

Translation

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Summary of Consolidated Financial Results for the Three Months Ended December 31, 2016 (Based on Japanese GAAP)

February 3, 2017

Company name: T. HASEGAWA CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 4958 URL <http://www.t-hasegawa.co.jp/>
 Representative: President & COO Takahiko Kondo
 Inquiries: Director, Deputy President & CFO Takao Umino TEL 03-3241-1151
 Scheduled date to file Quarterly Securities Report: February 14, 2017
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended December 31, 2016 (from October 1, 2016 to December 31, 2016)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

| | Net sales | | Operating income | | Ordinary income | | Profit attributable to owners of parent | |
|--------------------------------------|-----------------|-----|------------------|------|-----------------|------|---|------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Three months ended December 31, 2016 | 11,542 | 3.0 | 1,458 | 61.0 | 1,659 | 82.8 | 1,166 | 63.4 |
| Three months ended December 31, 2015 | 11,209 | 7.5 | 906 | 63.4 | 907 | 12.2 | 713 | 29.3 |

Note: Comprehensive income Three months ended December 31, 2016 ¥3,105 million [80.0 %]
 Three months ended December 31, 2015 ¥1,724 million [(32.6) %]

| | Earnings per share | | Diluted earnings per share | |
|--------------------------------------|--------------------|--|----------------------------|--|
| | Yen | | Yen | |
| Three months ended December 31, 2016 | 27.49 | | 27.47 | |
| Three months ended December 31, 2015 | 16.82 | | – | |

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio |
|--------------------------|-----------------|-----------------|--------------|
| | Millions of yen | Millions of yen | % |
| As of December 31, 2016 | 102,673 | 82,335 | 80.1 |
| As of September 30, 2016 | 100,853 | 79,939 | 79.2 |

Reference: Equity As of December 31, 2016 ¥82,285 million
 As of September 30, 2016 ¥79,902 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, 2016 | – | 15.00 | – | 17.00 | – |
| Year ending September 30, 2017 | – | – | – | – | – |
| Year ending September 30, 2017 (Forecast) | – | 16.00 | – | 16.00 | 32.00 |

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

3. Forecast of consolidated financial results for the year ending September 30, 2017 (from October 1, 2016 to September 30, 2017)

Percentages indicate year-on-year changes

| | Net sales | | Operating income | | Ordinary income | | Profit attributable to owners of parent | | Earnings per share |
|----------------------------------|-----------------|-----|------------------|-----|-----------------|------|---|------|--------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Six months ending March 31, 2017 | 22,840 | 0.1 | 2,410 | 6.5 | 2,520 | 12.3 | 1,780 | 15.4 | 41.95 |
| Full year | 48,000 | 0.9 | 5,610 | 8.7 | 5,830 | 12.9 | 4,070 | 11.9 | 95.93 |

Note: Revision of consolidated financial results forecast most recently announced: No

4. Notes

- (1) Changes in significant subsidiaries during the three months ended December 31, 2016 (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 December 31, 2016 | 42,708,154 shares | As of September 30, 2016 | 42,708,154 shares |
|-------------------------|-------------------|--------------------------|-------------------|

Number of treasury shares at the end of the period

| | | | |
|-------------------------|----------------|--------------------------|----------------|
| As of December 31, 2016 | 281,329 shares | As of September 30, 2016 | 281,269 shares |
|-------------------------|----------------|--------------------------|----------------|

Average number of shares during the period (cumulative from the beginning of the fiscal year)

| | | | |
|--------------------------------------|-------------------|--------------------------------------|-------------------|
| Three months ended December 31, 2016 | 42,426,855 shares | Three months ended December 31, 2015 | 42,427,085 shares |
|--------------------------------------|-------------------|--------------------------------------|-------------------|

* Indication regarding execution of quarterly review procedures

This quarterly financial results report is exempt from the review procedures in accordance with the Financial Instruments and Exchange Act. At the time of disclosure of this quarterly financial results report, the review procedures for quarterly financial statements in accordance with the Financial Instruments and Exchange Act have not been completed.

* 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, 2016 | As of December 31, 2016 |
|--|--------------------------|-------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 11,336 | 12,338 |
| Notes and accounts receivable - trade | 15,312 | 15,819 |
| Securities | 10,999 | 8,999 |
| Merchandise and finished goods | 6,190 | 6,293 |
| Work in process | 103 | 73 |
| Raw materials and supplies | 5,152 | 5,349 |
| Other | 1,242 | 1,315 |
| Allowance for doubtful accounts | (4) | (4) |
| Total current assets | 50,333 | 50,186 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 17,180 | 18,357 |
| Other, net | 13,130 | 13,426 |
| Total property, plant and equipment | 30,311 | 31,784 |
| Intangible assets | | |
| Goodwill | 1,066 | 1,100 |
| Other | 1,079 | 1,136 |
| Total intangible assets | 2,145 | 2,236 |
| Investments and other assets | | |
| Investment securities | 17,270 | 17,652 |
| Net defined benefit asset | 2 | 3 |
| Other | 846 | 866 |
| Allowance for doubtful accounts | (56) | (56) |
| Total investments and other assets | 18,063 | 18,466 |
| Total non-current assets | 50,520 | 52,487 |
| Total assets | 100,853 | 102,673 |
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 5,661 | 5,504 |
| Current portion of long-term loans payable | 5 | 119 |
| Income taxes payable | 737 | 492 |
| Provision for bonuses | 1,116 | 257 |
| Provision for directors' bonuses | 58 | - |
| Other | 2,876 | 3,456 |
| Total current liabilities | 10,455 | 9,829 |
| Non-current liabilities | | |
| Long-term loans payable | 116 | 4 |
| Deferred tax liabilities | 2,608 | 2,817 |
| Net defined benefit liability | 6,590 | 6,533 |
| Asset retirement obligations | 70 | 70 |
| Long-term accounts payable - other | 1,027 | 1,022 |
| Other | 46 | 60 |
| Total non-current liabilities | 10,458 | 10,507 |
| Total liabilities | 20,914 | 20,337 |

(Millions of yen)

| | As of September 30, 2016 | As of December 31, 2016 |
|---|--------------------------|-------------------------|
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 5,364 | 5,364 |
| Capital surplus | 7,292 | 7,292 |
| Retained earnings | 59,538 | 59,984 |
| Treasury shares | (322) | (322) |
| Total shareholders' equity | 71,873 | 72,318 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 9,695 | 9,985 |
| Foreign currency translation adjustment | (1,367) | 272 |
| Remeasurements of defined benefit plans | (299) | (290) |
| Total accumulated other comprehensive income | 8,028 | 9,967 |
| Subscription rights to shares | 37 | 50 |
| Total net assets | 79,939 | 82,335 |
| Total liabilities and net assets | 100,853 | 102,673 |

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

Consolidated statements of income (cumulative)

(Millions of yen)

| | Three months ended December 31, 2015 | Three months ended December 31, 2016 |
|--|---|---|
| Net sales | 11,209 | 11,542 |
| Cost of sales | 7,071 | 6,986 |
| Gross profit | 4,137 | 4,555 |
| Selling, general and administrative expenses | 3,231 | 3,097 |
| Operating income | 906 | 1,458 |
| Non-operating income | | |
| Interest income | 7 | 9 |
| Dividend income | 28 | 24 |
| Foreign exchange gains | – | 173 |
| Other | 20 | 19 |
| Total non-operating income | 56 | 226 |
| Non-operating expenses | | |
| Interest expenses | 2 | 2 |
| Rent expenses on facilities | 22 | 21 |
| Foreign exchange losses | 25 | – |
| Other | 4 | 0 |
| Total non-operating expenses | 54 | 24 |
| Ordinary income | 907 | 1,659 |
| Extraordinary income | | |
| Gain on sales of investment securities | 142 | 55 |
| Total extraordinary income | 142 | 55 |
| Extraordinary losses | | |
| Loss on abandonment of non-current assets | 5 | 17 |
| Total extraordinary losses | 5 | 17 |
| Profit before income taxes | 1,044 | 1,698 |
| Income taxes | 331 | 531 |
| Profit | 713 | 1,166 |
| Profit attributable to owners of parent | 713 | 1,166 |

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

| | Three months ended December 31, 2015 | Three months ended December 31, 2016 |
|--|---|---|
| Profit | 713 | 1,166 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 1,263 | 290 |
| Foreign currency translation adjustment | (262) | 1,639 |
| Remeasurements of defined benefit plans, net of tax | 9 | 8 |
| Total other comprehensive income | 1,011 | 1,938 |
| Comprehensive income | 1,724 | 3,105 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 1,724 | 3,105 |
| Comprehensive income attributable to non-controlling interests | — | — |

Segment Information

1. Three months ended December 31, 2015 (from October 1, 2015 to December 31, 2015)

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 | 8,568 | 1,851 | 789 | 11,209 | — | 11,209 |
| Inter-segment sales or transfers | 164 | 88 | 19 | 272 | (272) | — |
| Total | 8,732 | 1,939 | 809 | 11,482 | (272) | 11,209 |
| Segment profit or loss | 755 | 190 | (24) | 920 | (12) | 907 |

Notes

1. The adjustments on segment profit or loss of negative 12 million yen include 2 million yen adjustments of inventories related to inter-segment transactions, negative 15 million yen foreign currency translation related to inter-segment asset and liability eliminations and negative 0 million yen for others.
2. Segment profit or loss is adjusted to ordinary income of consolidated quarterly statements of income.

2. Three months ended December 31, 2016 (from October 1, 2016 to December 31, 2016)

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 | 8,782 | 1,903 | 856 | 11,542 | — | 11,542 |
| Inter-segment sales or transfers | 166 | 96 | 28 | 291 | (291) | — |
| Total | 8,949 | 1,999 | 885 | 11,834 | (291) | 11,542 |
| Segment profit | 1,196 | 387 | 27 | 1,611 | 48 | 1,659 |

Notes

1. The adjustments on segment profit of 48 million yen include 53 million yen adjustments of inventories related to inter-segment transactions, negative 5 million yen foreign currency translation related to inter-segment asset and liability eliminations and 0 million yen for others.
2. Segment profit is adjusted to ordinary income of consolidated quarterly statements of income.