

Translation

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Summary of Consolidated Financial Results for the Six Months Ended March 31, 2018 (Based on Japanese GAAP)

May 11, 2018

Company name: T. HASEGAWA CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 4958 URL <http://www.t-hasegawa.co.jp/>
 Representative: President & COO Takao Umino
 Inquiries: Director & Executive Vice President Minoru Nakamura TEL 03-3241-1151
 Scheduled date to file Quarterly Securities Report: May 14, 2018
 Scheduled date to commence dividend payments: June 1, 2018
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended March 31, 2018 (from October 1, 2017 to March 31, 2018)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended March 31, 2018	23,462	2.0	2,147	(30.2)	2,310	(31.3)	1,617	(31.2)
Six months ended March 31, 2017	22,991	0.7	3,077	35.9	3,363	49.9	2,351	52.4

Note: Comprehensive income Six months ended March 31, 2018 ¥3,698 million [(17.6)%]
 Six months ended March 31, 2017 ¥4,487 million [199.4%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended March 31, 2018	38.12		38.05	
Six months ended March 31, 2017	55.44		55.37	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of March 31, 2018	113,032	90,361	79.8
As of September 30, 2017	109,836	87,528	79.6

Reference: Equity As of March 31, 2018 ¥90,253 million
 As of September 30, 2017 ¥87,438 million

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended September 30, 2017	-	16.00	-	19.00	35.00
Year ending September 30, 2018	-	17.00	-	-	-
Year ending September 30, 2018 (Forecast)	-	-	-	18.00	35.00

Note: Revision of cash dividend forecast most recently announced: No

3. Forecast of consolidated financial results for the year ending September 30, 2018 (from October 1, 2017 to September 30, 2018)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	50,700	5.6	5,260	(6.2)	5,530	(9.4)	3,910	(9.0)	92.13

Note: Revision of consolidated financial results forecast most recently announced: Yes

4. Notes

- (1) Changes in significant subsidiaries during the six months ended March 31, 2018
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2018	42,708,154 shares	As of September 30, 2017	42,708,154 shares
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Number of treasury shares at the end of the period

As of March 31, 2018	269,899 shares	As of September 30, 2017	281,719 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended March 31, 2018	42,433,206 shares	Six months ended March 31, 2017	42,426,791 shares
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* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of forecasts of financial results, and other special matters

The forward-looking statements, including the earnings forecasts, shown in this document are based on information currently available to the Company and on certain assumptions deemed to be reasonable. These statements do not purport that the Company pledges to realize such statements. Actual results may differ substantially due to various factors.

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of September 30, 2017	As of March 31, 2018
Assets		
Current assets		
Cash and deposits	10,802	12,045
Notes and accounts receivable - trade	16,893	15,312
Securities	5,999	5,999
Merchandise and finished goods	6,530	7,135
Work in process	160	133
Raw materials and supplies	6,004	6,875
Other	2,313	1,805
Allowance for doubtful accounts	(8)	(6)
Total current assets	48,694	49,300
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	17,953	17,418
Other, net	13,291	13,403
Total property, plant and equipment	31,245	30,821
Intangible assets		
Goodwill	3,885	3,528
Other	3,923	3,684
Total intangible assets	7,809	7,213
Investments and other assets		
Investment securities	21,202	24,765
Net defined benefit asset	18	20
Other	922	967
Allowance for doubtful accounts	(57)	(56)
Total investments and other assets	22,086	25,696
Total non-current assets	61,141	63,732
Total assets	109,836	113,032
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,540	5,654
Current portion of long-term loans payable	4	1
Income taxes payable	839	650
Provision for bonuses	1,264	830
Provision for directors' bonuses	67	-
Other	2,818	2,667
Total current liabilities	10,534	9,804
Non-current liabilities		
Long-term loans payable	4	1
Deferred tax liabilities	4,012	5,159
Net defined benefit liability	6,631	6,648
Asset retirement obligations	70	70
Long-term accounts payable - other	997	924
Other	56	61
Total non-current liabilities	11,772	12,866
Total liabilities	22,307	22,671

(Millions of yen)

	As of September 30, 2017	As of March 31, 2018
Net assets		
Shareholders' equity		
Capital stock	5,364	5,364
Capital surplus	7,292	7,295
Retained earnings	62,438	63,155
Treasury shares	(323)	(309)
Total shareholders' equity	74,772	75,506
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12,435	14,949
Foreign currency translation adjustment	468	17
Remeasurements of defined benefit plans	(237)	(220)
Total accumulated other comprehensive income	12,665	14,746
Subscription rights to shares	90	107
Total net assets	87,528	90,361
Total liabilities and net assets	109,836	113,032

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended March 31, 2017	Six months ended March 31, 2018
Net sales	22,991	23,462
Cost of sales	13,798	14,544
Gross profit	9,193	8,917
Selling, general and administrative expenses	6,115	6,770
Operating profit	3,077	2,147
Non-operating income		
Interest income	18	30
Dividend income	115	136
Foreign exchange gains	136	–
Other	46	63
Total non-operating income	316	229
Non-operating expenses		
Interest expenses	3	0
Rent expenses on facilities	26	–
Foreign exchange losses	–	61
Other	1	5
Total non-operating expenses	31	66
Ordinary profit	3,363	2,310
Extraordinary income		
Gain on sales of investment securities	55	–
Total extraordinary income	55	–
Extraordinary losses		
Loss on abandonment of non-current assets	70	35
Total extraordinary losses	70	35
Profit before income taxes	3,348	2,274
Income taxes	996	656
Profit	2,351	1,617
Profit attributable to owners of parent	2,351	1,617

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended March 31, 2017	Six months ended March 31, 2018
Profit	2,351	1,617
Other comprehensive income		
Valuation difference on available-for-sale securities	984	2,514
Foreign currency translation adjustment	1,133	(450)
Remeasurements of defined benefit plans, net of tax	17	17
Total other comprehensive income	2,135	2,081
Comprehensive income	4,487	3,698
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,487	3,698
Comprehensive income attributable to non-controlling interests	—	—

Segment Information

1. Six months ended March 31, 2017 (from October 1, 2016 to March 31, 2017)

Net sales and profit or loss by reporting segment

(Millions of yen)

	Reporting segment				Adjustment (Note 1)	Consolidated (Note 2)
	Japan	Asia	USA	Total		
Net sales						
Sales to external customers	17,313	3,881	1,796	22,991	—	22,991
Inter-segment sales or transfers	259	170	93	522	(522)	—
Total	17,572	4,052	1,889	23,514	(522)	22,991
Segment profit	2,179	684	131	2,995	82	3,077

Notes

- The adjustments on segment profit of 82 million yen include 43 million yen adjustments of inventories related to inter-segment transactions, 39 million yen adjustments of elimination of internal transactions between segments, and negative 0 million yen for others.
- Segment profit is adjusted to operating income of consolidated quarterly statements of income.

2. Six months ended March 31, 2018 (from October 1, 2017 to March 31, 2018)

(1) Net sales and profit or loss by reporting segment

(Millions of yen)

	Reporting segment				Adjustment (Note 1)	Consolidated (Note 2)
	Japan	Asia	USA	Total		
Net sales						
Sales to external customers	16,938	3,954	2,569	23,462	—	23,462
Inter-segment sales or transfers	441	176	53	671	(671)	—
Total	17,380	4,131	2,622	24,134	(671)	23,462
Segment profit	1,763	392	32	2,188	(41)	2,147

Notes

- The adjustments on segment profit of negative 41 million yen include 28 million yen adjustments of elimination of internal transactions between segments, negative 69 million yen adjustments of inventories related to inter-segment transactions, and 0 million yen for others.
- Segment profit is adjusted to operating income of consolidated quarterly statements of income.

(2) Notes relating to changes in reportable segments etc.

The Company changed its management KPI from ordinary income to operating income from the first quarter of this fiscal year. To effect this change, the presentation of segment profit or loss was changed from ordinary income to operating income. To make the presentations on the consolidated statement of operations comparable year to year, segment profit for the year ended March 31, 2017 was restated accordingly.

In the second quarter consolidated accounting period, PT. HASEGAWA FLAVOURS AND FRAGRANCES INDONESIA, which was formerly a non-consolidated subsidiary, was added to the scope of consolidation. In addition, the company was included in the reporting segment "Asia".