



香りのない
生活なんて。

香りは人と社会を豊かにしてきました。

季節のにおい、懐かしい母のにおい、そして家族で囲む食卓のにおいに至るまで、
香りはイメージの扉を開けて、私たちに無限の広がりを与えてくれます。
長谷川香料は1世紀以上の歴史をもつ総合香料メーカーとして業界の発展に
貢献してきました。独自の研究開発によって生まれた香りの素材と製法に、定評
ある調香などの高度な技術を駆使して、どんな要望にも応えられる製品づくり
に取り組んでいます。時代とともに進歩する、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

Financial Results for the 2nd Quarter Ended March 31, 2015

T. HASEGAWA CO., LTD.
May 19, 2015

| | |
|--|------------|
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Note1 : T HASEGAWA's date for settlement of accounts is September 30.

Note2 : Unless otherwise noted, the indication of the fiscal year are as follows.

- FY14 2Q (From October 2013 to March 2014)
- FY15 2Q (From October 2014 to March 2015)
- FY14 (From October 2013 to September 2014)
- FY15 (From October 2014 to September 2015)

I . Summary of the Consolidated Financial Statements

Domestic Market

Domestic flavors and fragrances market in 2014 shrank by approximately 5% due to cold weather in summer 2014.

Beverage market slightly shrank in 2014.

Although “Non-flavored mineral water” and “Carbonated drinks” contributed to the market growth, tea drinks, fruit/vegetable juices, sports/vitamin/energy drinks and other functional beverages performed sluggishly.

The market has marked lower levels compared to the same period in the previous year, in reaction to hurried purchases of products by consumers ahead of the consumption tax raise in April 2014.

Overseas Market

The global flavors and fragrances market in 2014 grew by approximately 4%.

Beverage market in China marked a double-digit growth rate in 2014.

Beverage market in U.S.A. expanded slightly, market for functional/coffee beverages grew steadily.

In Southeast Asia, beverage, instant noodle, snack and yogurt market expanded, with remarkable growth in the tea beverage market.

Note : the indication of “year” on this page are based on the calendar year

- Year-on-year: Net sales increased due to the increase of net sales of overseas subsidiaries
Operating income decreased due to the increase in SG&A expenses
- vs. Plan :Net sales was lower than the plan because the parent company was not able to achieve the original plan, which was largely due to the decrease in sales of “Fruit processing products”
Net sales were also impacted by prolonged a sluggish consumer consumption reaction following the rushed consumption demand of the tax raise in April 2014 compared with the previous forecast

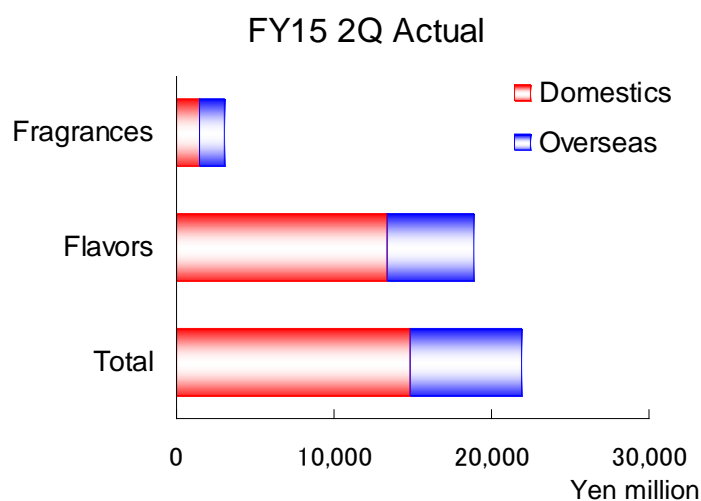
Yen million

| | FY14 2Q Actual | FY15 2Q Plan | FY15 2Q Actual | Achievement | | | |
|----------------------------|-------------------|-----------------|-------------------|-------------|--------|---------|--------|
| | Value | Value | Value | Yr/Yr | | vs.Plan | |
| | | | | Value | % | Value | % |
| Net sales | 21,696 | 22,130 | 21,879 | 182 | 0.8% | -250 | -1.1% |
| Cost of sales | 13,629 | 14,080 | 13,875 | 246 | 1.8% | -204 | -1.5% |
| Gross profit | 8,067 | 8,050 | 8,004 | -63 | -0.8% | -45 | -0.6% |
| SGA expenses | 5,855 | 6,060 | 6,246 | 391 | 6.7% | 186 | 3.1% |
| Operating income | 2,211 | 1,990 | 1,757 | -454 | -20.5% | -232 | -11.7% |
| Ordinary income | 2,440 | 2,090 | 2,128 | -312 | -12.8% | 38 | 1.8% |
| Income before income taxes | 2,414 | 2,010 | 2,046 | -367 | -15.2% | 36 | 1.8% |
| Net income | 1,573 | 1,380 | 1,177 | -395 | -25.1% | -202 | -14.6% |

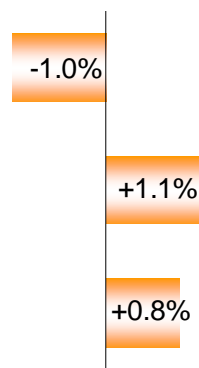
- While the sales of the parent company shrank in both flavor and fragrance segments, the sales of the overseas subsidiaries has grown steadily, thus, overall sales increased slightly

Yen million

| | FY14 2Q Actual | FY15 2Q Actual | Yr/Yr | | Remark |
|------------|-------------------|-------------------|-------|-------|--|
| | | | Value | % | |
| Fragrances | 3,081 | 3,051 | -30 | -1.0% | Sales for toiletry products decreased |
| Flavors | 18,614 | 18,828 | 213 | 1.1% | Sales of the subsidiary in China increased Increase in sales related to acquisition |
| Total | 21,696 | 21,879 | 182 | 0.8% | — |



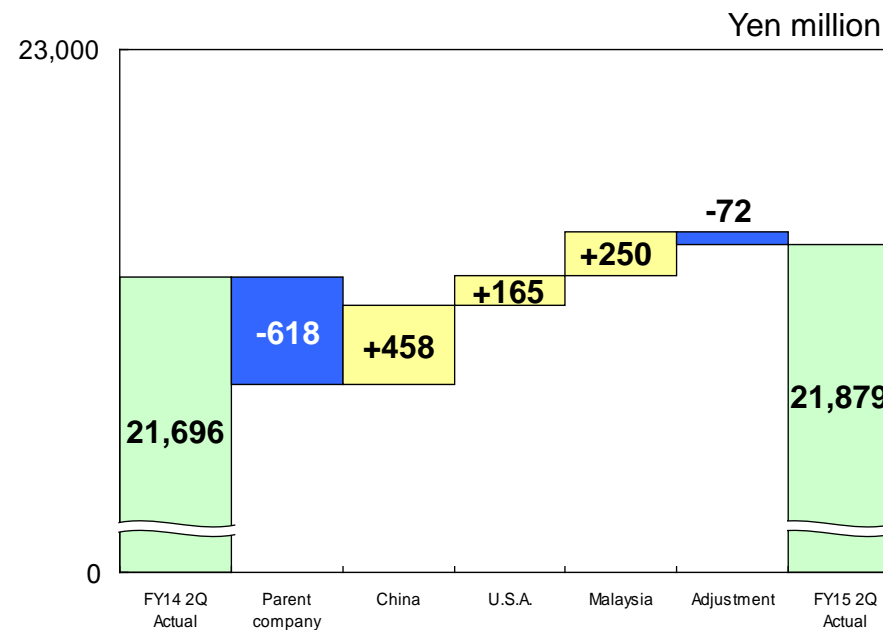
yr/yr (%)



Note: FY15 2Q overseas sales ratio is 32.0%

Consolidated sales increased only slightly due mainly to the decrease of the parent company sales
The sales of overseas subsidiaries increased, making up for the sales decrease of the parent company

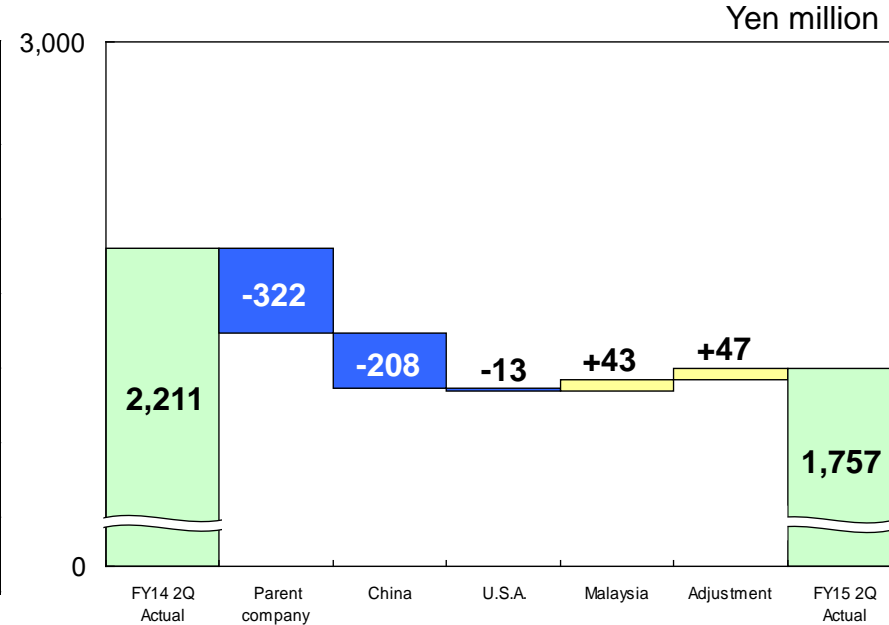
| | Yen million | | | |
|----------------|----------------|----------------|-------|-------|
| | FY14 2Q Actual | FY15 2Q Actual | yr/yr | % |
| Parent company | 17,343 | 16,724 | -618 | -3.6% |
| China | 3,399 | 3,857 | 458 | 13.5% |
| U.S.A. | 1,173 | 1,339 | 165 | 14.1% |
| Malaysia | - | 250 | 250 | - |
| Adjustment | -219 | -292 | -72 | - |
| Consolidated | 21,696 | 21,879 | 182 | 0.8% |



- Parent company : Flavors sales decreased in “Fruit processing products”
Fragrances sales decreased in products for household/Fabric care/etc ⇒ Decrease in net sales
- China: Flavors and Fragrances sales increased ⇒ Increase in net sales
- U.S.A.: Dollar-based sales decreased due to fractures in ordering schedule.
However, owing to the depreciation of Japanese Yen, sales increased. ⇒ Increase in net sales
- Malaysia: Sales for snack foods grow steadily

- Consolidated operating income decreased due to a poor results of the parent company and China subsidiaries

| | Yen million | | | |
|----------------|----------------|----------------|-------|--------|
| | FY14 2Q Actual | FY15 2Q Actual | yr/yr | % |
| Parent company | 1,304 | 981 | -322 | -24.8% |
| China | 915 | 706 | -208 | -22.8% |
| U.S.A. | -19 | -33 | -13 | - |
| Malaysia | - | 43 | 43 | - |
| Adjustment | 11 | 59 | 47 | - |
| Consolidated | 2,211 | 1,757 | -454 | -20.5% |



- Parent company : Decrease in Net sales ⇒ Decrease in operating income
- China : Increase in cost of sales due to a change in sales composition ratios and increase in SG&A expenses ⇒ Decrease in operating income
- U.S.A. : Increase in SG&A expenses ⇒ Decrease in operating income
- Malaysia: Recorded favorable sales and maintained operating income

FY15 Annual Plan (Consolidated)

- Although the results up to the 2nd quarter for Fiscal 2015 have marked below planned, it is expected that the annual plan for sales will be achieved.
 - Despite the results of the first 2 quarters in parent company sales, a strong order receipt for new products is expected in the latter half of the year
 - Sales for Beverage market which account for approximately 30% of total sales peaks in spring and summer (Accounted in the a second half of the fiscal year)
 - The percentage of the 2nd half year's Net sales to a whole year's is 53% (Average values for the last ten years) (Operating Income)
 - An improvement in the cost of sales ratio due to reducing manufacturing cost is expected in the latter half of the year
 - A percentage of the 2nd half year's Operating Income to the whole year's is 60% (Average values for the last ten years)
- ⇒ No change in FY15 Annual Plan announced on November 7, 2014

Yen million

| | FY14 Actual | | FY15 Plan | | | | FY15 2Q Achievement | | |
|-------------------------------|----------------|--------|--------------|--------|-------|--|------------------------|--------|----------|
| | Value | Share | Value | Share | yr/yr | | Value | Share | Progress |
| Net sales | 44,917 | 100.0% | 47,350 | 100.0% | 5.4% | | 21,879 | 100.0% | 46.2% |
| Cost of sales | 28,558 | 63.6% | 29,770 | 62.9% | 4.2% | | 13,875 | 63.4% | 46.6% |
| Gross profit | 16,359 | 36.4% | 17,580 | 37.1% | 7.5% | | 8,004 | 36.6% | 45.5% |
| SGA expenses | 11,977 | 26.7% | 12,550 | 26.5% | 4.8% | | 6,246 | 28.6% | 49.8% |
| Operating income | 4,381 | 9.8% | 5,030 | 10.6% | 14.8% | | 1,757 | 8.0% | 34.9% |
| Ordinary income | 4,939 | 11.0% | 5,250 | 11.1% | 6.3% | | 2,128 | 9.7% | 40.5% |
| Income before income taxes | 4,832 | 10.8% | 5,100 | 10.8% | 5.5% | | 2,046 | 9.4% | 40.1% |
| Net income | 3,239 | 7.2% | 3,510 | 7.4% | 8.4% | | 1,177 | 5.4% | 33.6% |

Ⅱ . Global Strategies

Basic Strategy

Expand market shares by anticipating new markets stemming from aging society and healthy trends

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.
- Proposition of new flavors and materials, i.e. materials which can reinforce sweet, rich and complex tastes lost through reduction of sugar.
- Business presentation on new materials and industry trends on a regular basis

Enhancing Capability to Provide Flavors and Fragrances for New Applications

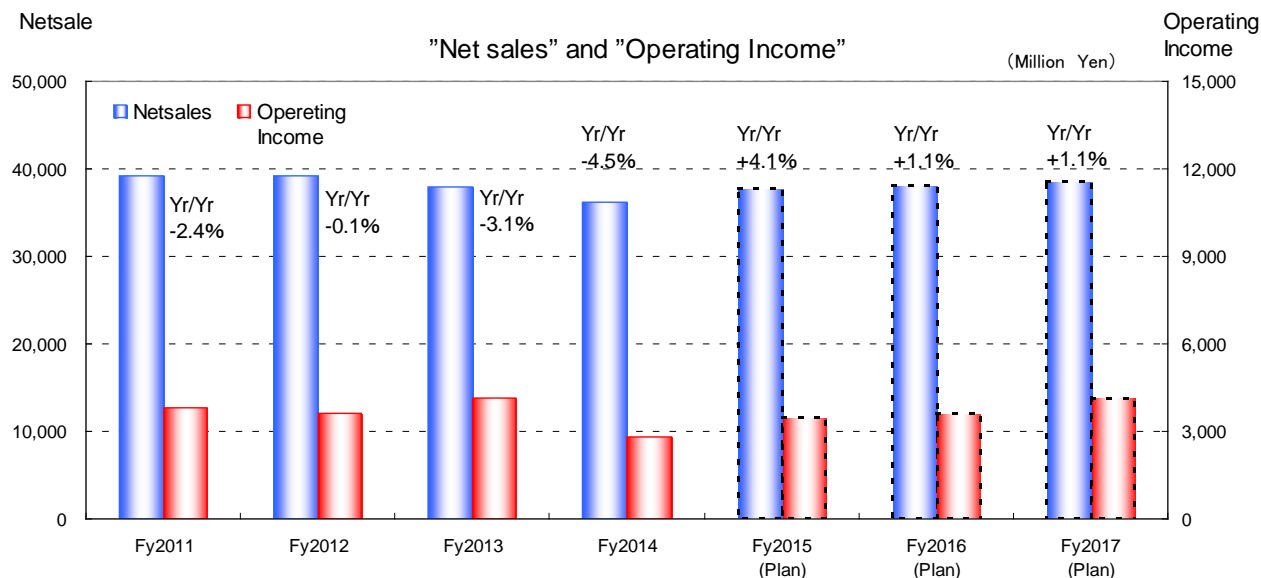
- Focus on new areas such as Non-alcoholic beers and Cocktails, Alcoholic beverages, Healthy foods, Food for medical uses, etc.
- ⇒ Receive orders for Alcoholic beverages
- Develop flavors which can replace food materials (e.g. milk, vegetables, fruit juice, meat, etc.)

FY15 2Q Performance

Net Sales
16,724 million Yen
(-3.6% Yr/Yr)
Operating Income
981 million Yen
(-24.8% Yr/Yr)

Sales and profit target (FY19)

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, The U.S. and Southeast Asia

◎ : Completion

○ : On-going

FY15
2Q

| | | |
|----------|---|-------------|
| 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

Basic Strategy

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

Ongoing Projects and Progress

Enhancement of Production Capacity

- 2nd phase of the capital investment of T.H.Suzhou plant is progressing as planned, with no problems in product testing, operation starts in June 2015
- The total investment of this project is expected to be approx. 2 billion Yen
- This project will increase production capacity in China by approximately 30%
- After cutover, approx. 70% capacity utilization is expected throughout T.H.Suzhou plant

Enhancement of R&D Facilities in Shanghai

- A project team launched and completed it's basic design
- The total investment is expected to be approx. 1.5 billion Yen, with a total floor area of approx. 5,000 square meters. and the new facilities will start operation in the first half of 2017

Localize and Strengthen Management Structure to Acquire New Customers, Further Cooperate with Existing Customers, and to Increase Sales

- Classification of customers: International Companies 60%, Local Companies 30%, Japanese Companies 10%
- Aim to increase business opportunities with both international and local companies.

FY15 2Q Performance

Net Sales

204 million RMB (+0.6% Yr/Yr)
(3,857 million Yen)

Operating Income

37 million RMB (-31.6% Yr/Yr)
(706 million Yen)

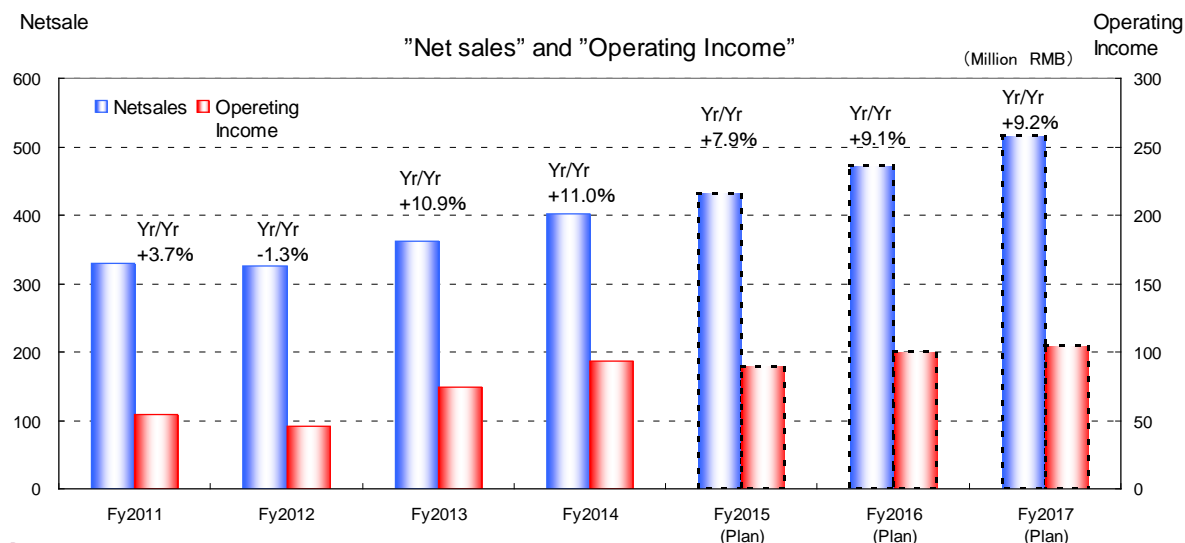
Sales and profit target
(FY19)

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

Basic Strategy

Aim to expand sales of Savory and Beverage flavors

Ongoing Projects and Progress

Realignment of New Management Structure

- 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 the U.S.A.

Beverage market in the U.S.A. can be divided into two categories: beverages for the global market, and beverages for the local market that capture the tastes of the region -While it can challenging to become a global player outside of the Asian and North American area, T. Hasegawa has more than enough chances to become a big player in the local market.

Enhancement of R&D Facilities Completed

- Renovated R&D and Administration Building started operation in June 2014
- Total investment approx. 0.5 billion Yen
- Strengthening R&D support and maintain close exchanges of information between Japan and the U.S.A.
- Enhanced collaboration with customers through expanding R&D function

FY15 2Q Performance

Net Sales

11.5 million US\$ (-0.7% Yr/Yr)
(1,339 million Yen)

Operating Loss

0.28 million US\$
(A margin of deficit increased)
(33 million Yen)

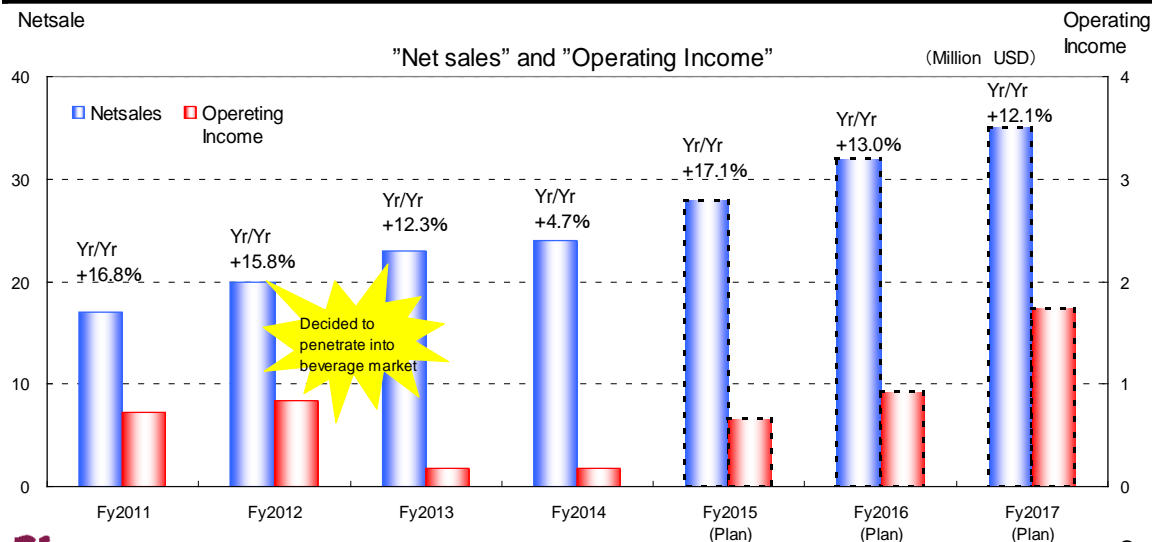
Sales and profit target
(FY19)

Net sales

45 million US\$ (4,500 million Yen)

Operating income

5 million US\$ (500 million Yen)

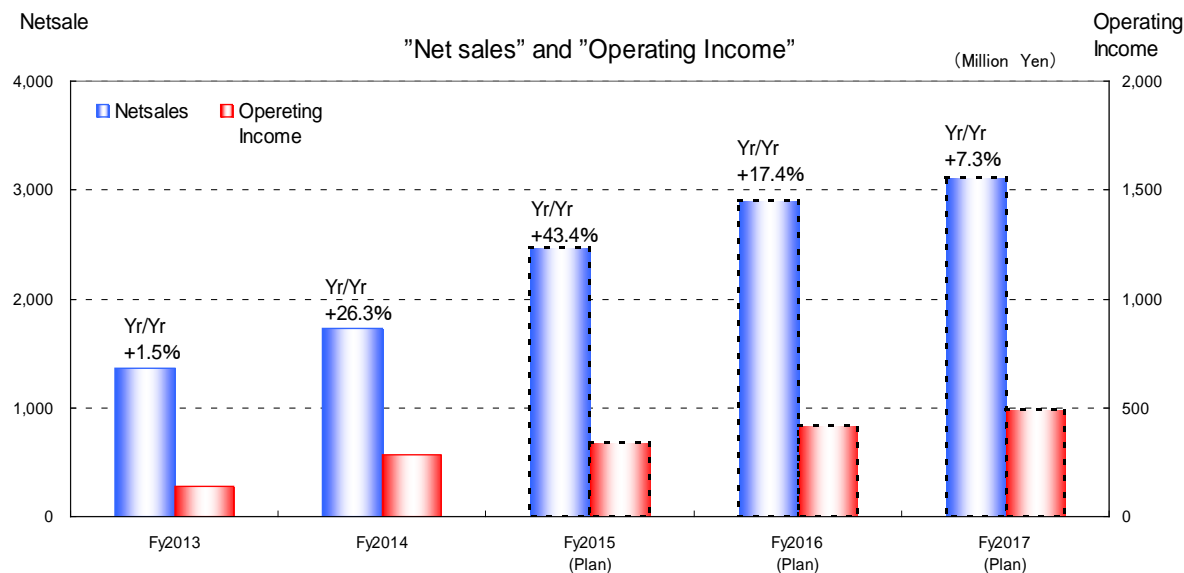


| | |
|-----------------------|--|
| Basic Strategy | Expand sales through cooperation of sales base in Thailand/Indonesia and production base in Malaysia |
|-----------------------|--|


| Ongoing Projects and Progress |
|---|
| Visit with R&D Staff to customers with Sales force <ul style="list-style-type: none"> • This effort brought a good result for “Strengthening business relationships with local major customers located in “High-priority-countries”. |
| Acquisition of Local Production Base in Malaysia <ul style="list-style-type: none"> • Acquired “Peresscol Sdn. Bhd.,” a Halal-certified flavors sales and production company in Malaysia. • Peresscol has its strengths in areas such as seasoning powder/liquid flavors |
| Expansion of production/sales base in Southeast Asia, Reinforce sales activities <ul style="list-style-type: none"> • Assignment of local staff members in Vietnam/Philippines, in addition to Sales base in Thailand/Indonesia • Strengthen sales activities in Southeast Asia through collaboration of each main bases |

| FY15 2Q Performance |
|--|
| Net Sales 1,043 million Yen (+38.1% Yr/Yr) |
| Operating Income 170 million Yen (+63.9% Yr/Yr) |

| Sales and profit target (FY19) |
|-------------------------------------|
| Net sales 3,700million Yen |
| Operating income 700 million Yen |



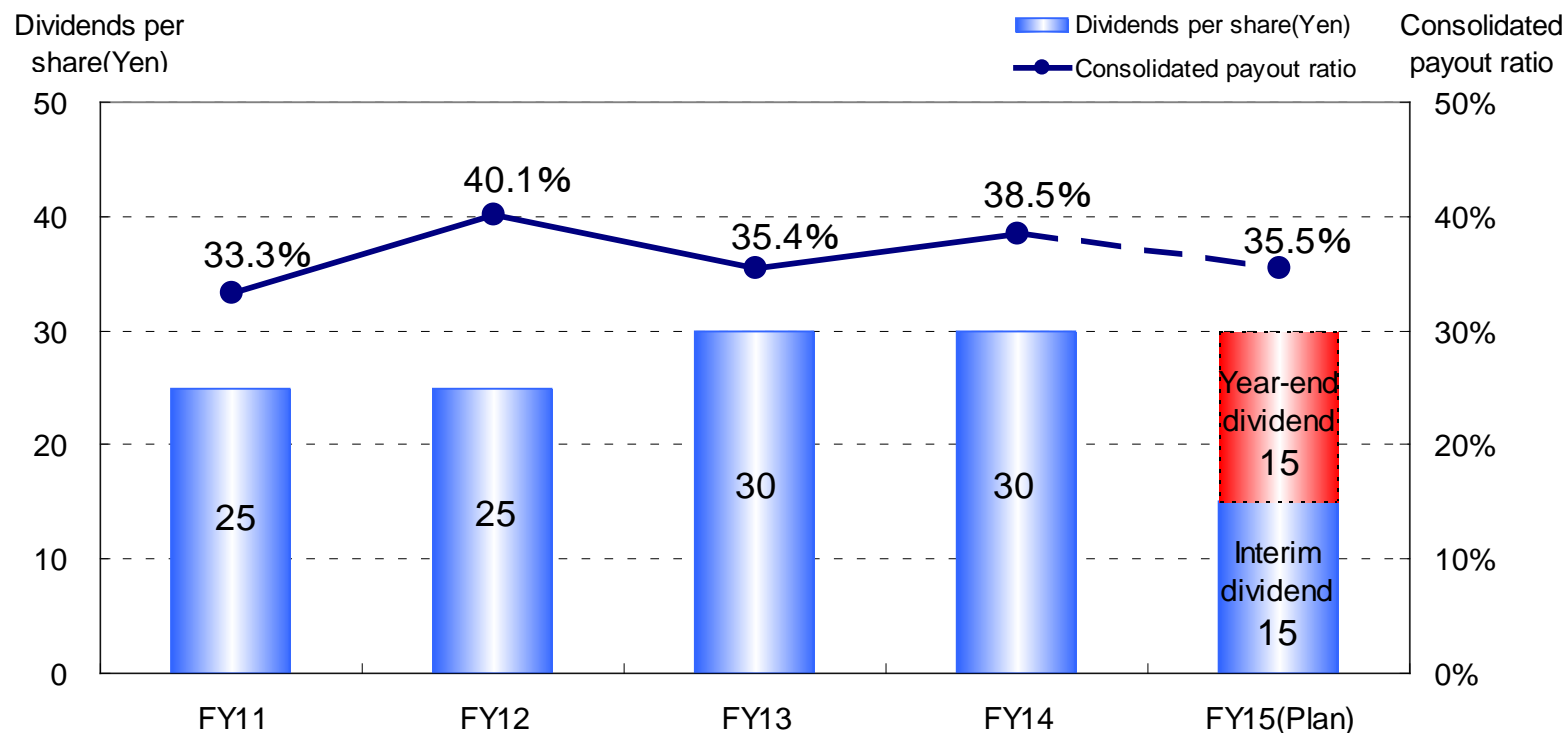
Note: These figures are the total of the parent company's export sales and subsidiaries sales to Southeast Asia

| | | |
|--------------------------|--|--|
| Back ground | <ul style="list-style-type: none">•The Southeast Asian market, with large shares in beverages and snacks, has high demands for flavors (and fragrances), and is expected to grow rapidly.•Until now, most products for Southeast Asia have been exported from Japan, resulting in a lack of competitive prices. |  <div>Determined necessary to ensure local production base in Southeast Asia area</div> |
| Reasons for selection | <ul style="list-style-type: none">•Peresscol and T. Hasegawa have a history of over 50 years of business relationship including T. Hasegawa's technical support.•Peresscol has suitable production facilities and vacant land for further expansion, as well as an established quality assurance system•Peresscol undertakes sales in Malaysia and export products to neighboring countries via partner companies (sale agents) , and has an original sales network in Southeast Asia | |
| Advantage of acquisition | <ul style="list-style-type: none">•Advantages of acquisition are as bellow, 1.Enables significantly shorter lead times to customers 2.Increases price competitiveness by cost reduction 3.Capture local preferences | |

III. 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
- Launched a shareholders' courtesy program, prompt investors to hold our stock in the medium- to long-term



IV. Management Strategies

Basic Strategies

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

Make steady revenues in domestic market

Aim for growth in overseas market

Recover performance in Domestic Sales

Enhancing capability to provide Flavors and Fragrances for new applications

Shift sales strategies from "Current: 1.Safe, 2.Secure, 3.Inexpensive" and bringing it to the next level
" 1.Trust, 2.New proposals,3.Familiarity"

China

- Enhancement of Production/R&D facilities
- Acquire new customers, further cooperate with existing customers

U.S.A.

- Strengthen the efficiency of sales functions to expand beverage market
- Further increase in sales of savory flavors

South-east Asia

- Strengthen regional ties through collaboration overseas bases
- Strengthen business relationship with local major customers

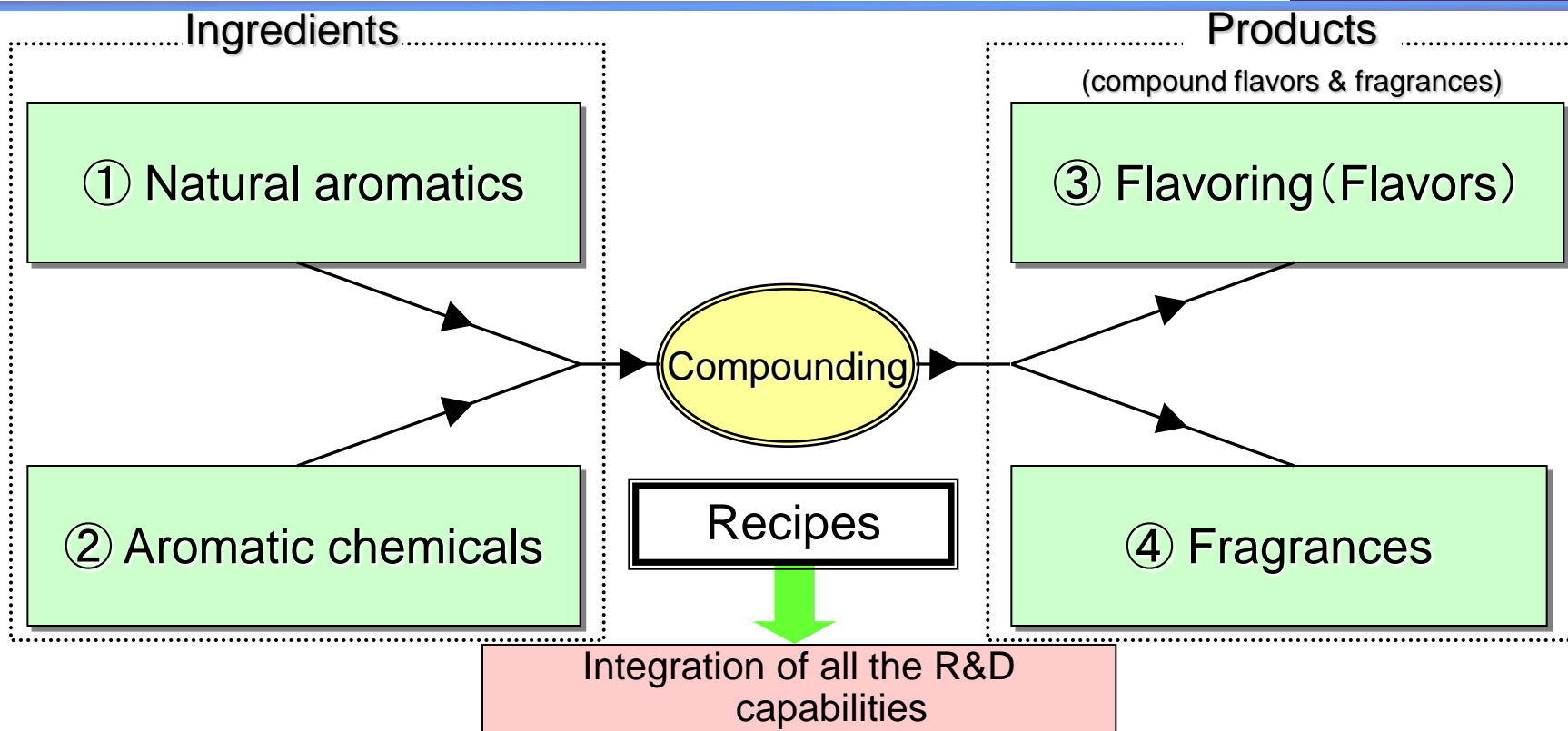
Be Open To Change and Bring

THE HASEGAWA

Brand to the Next Phase

V . 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

• Estimated sales volume of global market: Approx. 2,600bln Yen (Approx. 25bln USD) as of March, 2015

Europe, the Middle East and Africa

-Market size: Approx. 950bln 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. 670bln 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. 770bln 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. 210bln 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 March, 2015)

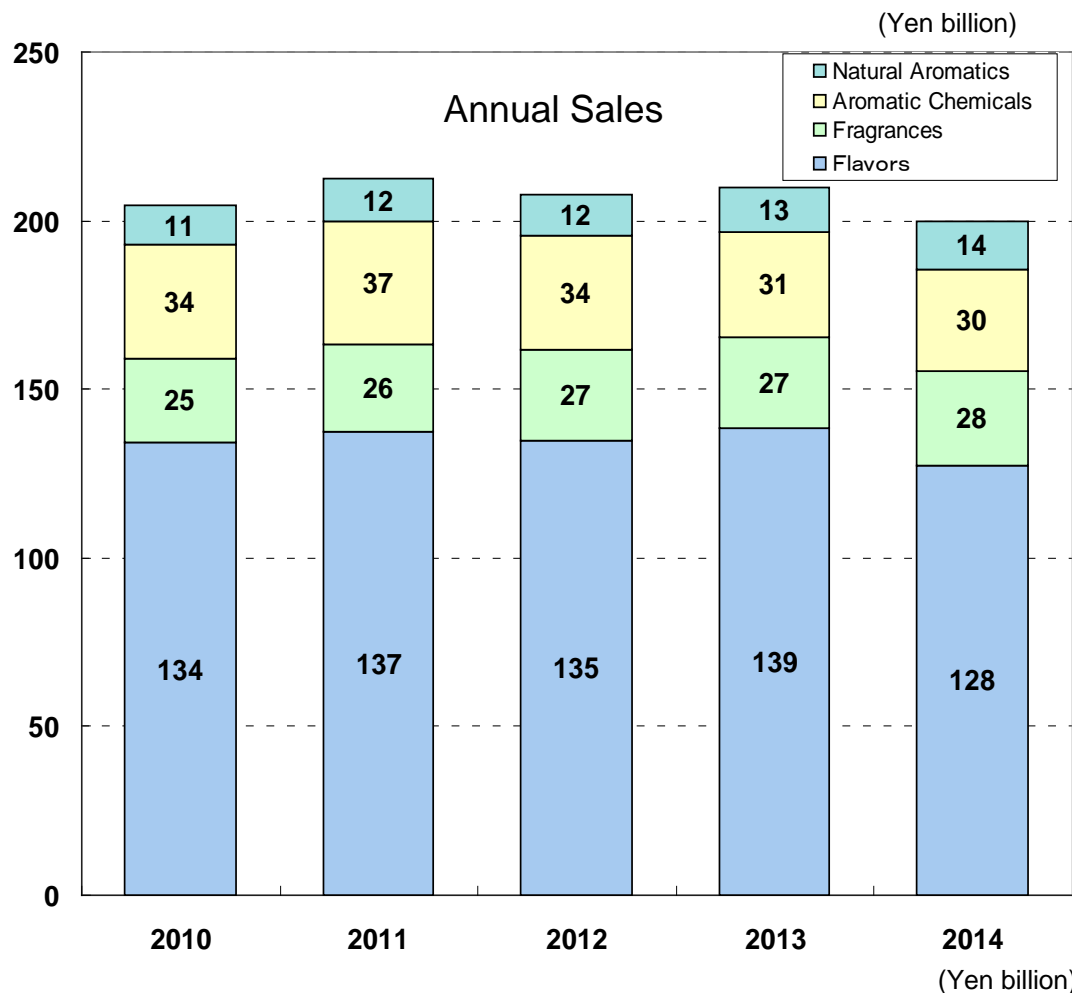
USD million

| | Company name | Country | Sales(2014Yr) | Market Share |
|----|------------------|-------------|---------------|--------------|
| 1 | Givaudan | Switzerland | 4,819 | 19.4% |
| 2 | Firmenich | Switzerland | 3,375 | 13.6% |
| 3 | IFF | USA | 3,089 | 12.4% |
| 4 | Symrise | Germany | 2,818 | 11.3% |
| 5 | Takasago | Japan | 1,242 | 5.0% |
| 6 | Wild Flavors | Germany | 1,241 | 5.0% |
| 7 | Mane SA | France | 1,022 | 4.1% |
| 8 | Frutarom | Israel | 820 | 3.3% |
| 9 | Sensient Flavors | USA | 725 | 2.9% |
| 10 | Robertet SA | France | 518 | 2.1% |
| 11 | T.Hasegawa | Japan | 426 | 1.7% |
| | Subtotal | — | 20,093 | 80.7% |
| | Others | — | 4,797 | 19.3% |
| | Total | — | 24,890 | — |

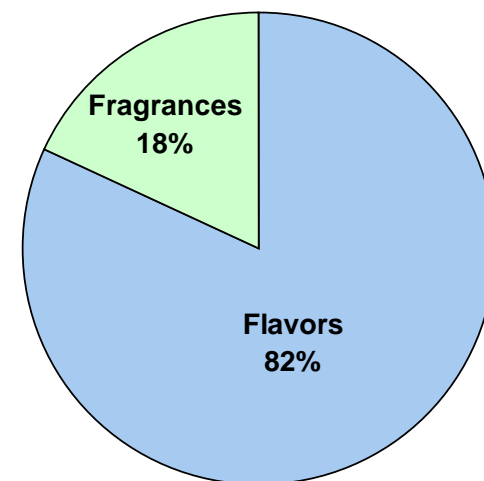
* US \$1 ≒ 105.6Yen

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

• Sales composition of domestic market ⇒ 82% flavors vs. 18% fragrances (50% flavors vs. 50% fragrances worldwide)



Composition Rate (2014Yr)

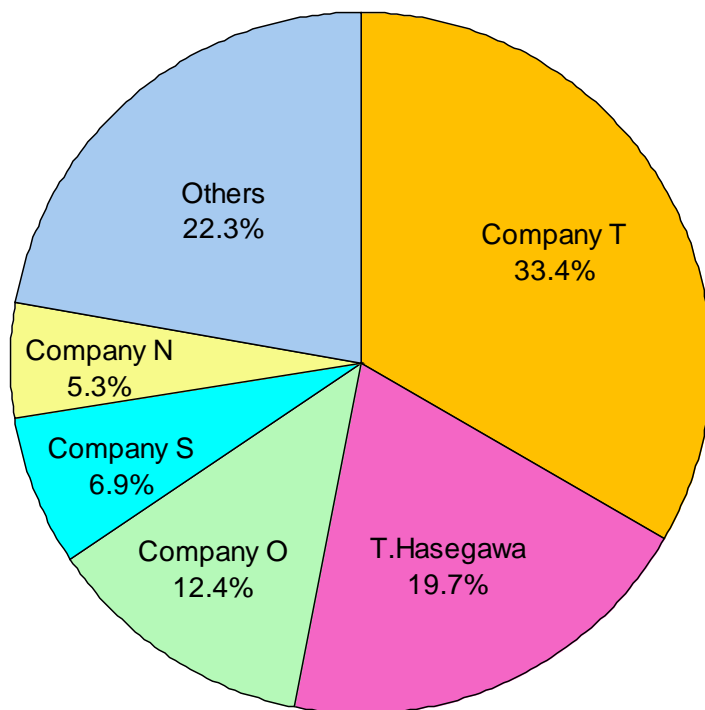


| | | | | | |
|--------------|------|------|-------|------|-------|
| Total | 204 | 212 | 208 | 210 | 200 |
| Year-on-year | 7.9% | 3.9% | -2.2% | 1.0% | -4.8% |

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.

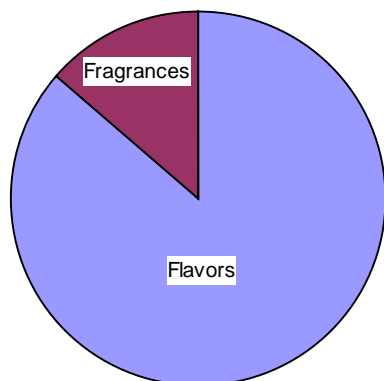
*Since fiscal year of T. Hasegawa is Oct. - Sep., numbers indicated in the above pie chart have been adjusted to correspond to the Apr. –Mar. fiscal year

Sales Breakdown - Segments - (Consolidated)

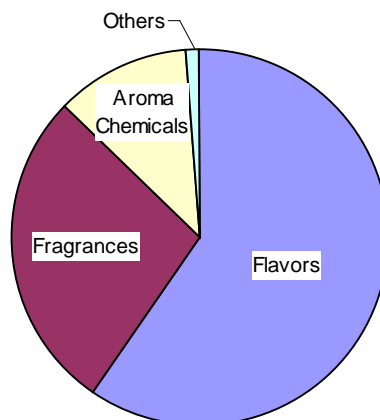
- T. Hasegawa integrates business resources into flavors and fragrances
- Wide variety low-volume production ⇒ T. Hasegawa sells approx. 14,000 products per year

| Yen million | | | | Yen million | | |
|---------------------------------|-------------------------------|--------|-----------------------------|-------------|---------------------------------|---------------|
| | T. Hasegawa (Consolidated) | | Company T (Consolidated) | | Company S (Consolidated) | |
| | FY ended in Sep. 2014 | | FY ended in Mar. 2015 | | FY ended in Mar. 2015 | |
| | Sales | Share | Sales | Share | Sales | Share |
| Flavors | 38,855 | 86.5% | 78,355 | 59.5% | Compound flavors & Fragrances | 7,482 45.7% |
| Fragrances | 6,062 | 13.5% | 36,553 | 27.8% | Aroma Chemicals | 4,541 27.7% |
| Aroma Chemicals | 0 | 0.0% | 15,367 | 11.7% | Overseas | 3,101 19.0% |
| Others | 0 | 0.0% | 1,376 | 1.0% | Others | 1,246 7.6% |
| Total | 44,917 | 100.0% | 131,653 | 100.0% | Subtotal | 16,370 100.0% |
| Ratio of gross profits to sales | 36.4% | | 30.9% | | Ratio of gross profits to sales | 35.0% |

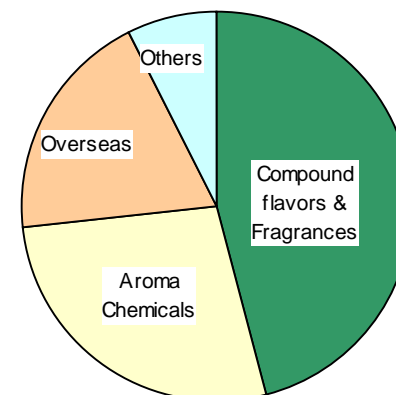
T. Hasegawa (Consolidated)



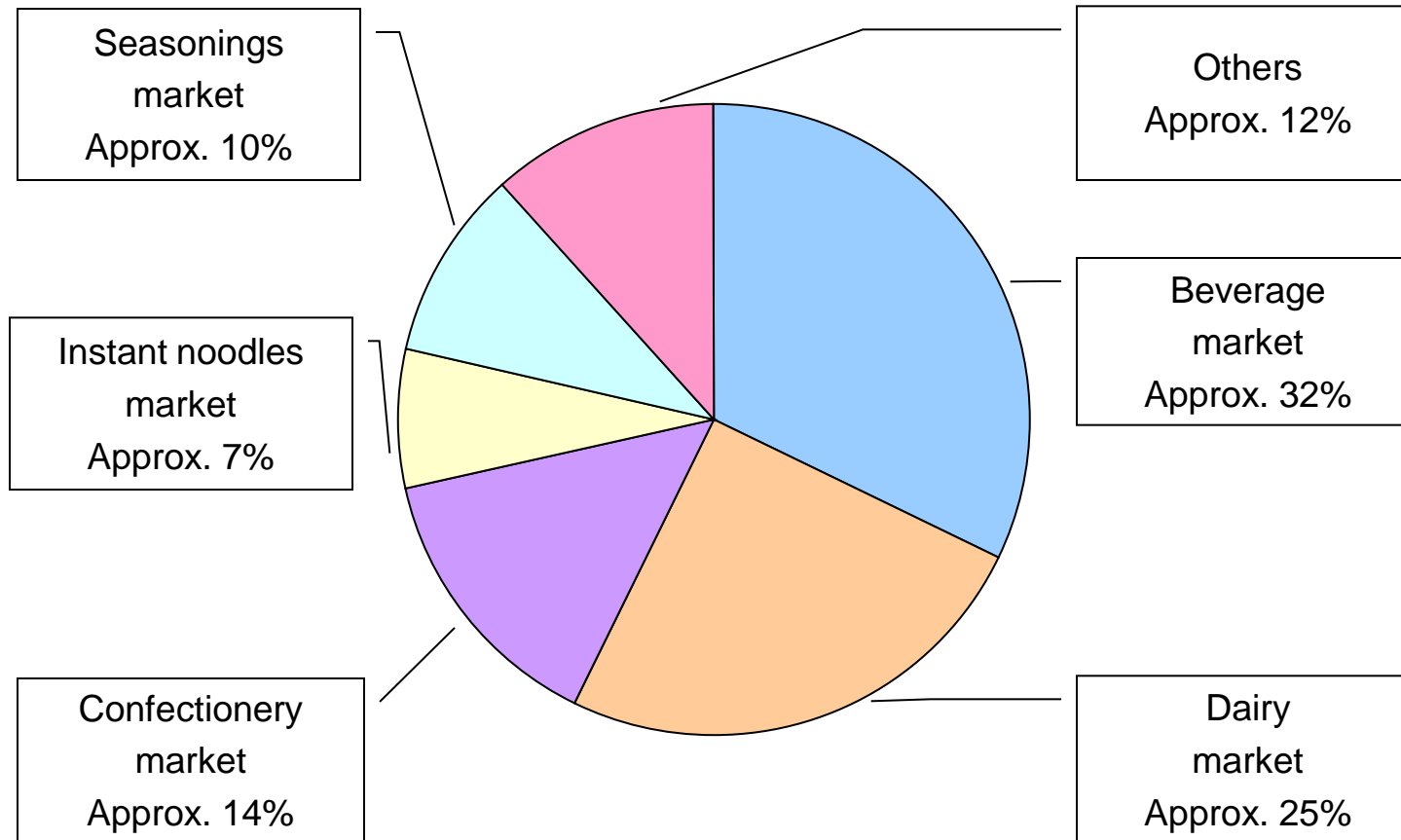
Company T (Consolidated)



Company S (Consolidated)



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



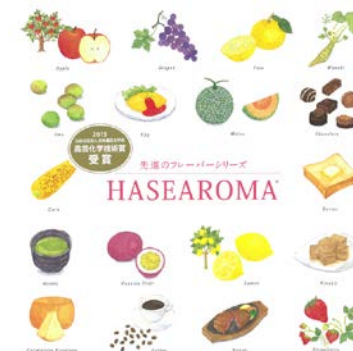
Note: This data was calculated by assuming T. Hasegawa's FY15 2Q sales with identifiable business segments as 100

HASEAROMA® won the “2015 Japan Bioscience, Biotechnology and Agro chemistry Society Award for Achievement in Technological Research“. This is the first time that the technical development for flavors won this award.

What is the “Japan Bioscience, Biotechnology and Agro chemistry Society Award for Achievement in Technological Research“?

Awarded to members with technical achievements of practical use in the fields of Bioscience, Biotechnology, and Agro chemistry by The Japan Bioscience, Biotechnology and Agro chemistry Society.

It awards companies that record significant achievement in the field of Bioscience, Biotechnology, and Agro chemistry.



Brochures of HASEAROMA®

What is HASEAROMA® ?

Processed foods are often demanded to equip the same deliciousness as natural foods and meals served at restaurants.



In many cases, the taste of processed foods depend largely on Flavors. Therefore Flavors need to have elements that add natural and delicious flavors.



HASEAROMA® is a flavor series developed through the discovery of new compounds or functions, as a result of close cooperation with core technology of R&D of flavors (analysis, synthesis and flavor creation)

An example of HASEAROMA® Flavor series

| | | |
|-------------------------------|--|--|
| Fruit Flavor | Orange, Lemon, Grapefruit, Apple Strawberry, Mango, Guava, etc. |  |
| Savory Flavor | Wagyu beef, Pork, Chicken soup Dried bonito, Cod roes, Sauce, Corn, Egg |  |
| Beverage Flavor | Coffee, Black tea Ume liqueur |  |
| Dairy & Other Sweet Flavor | Melted butter, Milk, Ricotta cheese Parmigiano reggiano, etc. |  |
| Japanese Flavor | Yuzu, Mandarin orange (Unshu Mikan) Brown sugar, Wasabi, Powdered green tea (Matcha/ Maccha) Soybean flour (Kinako) |  |

Financial Information

- Although net sales increased , all the profit accounts decreased due to the increase of cost of sales, and increase of SGA expenses

Yen million

| | FY14 2Q Actual | | FY15 2Q Actual | | yr/yr | | Remark |
|----------------------------|-------------------|--------|-------------------|--------|-------|--------|--|
| | | | | | Value | % | |
| Net sales | 21,696 | 100.0% | 21,879 | 100.0% | 182 | 0.8% | |
| Cost of sales | 13,629 | 62.8% | 13,875 | 63.4% | 246 | 1.8% | • Sales cost ratio increased due to the sharp rise in prices of raw materials |
| Gross profit | 8,067 | 37.2% | 8,004 | 36.6% | -63 | -0.8% | |
| SGA expenses | 5,855 | 27.0% | 6,246 | 28.6% | 391 | 6.7% | SGA expenses increased in personnel expenses |
| Operating income | 2,211 | 10.2% | 1,757 | 8.0% | -454 | -20.5% | |
| Ordinary income | 2,440 | 11.2% | 2,128 | 9.7% | -312 | -12.8% | (FY14 2Q) Foreign exchange gain of 51m was calculated as Non-operating income (FY15 2Q) Foreign exchange gain of 191m was calculated as Non-operating income |
| Income before income taxes | 2,414 | 11.1% | 2,046 | 9.4% | -367 | -15.2% | |
| Net income | 1,573 | 7.3% | 1,177 | 5.4% | -395 | -25.1% | Increase in tax expenses due to a partial reversal of deferred income taxes in accordance with the resulting reduction in the effective corporation tax rate from next fiscal year (-233m) |

Yen million

| | September 30 2014 | March 31 2015 | Increase or Decrease | Remark |
|-------------------------------------|----------------------|------------------|-------------------------|---|
| Current assets | 47,909 | 45,315 | -2,594 | <ul style="list-style-type: none"> • Decrease in marketable securities: -4,500m Yen • Decrease in account receivable-trade: -805m Yen • Increase in cash and deposits: 2,452m Yen • Increase in Inventries: 507m Yen |
| Fixed assets | 44,036 | 52,194 | 8,158 | <ul style="list-style-type: none"> • Increase in goodwill: 1,673m Yen • Increase in leasehold: 888m Yen • Increase in property, plant and equipment : 1,670m Yen • Increase in investment securities: 3,813m Yen |
| Total assets | 91,946 | 97,509 | 5,563 | |
| Current liabilities | 10,370 | 9,971 | -399 | <ul style="list-style-type: none"> • Decrease in account payable-trade: -358m Yen |
| Long-term liabilities | 8,778 | 10,177 | 1,398 | <ul style="list-style-type: none"> • Increase in deferred tax liabilities: 1,343m Yen |
| Total net assets | 72,796 | 77,360 | 4,564 | <ul style="list-style-type: none"> • Increase in retained earnings: 490m Yen • Decrease in treasury stock: 59m Yen • Increase in foreign currency translation adjustments: 1,133m Yen • Increase in unrealized gains on available-for-sale securities: 2,876m Yen |
| Total liabilities and net assets | 91,946 | 97,509 | 5,563 | |

Comparative Statement of Cash Flows (Consolidated)

Yen million

| | FY14 2Q | FY15 2Q | Increase or Decrease | Remark |
|--|---------|---------|----------------------|--|
| Cash flows from operating activities | 2,695 | 3,515 | 820 | <ul style="list-style-type: none"> • Income before taxes: 2,046m Yen • Depreciation & Amortization: 1,431m Yen |
| Cash flows from investing activities | -1,027 | -5,249 | -4,221 | <ul style="list-style-type: none"> • Acquisition of stock in subsidiary: -2,913m Yen • Acquisition of tangible fixed assets: -2,072m Yen |
| Cash flows from financing activities | -835 | -639 | 195 | <ul style="list-style-type: none"> • Cash dividends paid: -623m Yen |
| Effect of currency change on cash and cash equivalents | 92 | 244 | 151 | — |
| Net Change in cash and cash equivalents | 925 | -2,129 | -3,054 | — |
| Cash and Cash equivalents at beginning of period | 18,595 | 20,898 | 2,303 | — |
| Cash and cash equivalents at end of period | 19,520 | 18,769 | -750 | — |

Yen million

| | | FY15 Plan | FY15 2Q Actual | Progress (%) |
|-----------------------------------|------------------|--------------|-------------------|-----------------|
| Capital Investment | Consolidated | 3,732 | 1,943 | 52.1% |
| | Non-consolidated | 2,599 | 1,187 | 45.7% |
| Depreciation & Amortization | Consolidated | 3,118 | 1,431 | 45.9% |
| | Non-consolidated | 2,465 | 1,129 | 45.8% |
| R&D Expenses | Consolidated | 4,257 | 2,054 | 48.2% |
| | Non-consolidated | 3,424 | 1,611 | 47.1% |

Yen million

| | FY14 2Q Actual | | FY15 2Q Plan | | FY15 2Q Actual | | Achievement | | | |
|-------------------------------|-------------------|--------|-----------------|--------|-------------------|--------|-------------|--------|---------|--------|
| | Value | Share | Value | Share | Value | Share | yr/yr | | vs Plan | |
| | | | | | | | Value | % | Value | % |
| Net sales | 17,343 | 100.0% | 17,810 | 100.0% | 16,724 | 100.0% | -618 | -3.6% | -1,085 | -6.1% |
| Cost of sales | 11,391 | 65.7% | 11,750 | 66.0% | 11,052 | 66.1% | -339 | -3.0% | -697 | -5.9% |
| Gross profit | 5,951 | 34.3% | 6,060 | 34.0% | 5,671 | 33.9% | -279 | -4.7% | -388 | -6.4% |
| SGA expenses | 4,647 | 26.8% | 4,650 | 26.1% | 4,690 | 28.0% | 43 | 0.9% | 40 | 0.9% |
| Operating income | 1,304 | 7.5% | 1,410 | 7.9% | 981 | 5.9% | -322 | -24.8% | -428 | -30.4% |
| Ordinary income | 1,546 | 8.9% | 1,560 | 8.8% | 1,338 | 8.0% | -207 | -13.4% | -221 | -14.2% |
| Income before income taxes | 1,531 | 8.8% | 1,480 | 8.3% | 1,258 | 7.5% | -272 | -17.8% | -221 | -14.9% |
| Net income | 963 | 5.6% | 1,050 | 5.9% | 658 | 3.9% | -305 | -31.7% | -391 | -37.3% |

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

Yen million

| Yen Basis | FY14 2Q | | FY15 2Q | | yr/yr | |
|------------------|---------|--------|---------|--------|-------|--------|
| | Value | Share | Value | Share | Value | % |
| Net Sales | 3,399 | 100.0% | 3,857 | 100.0% | 458 | 13.5% |
| Cost of sales | 1,724 | 50.7% | 2,164 | 56.1% | 439 | 25.5% |
| Gross profit | 1,674 | 49.3% | 1,693 | 43.9% | 19 | 1.2% |
| SGA expenses | 759 | 22.3% | 987 | 25.6% | 228 | 30.0% |
| Operating income | 915 | 26.9% | 706 | 18.3% | -208 | -22.8% |
| Ordinary income | 946 | 27.8% | 775 | 20.1% | -170 | -18.0% |

Yen16.71/RMB

Yen18.85/RMB

12.8% lower

RMB thousand

| Local Currency Basis | FY14 2Q | | FY15 2Q | | yr/yr | |
|----------------------|---------|--------|---------|--------|---------|--------|
| | Value | Share | Value | Share | Value | % |
| Net Sales | 203,417 | 100.0% | 204,658 | 100.0% | 1,240 | 0.6% |
| Cost of sales | 103,218 | 50.7% | 114,804 | 56.1% | 11,585 | 11.2% |
| Gross profit | 100,198 | 49.3% | 89,853 | 43.9% | -10,345 | -10.3% |
| SGA expenses | 45,437 | 22.3% | 52,377 | 25.6% | 6,939 | 15.3% |
| Operating income | 54,761 | 26.9% | 37,476 | 18.3% | -17,284 | -31.6% |
| Ordinary income | 56,647 | 27.8% | 41,164 | 20.1% | -15,482 | -27.3% |

- Sales grew slightly on local currency basis, however sales grew by double digits on a Japanese Yen basis
- Operating income decreased due to increase in both cost of sales and SG&A expenses, resulting from changes in product mix

| Yen Basis | FY14 2Q | | FY15 2Q | | Yen million yr/yr | |
|------------------|---------|---------------|---------|-------------|----------------------|-------|
| | Value | Share | Value | Share | Value | % |
| Net Sales | 1,173 | 100.0% | 1,339 | 100.0% | 165 | 14.1% |
| Cost of sales | 713 | 60.8% | 814 | 60.8% | 100 | 14.1% |
| Gross profit | 460 | 39.2% | 525 | 39.2% | 64 | 14.1% |
| SGA expenses | 479 | 40.9% | 558 | 41.7% | 78 | 16.4% |
| Operating income | -19 | - | -33 | - | -13 | - |
| Ordinary income | -14 | - | -39 | - | -24 | - |
| Yen101.62/USD | | Yen116.82/USD | | 15.0% lower | | |

| Local Currency Basis | FY14 2Q | | FY15 2Q | | USD thousand yr/yr | |
|-------------------------|---------|--------|---------|--------|-----------------------|-------|
| | Value | Share | Value | Share | Value | % |
| Net Sales | 11,548 | 100.0% | 11,464 | 100.0% | -83 | -0.7% |
| Cost of sales | 7,019 | 60.8% | 6,968 | 60.8% | -50 | -0.7% |
| Gross profit | 4,529 | 39.2% | 4,496 | 39.2% | -32 | -0.7% |
| SGA expenses | 4,719 | 40.9% | 4,779 | 41.7% | 59 | 1.3% |
| Operating income | -190 | - | -283 | - | -92 | - |
| Ordinary income | -142 | - | -335 | - | -193 | - |

- Dollar-based sales decreased due to fractures in ordering schedule.
However, owing to the depreciation of Japanese Yen, sales increased.
- Operating income decreased due to Increase in SG&A expenses

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

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

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

Southeast 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% |

※ The ratio of overseas sales during the current interim period was 32.0%

The ratio was above FY2016 estimates 31.7% due to an expansion of overseas sales

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

※Please refer to page 43 for details

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% |

- 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 |

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.