochu, is launched.
Sep. 05 Bottled *Takara Chu-Hi* is launched.
Sep. 05 *Takara Can Chu-Hi Kajitsu Kiwadatsu Chu-Hi* is launched.
Sep. 05 *Shirakabe-gura Kasutori Shochu Hinomoto* is launched.
Sep. 05 *Kyo Takara Honmirin* for business use is launched.
Jan. 06 *Ashitaba Tonyu* drink is launched.
Mar. 06 *Takara Shochu High Ball* is launched.
Mar. 06 *Shochu JAPAN* is launched.
Mar. 06 *Beni Ikkoku* and *Kuro Ikkoku*, both 100% pure sweet potato shochus, are launched.
Mar. 06 *Honkaku Shochu Kuro Yokaichi <Imo>* is launched.

Apr. 05 Developmental research into gene therapies for AIDS using human immunodeficiency virus type 1 (HIV-1) derived lentiviral vectors begins in collaboration with MolMed S.p.A. of Italy.
Apr. 05 Takara Bio supplies RetroNectin® to the French National Institute of Health and Medical Research for clinical trials of gene therapies to treat adrenoleukodystrophy using lentiviral vectors.
May 05 Takara Bio reaches an agreement with the National Cancer Center of Japan on joint research into clinical trials of gene therapies to treat leukemia.
Sep. 05 Clontech Laboratories Inc. is acquired from Becton, Dickinson and Company of the U.S.
Sep. 05 *Ashitaba Green Juice Straight Freezer Pack* is launched.
Oct. 05 Patent for ICAN™ is obtained in the United States.
Dec. 05 RetroNectin® is supplied to the City of Hope National Medical Center in the U.S. for use in clinical trials of gene therapies for treatment of AIDS.
Dec. 05 Takara Biomedical Technology (Beijing) Co., Ltd. applies to the Beijing Drug Administration for permission to start clinical trials of adoptive immunotherapy for treatment of renal cancer.
Feb. 06 Takara Biotechnology (Dalian) Co., Ltd. becomes Takara Bio's wholly-owned subsidiary.

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