



安全でない
香りなんて。

人にやさしい香りは環境にもやさしい。
香りが人の生活とともにある限り、香料メーカーにとって“安全”は最優先
です。長谷川香料では、原料や製品の厳重な品質管理だけでなく、製造過程の
衛生管理などにも細心の注意を払っています。製品の安全性にも万全を期し
ています。省エネルギーや廃棄物リサイクル、さらには工場や研究所周辺の
臭気対策など、環境への配慮も怠りません。安全への思いは社員一人ひとりの
意識にも浸透しています。安全が安心をつくる。それが私たちの香りです。

香りには人を幸せにする仕事がある。
 **長谷川香料株式会社**

<http://www.t-hasegawa.co.jp/>
Los Angeles・Chicago・Princeton・上海・北京・東京・香港・Bangkok

Financial Results for the year
Ended September 30, 2014

 **T. HASEGAWA CO., LTD.**

November 17, 2014

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I . Summary of the Consolidated Financial Statements

Domestic Market

Domestic flavors and fragrances market in 2013 slightly expanded vs. year ago

In this summer, there were more cloudy and rainy days throughout the country

And western Japan experienced record-high precipitation and record-low sunshine durations

Beverage market (January-September 2014) was shrunked slightly due to unseasonable weather in this summer

Overseas Market

Overseas flavors and fragrances market expanded by approximately 4% due to the growing demand in emerging markets especially in Asia and Latin America

Beverage market in China while its growth rate slowed down in 2012, recovered in 2013

Beverage market in U.S. expanded slightly, functional and coffee drink increased steadily

In Southeast Asia, beverage, instant noodle, snack and yogurt market expanded, especially tea beverage growth is remarkable

- Year-on-year: Net sales decreased due to the decrease of net sales of the parent company
Operating income decreased due to increase in manufacturing expenses and Head office relocation expenses
- vs. Plan : Net sales was significantly lower than the plan due to unseasonable weather in this summer, the parent company was not able to achieve the original plan

Yen million

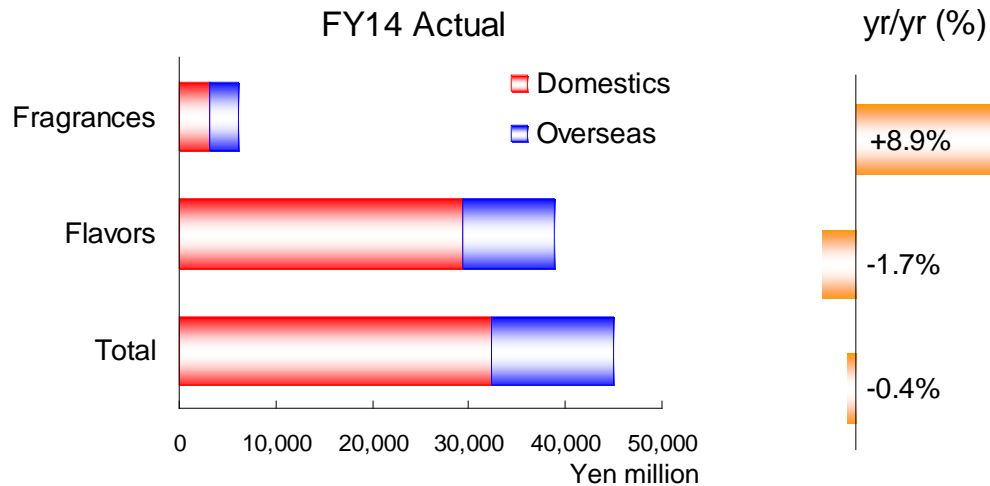
	FY13 Actual	FY14 Plan	FY14 Actual	Achievement			
				yr/yr		vs. Plan	
				Value	%	Value	%
Net sales	45,104	46,910	44,917	-186	-0.4%	-1,992	-4.2%
Cost of sales	28,345	29,420	28,558	212	0.8%	-861	-2.9%
Gross profit	16,758	17,490	16,359	-399	-2.4%	-1,130	-6.5%
SGA expenses	11,320	11,920	11,977	657	5.8%	57	0.5%
Operating income	5,438	5,570	4,381	-1,057	-19.4%	-1,188	-21.3%
Ordinary income	6,367	5,790	4,939	-1,427	-22.4%	-850	-14.7%
Income before income taxes	5,708	5,670	4,832	-876	-15.3%	-837	-14.8%
Net income	3,518	3,850	3,239	-279	-8.0%	-610	-15.9%

Net sales by Segments

- While the sales of fragrances of the parent company and the subsidiary in China has grown steadily, flavour of the parent company shrunk; thus, overall sales decreased

Yen million

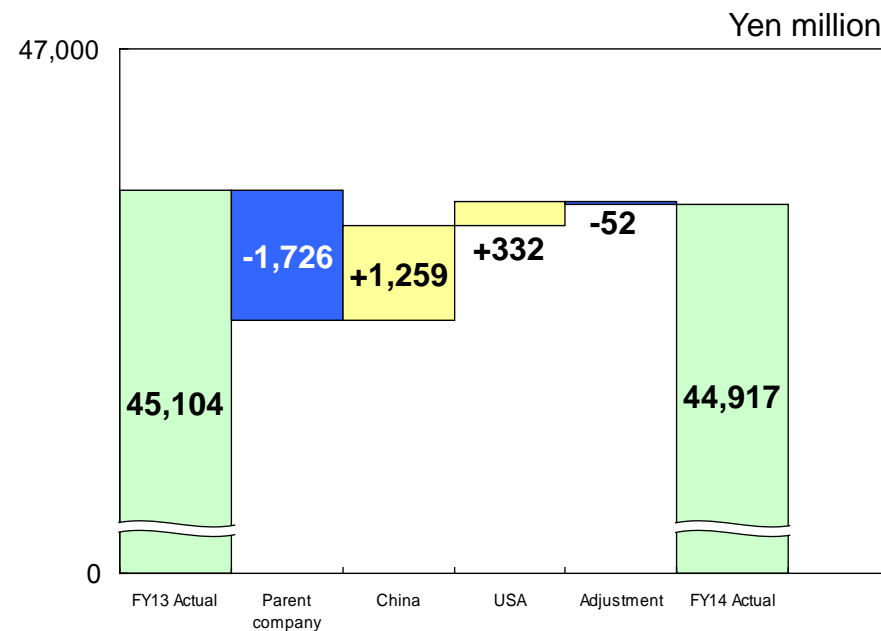
	FY13 Actual	FY14 Actual	yr/yr		Remark
			Value	%	
Fragrances	5,567	6,062	494	8.9%	Sales for toiletry products increased Sales of the subsidiary in China increased
Flavors	39,536	38,855	-681	-1.7%	Sales for "Extract product used for tea beverages" and "Fruit processing product" decreased
Total	45,104	44,917	-186	-0.4%	—



* FY2014 overseas sales ratio 27.8%

Consolidated sales decreased by 0.4%, due mainly to the decrease of the parent company sales
 The sales of China and USA subsidiaries increased, but it has not covered the sales decrease of the parent

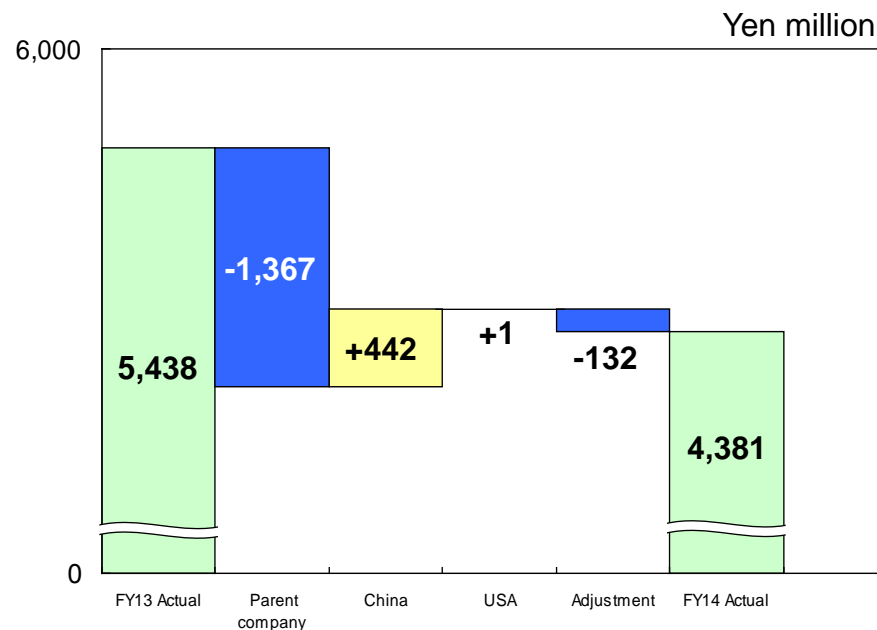
	Yen million			
	FY13 Actual	FY14 Actual	yr/yr	%
Parent company	37,977	36,251	-1,726	-4.5%
China	5,440	6,700	1,259	23.2%
USA	2,148	2,481	332	15.5%
Adjustment	-462	-515	-52	-
Consolidated	45,104	44,917	-186	-0.4%



- Parent company : Flavor sales decreased in “Extract product used for tea beverages” and “Fruit processing product” ⇒ Decrease in net sales
- China: Flavor and Fragrance sales increased ⇒ Increase in net sales
- U.S.: Expansion of existing business contributed to the growth ⇒ Increase in net sales

- Consolidated operating income decreased due to the poor results of the parent company, while China subsidiary outperformed the previous year

Yen million				
	FY13 Actual	FY14 Actual	yr/yr	%
Parent company	4,158	2,790	-1,367	-32.9%
China	1,122	1,564	442	39.4%
USA	17	18	1	7.8%
Adjustment	140	7	-132	-
Consolidated	5,438	4,381	-1,057	-19.4%



- Parent company : Decrease in Net sales and increase in manufacturing expenses and Head office relocation expenses

⇒ Decrease in operating income

- China : Increase in net sales and lowering the sales cost ratio

⇒ Increase in operating income

- U.S. : Increase in net sales and lowering the sales cost ratio

Increase in expense for further reinforce sales and R&D base, and increased in depreciation expense

⇒ At the same level as the previous year

II . Global Strategies

Policies	Expand market shares by anticipating new markets stemming from aging society and healthy trends
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Ongoing Projects and Progress

Promotion of Solution-Oriented Sales Activities

- Proposition of new materials, such as materials with high durability of aromas and sweet taste, and functional materials, etc.
- By reducing use of sugar, sweet, rich and complex taste often weaken.
Proposition new flavor and materials, such as material reinforcing these taste
- Business presentation on new materials and industry trends

Enhancing Capability to Provide Flavors and Fragrances for New Applications

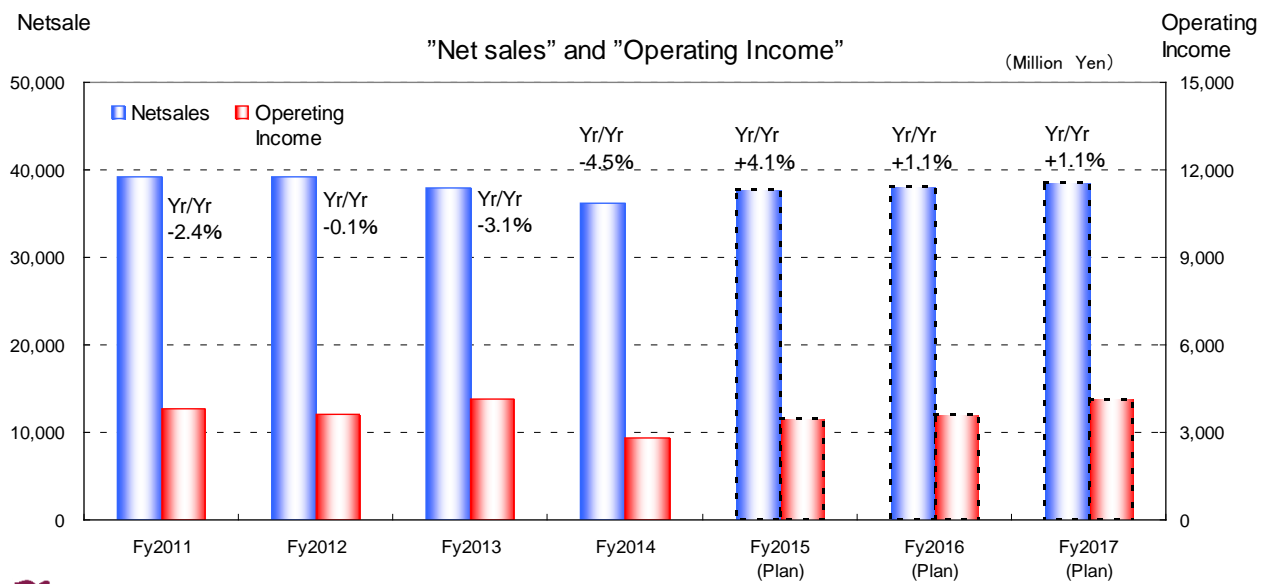
- Focus on new areas such as non-alcoholic beers and cocktails, alcoholic beverages, healthy foods, food for medical uses, etc.
- ⇒ Three-fold increase in sales for non-alcoholic beers and cocktails compared to FY2010
- Developing flavors which can replace food materials (e.g. milk, vegetables, fruit juice, meat, etc.)

FY2014 Performance

Net Sales	36,251 million Yen
	(-4.5% Yr/Yr)
Operating Income	2,790 million Yen
	(-32.9% Yr/Yr)

Sales and profit target (FY2019)

Net sales	39,400 million Yen
Operating income	4,600 million Yen



Policy

Promote step-by-step globalization with effective use of human resources and funds allocation

1st Phase : Cultivate local markets in China, U.S. and Southeast Asia

◎ : Completion

○ : On-going

FY14 2Q FY14 4Q

		FY14 2Q	FY14 4Q
1st Step	Localization of the management	◎	◎
	Enhancement of R&D and Sales	○	◎
	Cultivate local market	○	○
2nd Step	Enhancement of Production Capacity	○	◎
	Acquisition of local production site	○	◎
	Enhancement of R&D facilities	○	○
3rd Step	Business alliance, M&A	→	○
	Enhancement of oversea bases for global business	→	○

※ The second expansion phase of Suzhou plant will start operation in June 2015

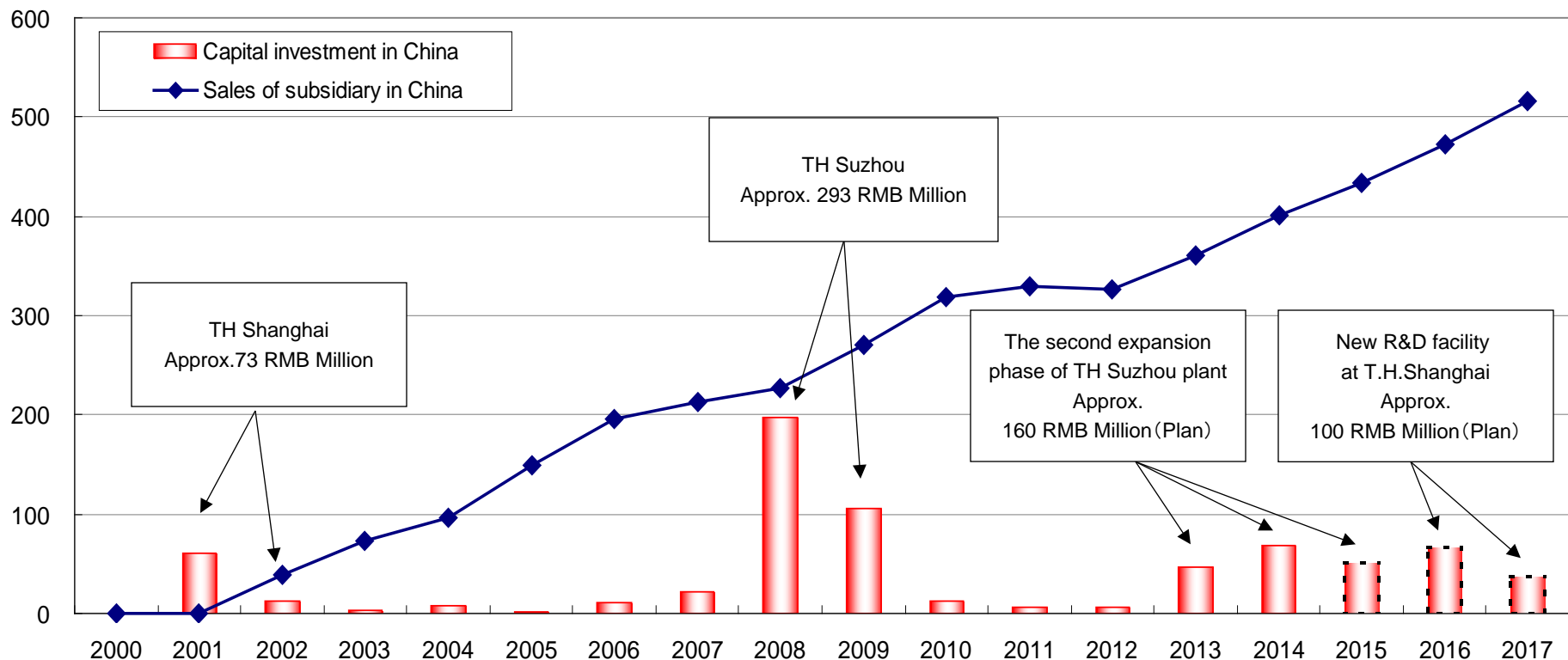
Recent situation

2nd Phase : Increase business opportunities with global companies

Policies Reinforce revenue base for further sales expansion in the Chinese market by active investments

Transition of sales of subsidiary in China, capital investment in China

(RMB Million)



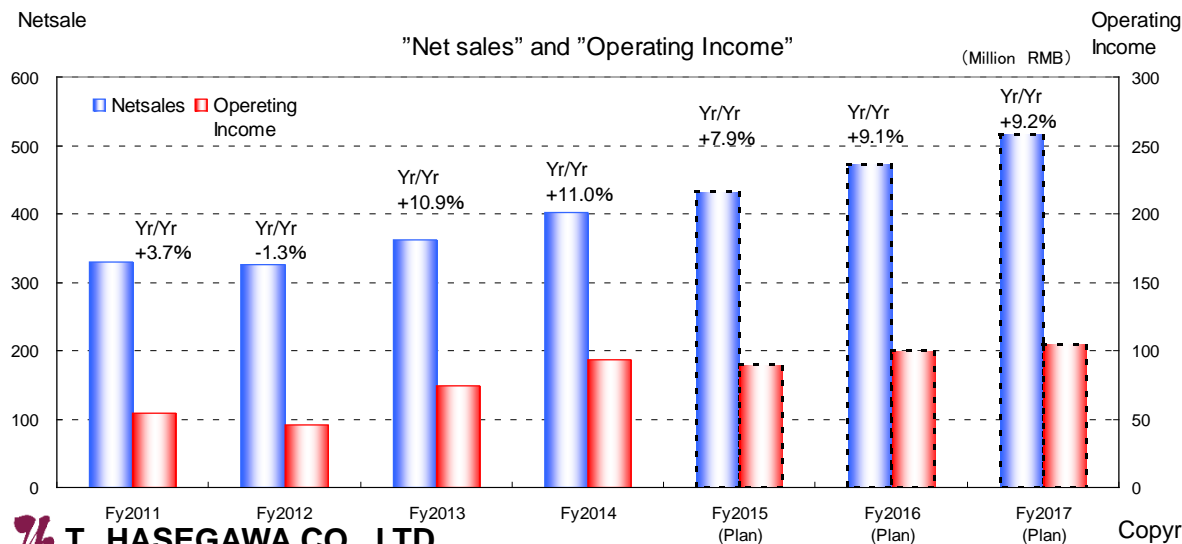
<p>January 2000 TH Shanghai established</p>	<p>October 2001 TH Shanghai started operations</p>	<p>August 2006 TH Suzhou established</p>	<p>November 2009 TH Suzhou started operations</p>	<p>June 2015 The second expansion phase of TH Suzhou plant will start operations</p>	<p>The first half of 2017 New R&D facility at T.H.Shanghai will start operations</p>
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Policies	Reinforce revenue base for further sales expansion in the Chinese market by active investments
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Ongoing Projects and Progress	
Enhancement of Production Capacity <ul style="list-style-type: none"> •2nd phase of the capital investment of T.H.Suzhou plant is progressing as planned, and it will start operation in June 2015 •The total investment of this project is expected to be approximately 2 billion Yen •This project will increase our productive capacity in China by approximately 30% 	
Enhancement of R&D Facilities <ul style="list-style-type: none"> • A project team has been launched and the new facilities will start operation in the first half of FY 2017 •The total investment is expected to be approximately 1.5 billion Yen, with a total floor area of approx. 5,000 square meters. 	
Localize and Strengthen Management Structure to Acquire New Customers, Further Cooperate with Existing Customers, and to Increase Sales. <ul style="list-style-type: none"> •Classification of customers: International Companies 60%, Local Companies 30%, Japanese Companies 10% •Aim to increase business opportunities with both International and Local companies. 	

FY2014 Performance	
Net Sales	401 million RMB (6,700 million Yen) (+11.0% Yr/Yr)
Operating Income	93 million RMB (1,564 million Yen) (+25.7% Yr/Yr)

Sales and profit target (FY2019)	
Net sales	620 million RMB (10,000 million Yen)
Operating income	120 million RMB (2,000 million Yen)



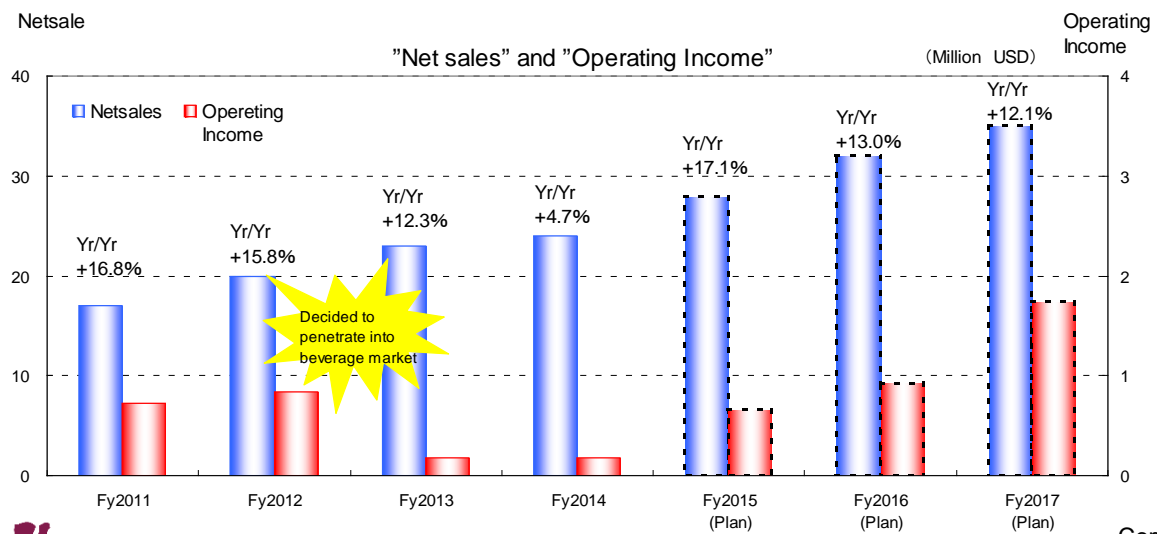
※Consolidated Net sales and operating income of T. Hasegawa's two subsidiaries in China

Policies	Aim to expand sales of Savory and Beverage flavors
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Ongoing Projects and Progress
<p>Realignment New Management Structure</p> <ul style="list-style-type: none"> • Recruited CEO, Director of Laboratories and Sales department who are well acquainted with beverage market. • Recruited an sales staff, strengthening the efficiency of sales functions to expand beverage market • Aim at sales growth in local beverage market in U.S.
<p>Enhancement of R&D Facilities Completed</p> <ul style="list-style-type: none"> • Renovated R&D and Administration Building started operation in June 2014 - Total investment approximates 0.5 billion Yen • Strengthening R&D support and maintain close exchanges of information between Japan and U.S.
<p>Establishment of Mexico Branch</p> <ul style="list-style-type: none"> • Established a new office in Mexico to penetrate the North American market in October 2013

FY2014 Performance
<p>Net Sales 24 million US\$ (2,481 million Yen) (+4.7% Yr/Yr)</p> <p>Operating Income 0.17 million US\$ (18 million Yen) (-2.2% Yr/Yr)</p>

Sales and profit target (FY2019)
<p>Net sales 45 million US\$ (4,500 million Yen)</p> <p>Operating income 5 million US\$ (500 million Yen)</p>

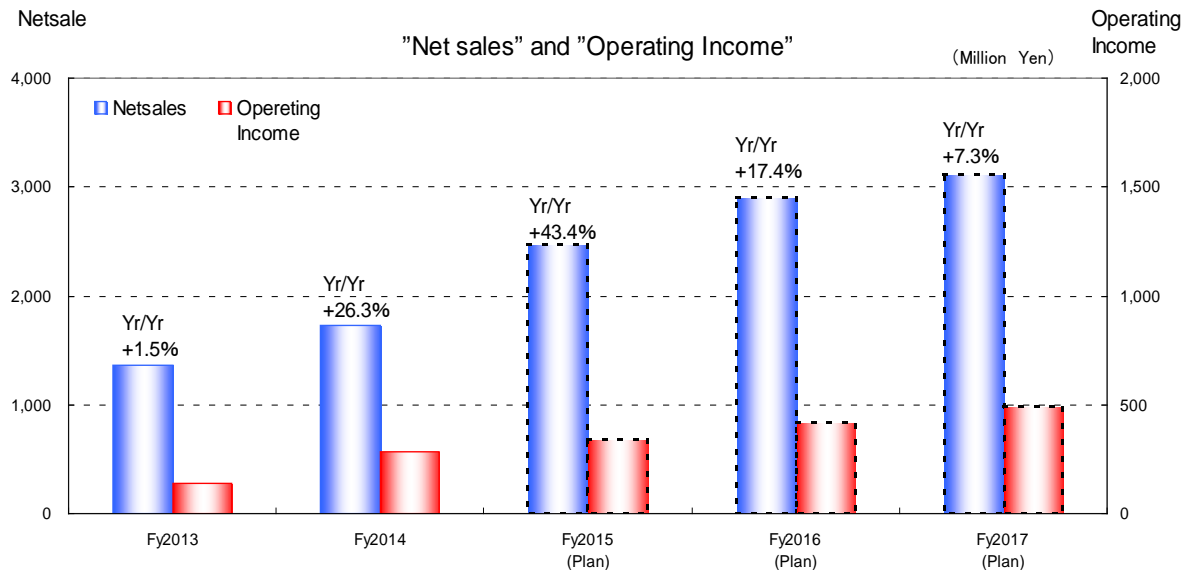


Policies	Expand sales through cooperation of sales base in Thailand/Indonesia and production base in Malaysia
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Ongoing Projects and Progress	
Technical support visits to customers with Sales force	<ul style="list-style-type: none"> • This effort brought a good result for “Strengthen business relationship with local major customers located in “High-priority-countries”.
Establishment of Local Sales Subsidiary in Indonesia	<ul style="list-style-type: none"> • Established in April 2014, operation will start in FY2015 • Aim to build base for gathering market information and for further growth by capturing demand of local market
Acquisition of Local Production Base in Malaysia	<ul style="list-style-type: none"> • Acquired “Peresscol Sdn. Bhd.”, a flavor sales and production company in Malaysia • Peresscol has its strengths in areas such as Halal seasoning powder production • This acquisition allows us to respond to local demands with lower costs and less transit time

FY2014 Performance
Net Sales 1,700million Yen (+26.3% Yr/Yr)
Operating Income 200 million Yen (+108.1% Yr/Yr)

Sales and profit target (FY2019)
Net sales 3,700million Yen
Operating income 700 million Yen



Ⅲ. Three-year-Plan

Non-consolidated: It is expected that the declined sales of “Extract product used for tea beverages“ is bottoming out and contributions from new products

China segment: Although economic growth is slowing down, steady sales growth is expected due to further expansion of Beverage businesses

U.S. segment: Steady growth of Savory products and contribution of sales of beverage flavor

South Asian segment: Strong growth is expected in beverage and snack market, which have robust demand for flavor
Aim at further sales growth by recent acquisition of local production base

Yen million

	Fy2014 (Actual)	Fy2015 (Plan)	Fy2016 (Plan)	Fy2017 (Plan)
Net sales	44,917	47,350	49,100	50,700
Cost of sales	28,558	29,770	30,750	31,310
Operating income	4,381	5,030	5,310	5,970
Ordinary income	4,939	5,250	5,520	6,190
Net income	3,239	3,510	3,670	4,120
Exchange rates	¥102.33 per U.S.\$ ¥16.67 per RMB	¥100.00 per U.S.\$ ¥16.2 per RMB	¥100.00 per U.S.\$ ¥16.2 per RMB	¥100.00 per U.S.\$ ¥16.2 per RMB
Sales growth ratio	-0.4%	5.4%	3.7%	3.3%
Sales cost ratio	63.6%	62.9%	62.6%	61.8%
Operating income ratio	9.8%	10.6%	10.8%	11.8%
Ordinary income ratio	11.0%	11.1%	11.2%	12.2%
Net income ratio	7.2%	7.4%	7.5%	8.1%
Overseas net sales ratio	27.8%	29.6%	31.7%	33.5%

※Three-Year-Plan of T. Hasegawa group is revised every year

※Please refer to page 41 for details

- Capital investment increased due to the temporary relocation and rebuilding of Headquarters, and the completion is scheduled in March 2016 (FY2014 ¥1.3bn, FY2015 ¥0.6bn)
- The second expansion phase of Suzhou plant is progressing as planned
Operation of the new plant is scheduled to start from June 2015 (FY2014 ¥1.0bn, FY2015 ¥0.7bn)
- Construction of new R&D facility at T.H.Shanghai is planned to start operation in the first half of FY 2017. (FY2016 ¥1.0bn, FY2017 ¥0.5bn)
- R&D expenses is planned to be kept at around 9% of consolidated sales

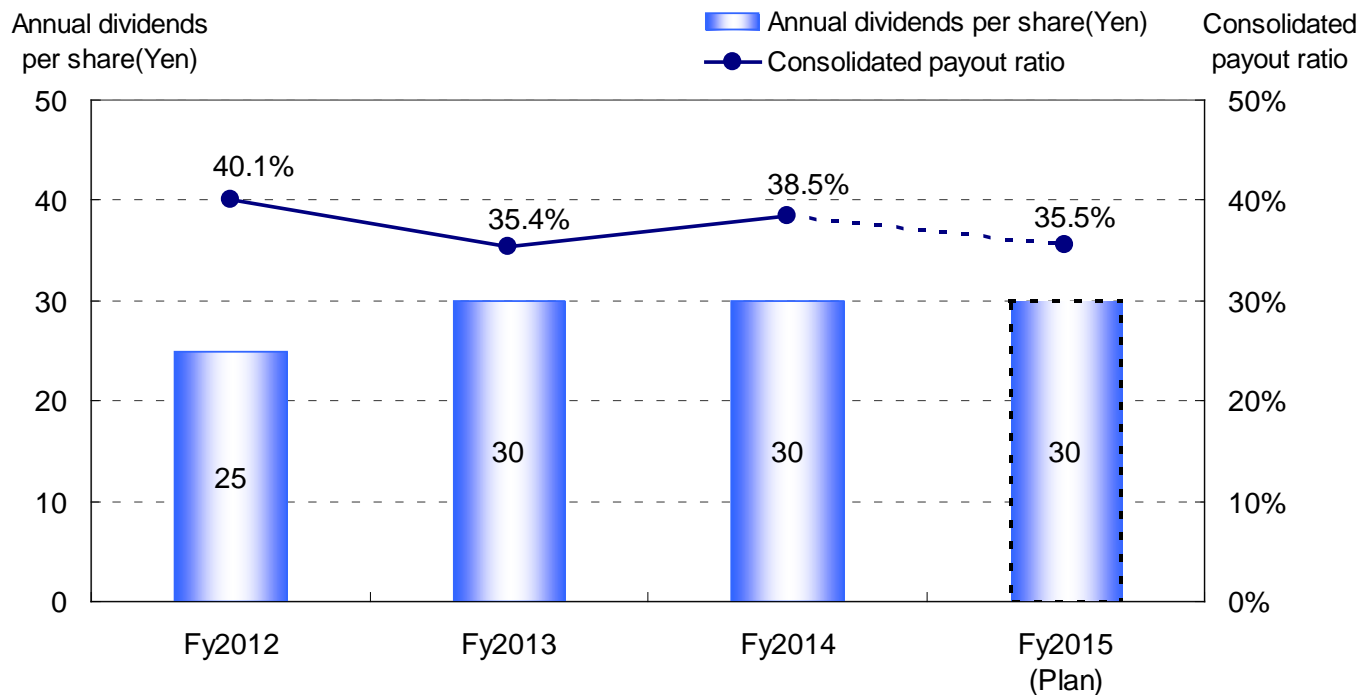
Yen million

		Fy2014 (Actual)	Fy2015 (Plan)	Fy2016 (Plan)	Fy2017 (Plan)
Capital Investment	Consolidated	5,330	3,732	3,346	1,834
	Non-consolidated	3,502	2,599	1,909	1,100
Depreciation & Amortization	Consolidated	2,910	3,118	3,202	3,049
	Non-consolidated	2,419	2,465	2,368	2,089
R&D Expenses	Consolidated	4,010	4,257	4,331	4,588
	Non-consolidated	3,269	3,424	3,375	3,347

IV. Shareholder Redemption

Basic Policy

- Strengthening operating foundations and retaining undistributed profits in order to reinvest in future development, while also meeting shareholders' expectations by paying dividends which correspond to our business performance
- Targeting approx. 35% of consolidated dividend payout ratio for interim and year-end dividends.



V . Management Strategies

Basic Strategies

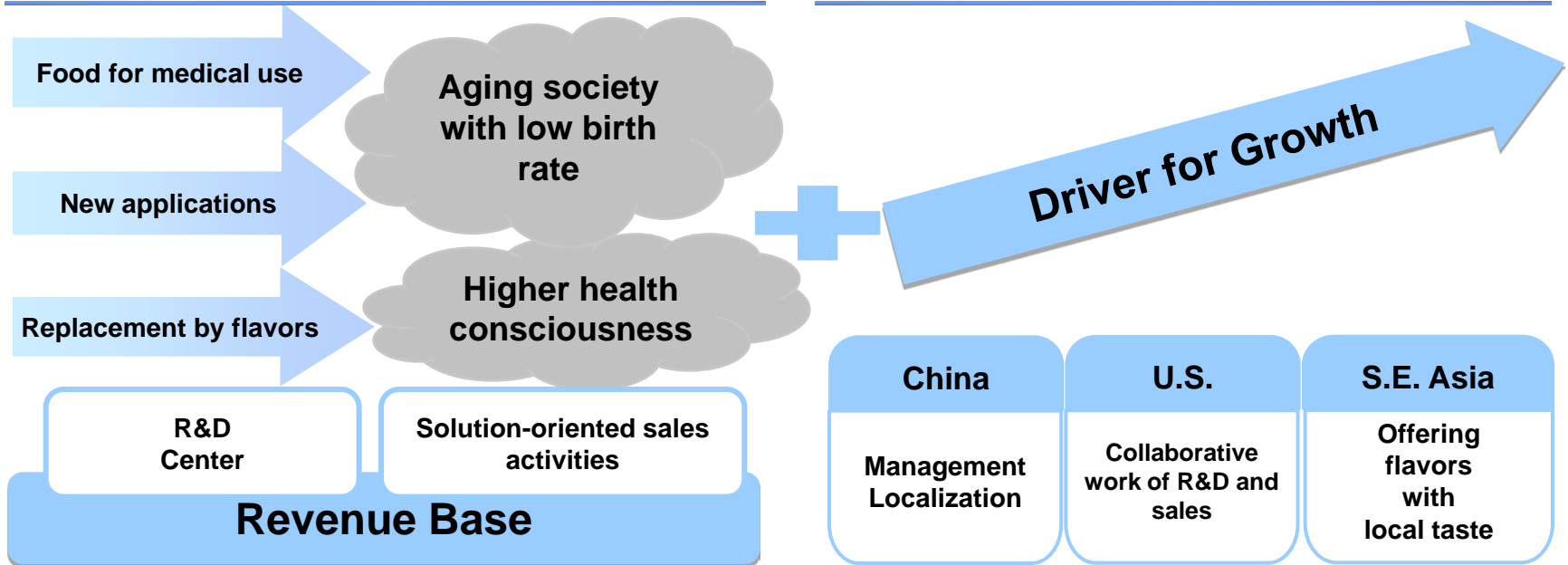
Concentrate management resources on high-value added and profitable compound flavors and fragrances

Make steady revenues in the domestic market

Aim for growth in the overseas market

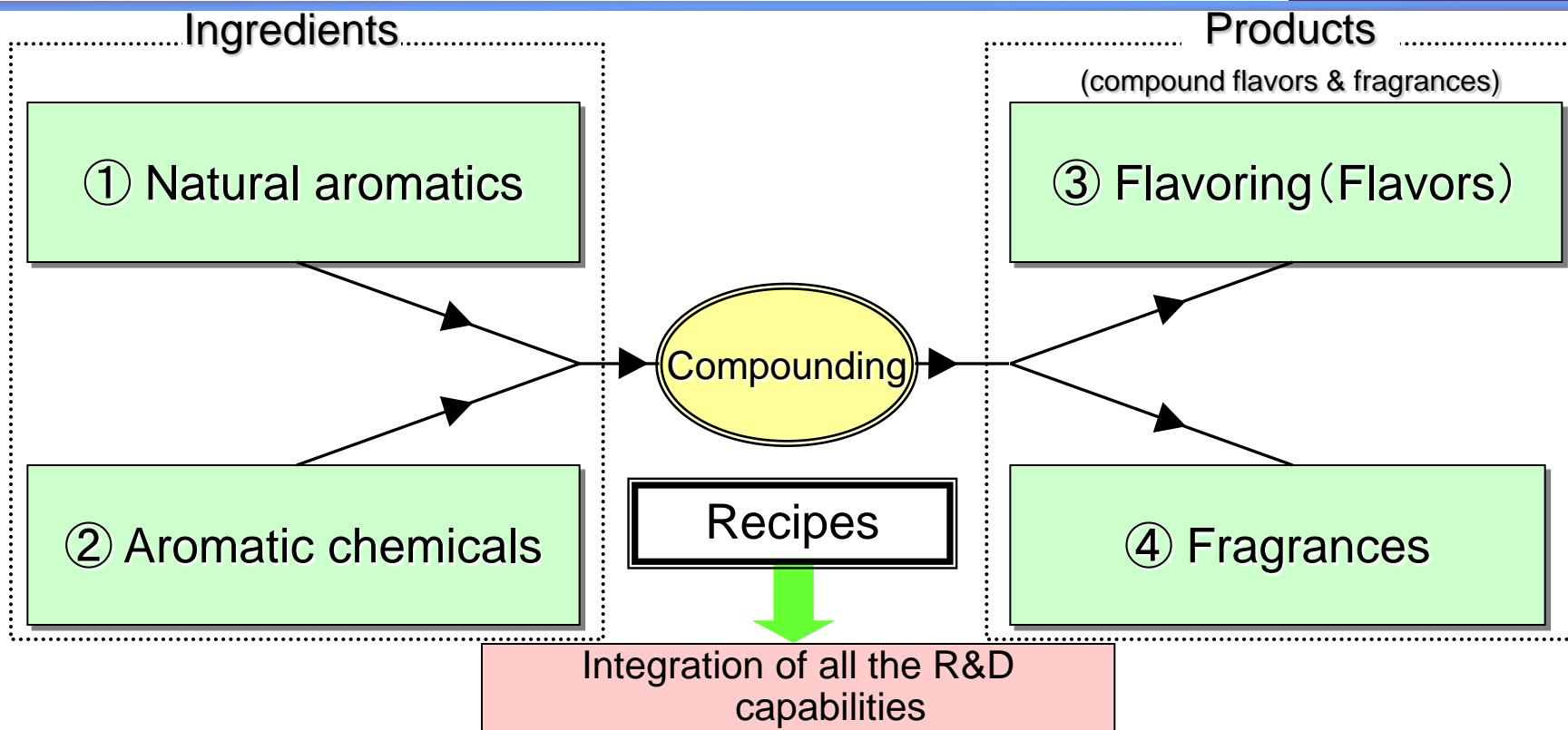
Domestic Market

Overseas Market



VI. Appendix

Outlines of Flavors & Fragrances Business



The experts who formulate fragrances are known as “perfumers”

The experts who formulate flavors are known as “flavorists”

Fragrances and Flavors are tailor-made in accordance to our customers’ requests

⇒ Recipes formulated by perfumers and flavorists are the integration of all the R&D capabilities of flavors & fragrances companies

Market Size of Flavors & Fragrances Industry

Total World Market of Flavors & Fragrances Industry

• Estimated sales volume of global market: Approx. 2,500bn Yen (Approx. 24bn USD) as of May, 2014

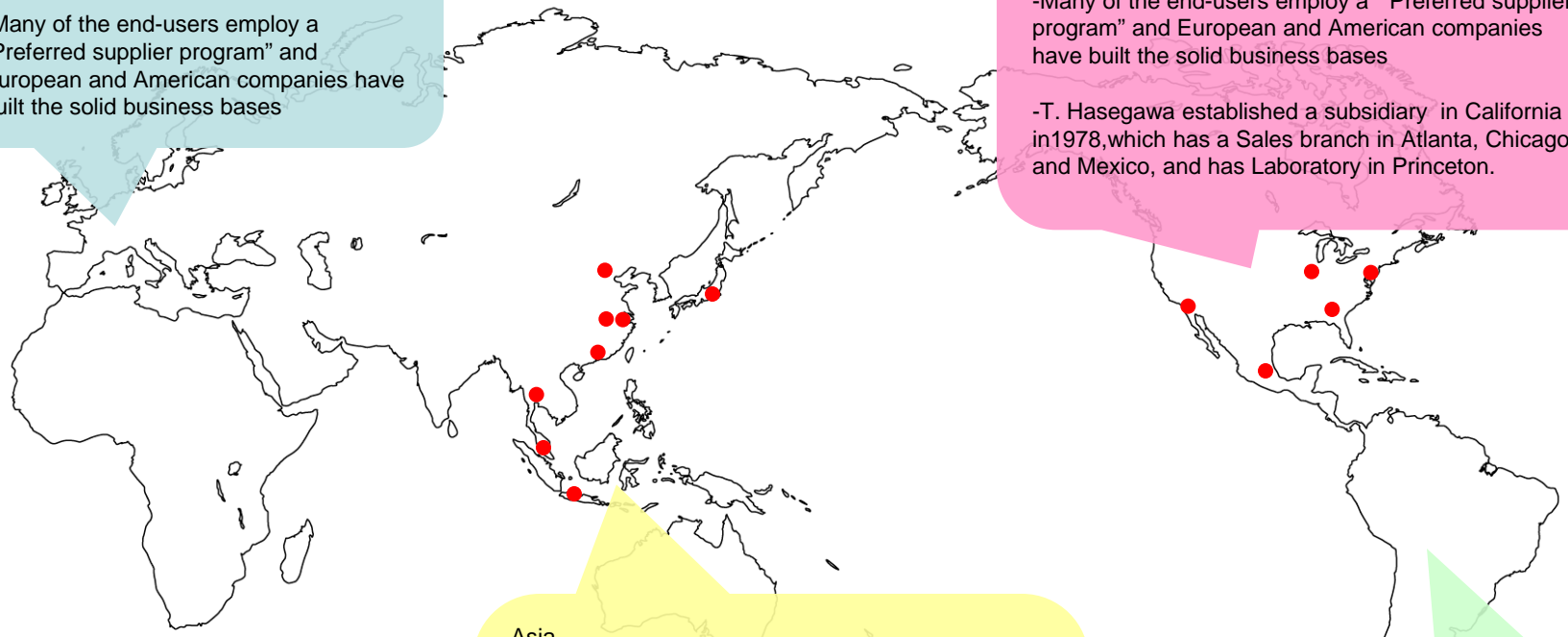
Europe, the Middle East and Africa
-Market size: Approx. 900bn Yen(*)

-Many of the end-users employ a "Preferred supplier program" and European and American companies have built the solid business bases

North America
-Market size: Approx. 650bn Yen (*)

-Many of the end-users employ a "Preferred supplier program" and European and American companies have built the solid business bases

-T. Hasegawa established a subsidiary in California in 1978, which has a Sales branch in Atlanta, Chicago and Mexico, and has Laboratory in Princeton.



Asia
-Market size: Approx. 750bn Yen (*)

-Market is growing due to the economic growth of developing countries including China
-Most of the major flavors and fragrances companies are operating in China
-T. Hasegawa established a subsidiary in Shanghai in 2000, in Suzhou in 2006, in Bangkok in 2003, and in Indonesia in 2014
- T. Hasegawa acquired Peresscol Sdn. Bhd. in Kuala Lumpur, Malaysia in 2014 as a production base

South America
-Market size: Approx. 200bn Yen (*)

-The majority of flavors and fragrances are imported.

-Competition in Brazilian market is becoming severe due to the economic growth

(*) = T. Hasegawa estimates

● = T. Hasegawa's offices and plants

- Top 11 companies account for approx. 80% of the global market (as of May, 2014)

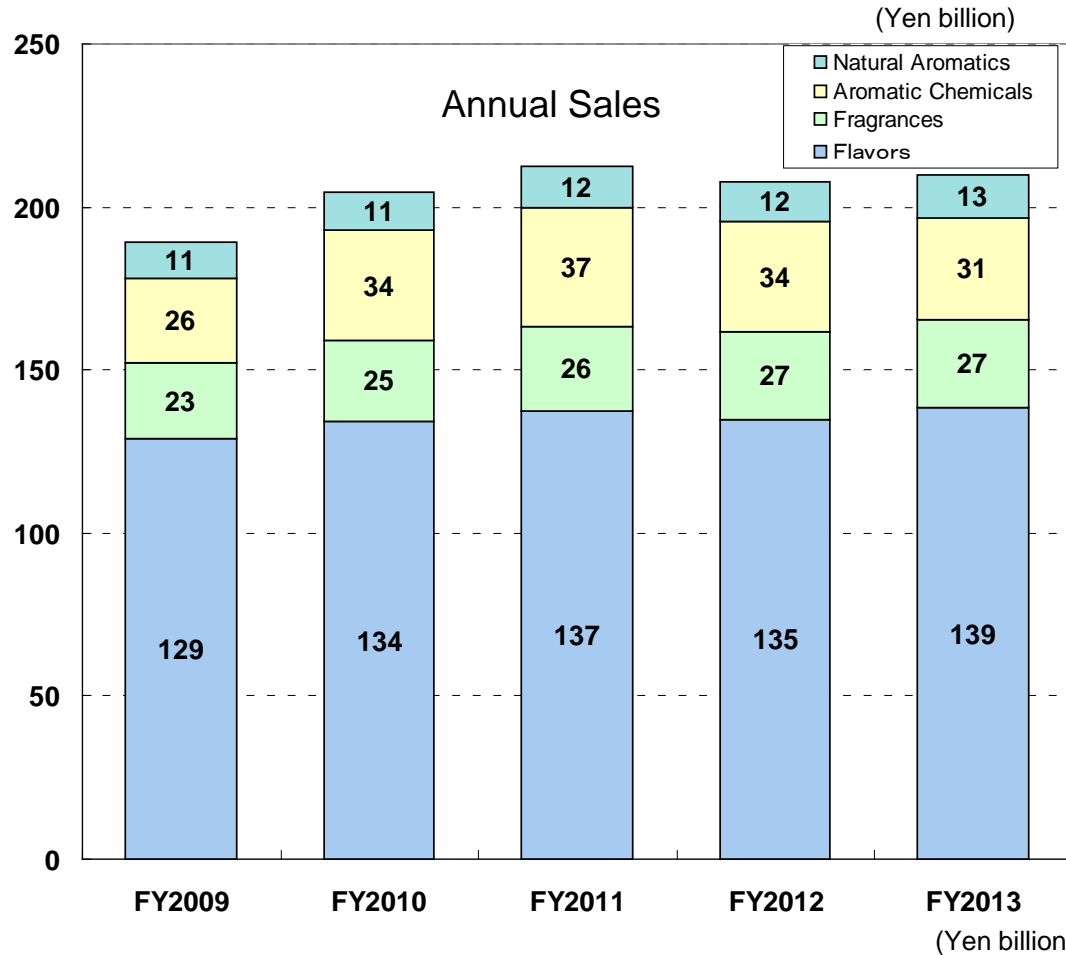
USD million

	Company name	Country	Sales(2013Yr)	Market Share
1	Givaudan	Switzerland	4,905	20.5%
2	Firmenich	Switzerland	3,374	14.1%
3	IFF	USA	2,953	12.4%
4	Symrise	Germany	2,522	10.5%
5	Takasago	Japan	1,245	5.2%
6	Wild Flavors	Germany	1,233	5.2%
7	Mane SA	France	996	4.2%
8	Frutarom	Israel	674	2.8%
9	Sensient Flavors	USA	643	2.7%
10	Robertet SA	France	537	2.2%
11	T.Hasegawa	Japan	428	1.8%
	Subtotal	—	19,510	81.6%
	Others	—	4,398	18.4%
	Total	—	23,908	—

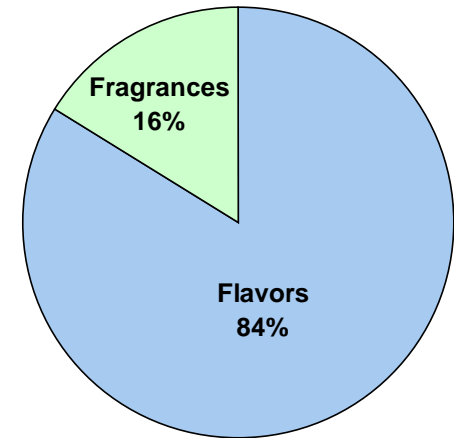
* US \$1 ≙ 105.3Yen

Source : Leffingwell & Associates
http://www.leffingwell.com/top_10.htm

• Sales composition of domestic market ⇒ 84% flavors vs. 16% fragrances (50% flavors vs. 50% fragrances worldwide)



Composition Rate (2013Yr)

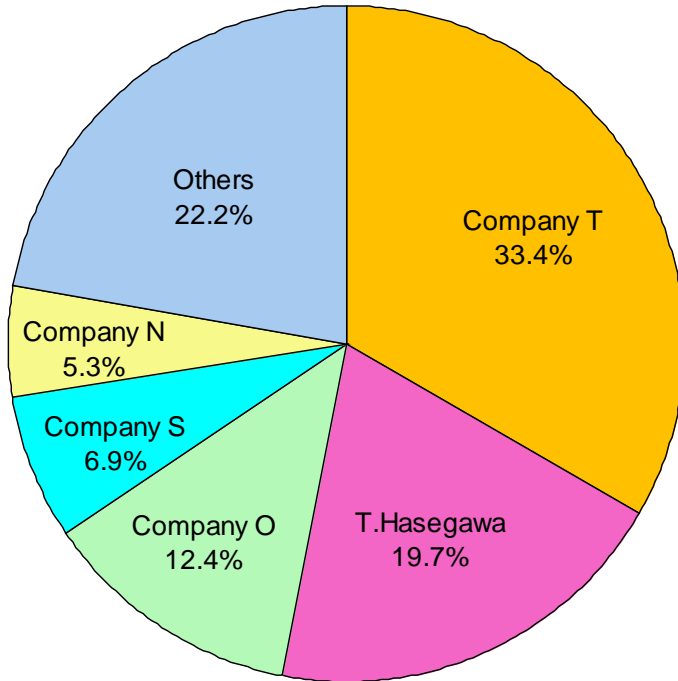


Total	189	204	212	208	210
Year-on-year	-7.4%	7.9%	3.9%	-2.2%	1.0%

Source :
Japan Flavor and Fragrance
Materials Association

Business Outline of T. Hasegawa Co., Ltd.

- Top 5 companies account for approx.80% of the market (as of March,2014)



*Based on a survey conducted by a private market research firm, this data was calculated by assuming the total of "non-consolidated sales" of the top 10 companies in domestic market

*Fiscal year of Company T, O, S, and N: Apr. – Mar.

*Since fiscal year of T. Hasegawa is Oct. - Sep., numbers indicated in the above pie chart have been adjusted to correspond to the Apr. –Mar. fiscal year

Sales Breakdown - Segments - (Consolidated)

- T. Hasegawa integrates business resources into flavors and fragrances
- Wide variety low-volume production ⇒ T. Hasegawa sells approx. 14,000 products per year

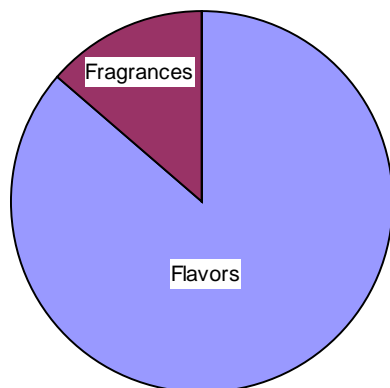
Yen million

	T. Hasegawa (Consolidated)		Company T (Consolidated)	
	FY ended in Sep. 2014		FY ended in Mar. 2014	
	Sales	Share	Sales	Share
Flavors	38,855	86.5%	78,990	60.3%
Fragrances	6,062	13.5%	33,231	25.4%
Aroma Chemicals	0	0.0%	17,460	13.3%
Others	0	0.0%	1,353	1.0%
Total	44,917	100.0%	131,036	100.0%
Ratio of gross profits to sales	36.4%		30.2%	

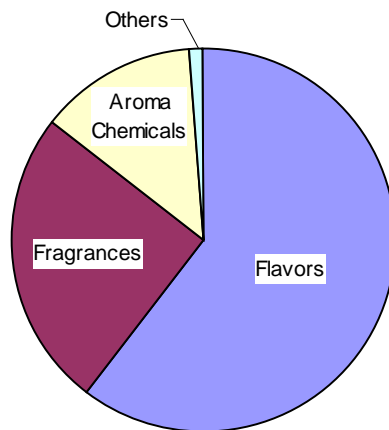
Yen million

	Company S (Consolidated)	
	FY ended in Mar. 2014	
	Sales	Share
Compound flavors & Fragrances	7,594	48.2%
Aroma Chemicals	4,316	27.4%
Overseas	2,493	15.9%
Others	1,341	8.5%
Subtotal	15,744	100.0%
Ratio of gross profits to sales	36.3%	

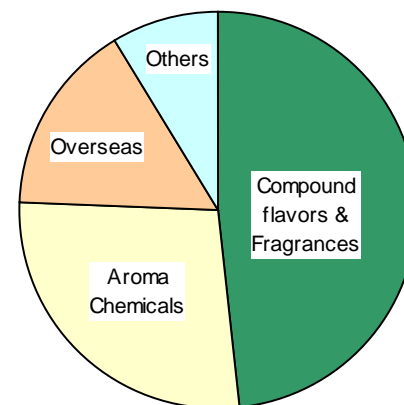
T. Hasegawa (Consolidated)



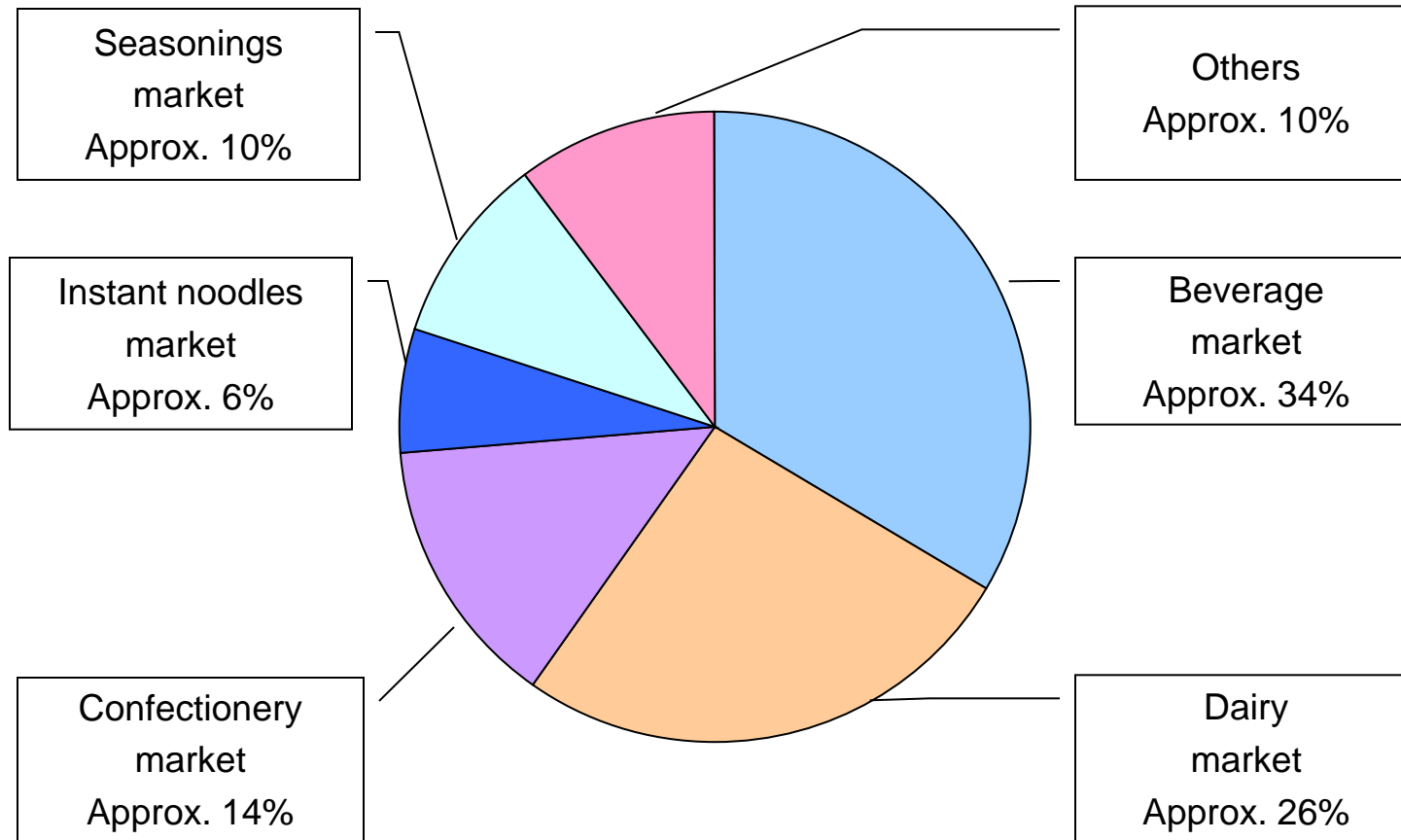
Company T (Consolidated)



Company S (Consolidated)



- Seasonal changes in sales exist since sales for beverage market account for the highest proportion



Note: This data was calculated by assuming T. Hasegawa's sales with identifiable business segments as 100

Financial Information

Comparative Income statements (Consolidated)

- All the profit accounts decreased due to the decrease of net sales ,the increase of cost of sales, and increase of SGA expenses

Yen million

	FY2013		FY2014		yr/yr		Remark
	Value	%	Value	%	Value	%	
Net sales	45,104	100.0%	44,917	100.0%	-186	-0.4%	
Cost of sales	28,345	62.8%	28,558	63.6%	212	0.8%	<ul style="list-style-type: none"> There was a deterioration in the cost of sales ratio associated with the decrease in production volume at the parent company There was an improvement in the cost of sales ratio associated with the increase in production volume at the major subsidiaries
Gross profit	16,758	37.2%	16,359	36.4%	-399	-2.4%	
SGA expenses	11,320	25.1%	11,977	26.7%	657	5.8%	<ul style="list-style-type: none"> SGA expenses of the parent company increased due to the head office relocation SGA expenses of the subsidiaries increased due to the improvement of corporate performances
Operating income	5,438	12.1%	4,381	9.8%	-1,057	-19.4%	
Ordinary income	6,367	14.1%	4,939	11.0%	-1,427	-22.4%	(FY13) non-operating income increased due to foreign exchange gain of 480m Yen (FY14) non-operating income increased due to foreign exchange gain of 198m Yen
Income before income taxes	5,708	12.7%	4,832	10.8%	-876	-15.3%	
Net income	3,518	7.8%	3,239	7.2%	-279	-8.0%	

Comparative Balance Sheets (Consolidated)

Yen million

	September 30 2013	September 30 2014	Increase or Decrease	Remark
Current assets	48,825	47,909	-916	<ul style="list-style-type: none"> • Increase in Cash and Deposits: 2,303m Yen • Decrease in Marketable securities: -3,999m Yen • Increase in Inventories: 835m Yen
Fixed assets	38,622	44,036	5,413	<ul style="list-style-type: none"> • Increase in Property, Plant and Equipment: 3,164m Yen • Increase in Investment securities: 2,287m Yen
Total assets	87,448	91,946	4,497	
Current liabilities	11,722	10,370	-1,352	<ul style="list-style-type: none"> • Decrease in Income taxes payable: -911m Yen
Long-term liabilities	7,226	8,778	1,552	<ul style="list-style-type: none"> • Increase in Net defined benefit liability: 549m Yen • Increase in Deferred tax liabilities: 969m Yen
Total net assets	68,499	72,796	4,297	<ul style="list-style-type: none"> • Increase in Retained earnings: 1,785m Yen • Decrease in Treasury stock: 140m Yen • Increase in Foreign currency translation adjustments: 1,220m Yen • Increase in Unrealized gains on available-for-sale securities: 1,473m Yen • Remeasurements of defined benefit plans: -322m Yen
Total liabilities and net assets	87,448	91,946	4,497	

Comparative Statement of Cash Flows (Consolidated)

Yen million

	FY2012	FY2013	Increase or Decrease	Remark
Cash flows from operating activities	8,493	5,019	-3,473	<ul style="list-style-type: none"> •Income before taxes: 4,832m Yen •Depreciation & Amortization: 2,910m Yen •Decrease in trade receivables: 433m Yen •Increase in Inventories: -665m Yen •Income taxes paid: -2,169m Yen
Cash flows from investing activities	-4,709	-1,518	3,190	<ul style="list-style-type: none"> •Purchase of marketable securities:-2,999m Yen •Redemption of marketable securities: 7,000m Yen •Acquisition of tangible fixed assets: -5,334m Yen
Cash flows from financing activities	-1,051	-1,460	-408	<ul style="list-style-type: none"> •Cash Dividends paid: -1,453m Yen
Effect of currency change on cash and cash equivalents	702	262	-440	—
Net Change in cash and cash equivalents	3,435	2,303	-1,131	—
Cash and Cash equivalents at beginning of period	15,159	18,595	3,435	—
Cash and cash equivalents at end of period	18,595	20,898	2,303	—

Yen million

		FY14 Plan	FY14 Actual	Progress (%)
Capital Investment	Consolidated	6,798	5,330	78.4%
	Non-consolidated	4,890	3,502	71.6%
Depreciation & Amortization	Consolidated	3,056	2,910	95.2%
	Non-consolidated	2,525	2,419	95.8%
R&D Expenses	Consolidated	4,033	4,010	99.4%
	Non-consolidated	3,301	3,269	99.0%

Yen million

	FY13 Actual		FY14 Plan (Nov 8th, 2013)		FY14 Actual		Achievement			
	Value	Share	Value	Share	Value	Share	yr/yr		vs Plan	
							Value	%	Value	%
Net sales	37,977	100.0%	38,420	100.0%	36,251	100.0%	-1,726	-4.5%	-2,168	-5.6%
Cost of sales	24,576	64.7%	24,840	64.7%	24,001	66.2%	-574	-2.3%	-838	-3.4%
Gross profit	13,401	35.3%	13,580	35.3%	12,249	33.8%	-1,151	-8.6%	-1,330	-9.8%
SGA expenses	9,242	24.3%	9,580	24.9%	9,458	26.1%	216	2.3%	-121	-1.3%
Operating income	4,158	10.9%	4,000	10.4%	2,790	7.7%	-1,367	-32.9%	-1,209	-30.2%
Ordinary income	5,689	15.0%	4,340	11.3%	3,356	9.3%	-2,333	-41.0%	-983	-22.7%
Income before income taxes	5,031	13.2%	4,220	11.0%	3,261	9.0%	-1,769	-35.2%	-958	-22.7%
Net income	3,364	8.9%	2,880	7.5%	2,177	6.0%	-1,186	-35.3%	-702	-24.4%

Note: Consolidated profit and loss statements of T.H. Shanghai and T.H. Suzhou.

Yen million

Yen Basis	FY13		FY14		yr/yr	
	Value	Share	Value	Share	Value	%
Net Sales	5,440	100.0%	6,700	100.0%	1,259	23.2%
Cost of sales	3,016	55.4%	3,512	52.4%	496	16.5%
Gross profit	2,424	44.6%	3,187	47.6%	763	31.5%
SGA expenses	1,301	23.9%	1,622	24.2%	321	24.7%
Operating income	1,122	20.6%	1,564	23.4%	442	39.4%
Ordinary income	1,392	25.6%	1,644	24.5%	252	18.1%

Yen15.03/RMB

Yen16.67/RMB

RMB thousand

Local Currency Basis	FY13		FY14		yr/yr	
	Value	Share	Value	Share	Value	%
Net Sales	361,983	100.0%	401,928	100.0%	39,944	11.0%
Cost of sales	200,670	55.4%	210,703	52.4%	10,032	5.0%
Gross profit	161,313	44.6%	191,225	47.6%	29,911	18.5%
SGA expenses	86,608	23.9%	97,345	24.2%	10,737	12.4%
Operating income	74,705	20.6%	93,879	23.4%	19,174	25.7%
Ordinary income	92,633	25.6%	98,668	24.5%	6,035	6.5%

- Double-digit growth on both Yen and local currency basis due to the increase of flavor and fragrances sales.

Yen million

Yen Basis	FY13		FY14		yr/yr	
	Value	Share	Value	Share	Value	%
Net Sales	2,148	100.0%	2,481	100.0%	332	15.5%
Cost of sales	1,301	60.6%	1,498	60.4%	197	15.2%
Gross profit	847	39.4%	982	39.6%	134	15.9%
SGA expenses	830	38.6%	963	38.8%	133	16.1%
Operating income	17	0.8%	18	0.7%	1	7.8%
Ordinary income	23	1.1%	23	0.9%	-0	-2.8%

Yen92.83/USD

Yen102.33/USD

USD thousand

Local Currency Basis	FY13		FY14		yr/yr	
	Value	Share	Value	Share	Value	%
Net Sales	23,149	100.0%	24,246	100.0%	1,097	4.7%
Cost of sales	14,019	60.6%	14,647	60.4%	627	4.5%
Gross profit	9,129	39.4%	9,599	39.6%	469	5.1%
SGA expenses	8,945	38.6%	9,419	38.8%	473	5.3%
Operating income	183	0.8%	179	0.7%	-4	-2.2%
Ordinary income	256	1.1%	226	0.9%	-30	-11.8%

- New items contributed to the sales increase
- Operating Income was on a par with the previous fiscal year with increasing SGA expenses

Three-year Plan (Consolidated Income statements)

Yen million

	Fy2014 (Actual)			Fy2015 (Plan)			Fy2016 (Plan)			Fy2017 (Plan)		
	Value	Share	yr/yr	Value	Share	yr/yr	Value	Share	yr/yr	Value	Share	yr/yr
Net sales	44,917	100.0%	-0.4%	47,350	100.0%	5.4%	49,100	100.0%	3.7%	50,700	100.0%	3.3%
Cost of sales	28,558	63.6%	0.8%	29,770	62.9%	4.2%	30,750	62.6%	3.3%	31,310	61.8%	1.8%
Gross profit	16,359	36.4%	-2.4%	17,580	37.1%	7.5%	18,350	37.4%	4.4%	19,390	38.2%	5.7%
SGA expenses	11,977	26.7%	5.8%	12,550	26.5%	4.8%	13,040	26.6%	3.9%	13,420	26.5%	2.9%
Operating income	4,381	9.8%	-19.4%	5,030	10.6%	14.8%	5,310	10.8%	5.6%	5,970	11.8%	12.4%
Ordinary income	4,939	11.0%	-22.4%	5,250	11.1%	6.3%	5,520	11.2%	5.1%	6,190	12.2%	12.1%
Income before income taxes	4,832	10.8%	-15.3%	5,100	10.8%	5.5%	5,370	10.9%	5.3%	6,040	11.9%	12.5%
Net income	3,239	7.2%	-8.0%	3,510	7.4%	8.4%	3,670	7.5%	4.6%	4,120	8.1%	12.3%

Caution with Respect to Forward-Looking Statements:

This material contains forward-looking statements about the future performance of T. Hasegawa, which are based on management's assumptions and beliefs in the light of information currently available to it.

Therefore, please understand that a number of important risks and uncertainties could cause actual results to differ materially from those discussed in the forward-looking statements, and that you should not place undue reliance on them.

Please also note that we will assume no responsibility for any omission or error in the statements and data in this material.