

Translation

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**Summary of Consolidated Financial Results
for the Year Ended September 30, 2016
(Based on Japanese GAAP)**

November 11, 2016

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 of ordinary general meeting of shareholders: December 21, 2016
 Scheduled date to file Securities Report: December 22, 2016
 Scheduled date to commence dividend payments: December 6, 2016
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended September 30, 2016 (from October 1, 2015 to September 30, 2016)

(1) Consolidated operating results

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	%
Year ended September 30, 2016	47,591	0.8	5,160	18.6	5,164	6.4	3,637	19.5
Year ended September 30, 2015	47,228	5.1	4,352	(0.7)	4,852	(1.8)	3,043	(6.0)

Note: Comprehensive income Year ended September 30, 2016 ¥1,739 million [(71.9)%]
 Year ended September 30, 2015 ¥6,198 million [4.5%]

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary income/total assets	Operating income/net sales
	Yen	Yen	%	%	%
Year ended September 30, 2016	85.74	85.67	4.6	5.1	10.8
Year ended September 30, 2015	73.16	-	4.0	5.0	9.2

Reference: Investment profit (loss) on equity method Year ended September 30, 2016 ¥- million
 Year ended September 30, 2015 ¥- million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2016	100,853	79,939	79.2	1,883.29
As of September 30, 2015	101,604	79,436	78.2	1,872.30

Reference: Equity As of September 30, 2016 ¥79,902 million
 As of September 30, 2015 ¥79,436 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended September 30, 2016	6,666	(3,131)	(1,295)	22,313
Year ended September 30, 2015	5,969	(6,769)	337	20,601

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended September 30, 2015	–	15.00	–	15.00	30.00	1,259	41.0	1.7
Year ended September 30, 2016	–	15.00	–	17.00	32.00	1,357	37.3	1.7
Year ending September 30, 2017 (Forecast)	–	16.00	–	16.00	32.00		33.4	

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

4. Notes

(1) Changes in significant subsidiaries during the year ended September 30, 2016

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) 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: Yes

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

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

As of September 30, 2016	42,708,154 shares	As of September 30, 2015	42,708,154 shares
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Number of treasury shares at the end of the period

As of September 30, 2016	281,269 shares	As of September 30, 2015	281,069 shares
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Average number of shares during the period

Year ended September 30, 2016	42,427,005 shares	Year ended September 30, 2015	41,596,530 shares
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Reference: Summary of non-consolidated financial results

1. Non-consolidated financial results for the year ended September 30, 2016 (from October 1, 2015 to September 30, 2016)

(1) Non-consolidated financial results

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended September 30, 2016	36,801	2.0	3,528	24.4	3,677	8.0	2,643	27.8
Year ended September 30, 2015	36,081	(0.5)	2,836	1.6	3,405	1.5	2,068	(5.0)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Year ended September 30, 2016	62.30	62.25
Year ended September 30, 2015	49.73	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2016	93,870	75,018	79.9	1,767.30
As of September 30, 2015	91,868	72,320	78.7	1,704.57

Reference: Equity As of September 30, 2016 ¥74,980 million

As of September 30, 2015 ¥72,320 million

2. Forecast of non-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		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending March 31, 2017	17,670	1.8	1,700	12.7	1,840	16.1	1,300	15.6	30.64
Full year	37,200	1.1	4,030	14.2	4,320	17.5	3,070	16.2	72.36

* Indication regarding execution of audit procedures

This financial results report is exempt from the audit procedures in accordance with the Financial Instruments and Exchange Act. At the time of disclosure of this financial results report, the audit procedures for 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.

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of September 30, 2015	As of September 30, 2016
Assets		
Current assets		
Cash and deposits	9,674	11,336
Notes and accounts receivable - trade	16,389	15,312
Securities	10,999	10,999
Merchandise and finished goods	5,917	6,190
Work in process	154	103
Raw materials and supplies	5,276	5,152
Deferred tax assets	624	622
Other	713	619
Allowance for doubtful accounts	(4)	(4)
Total current assets	49,744	50,333
Non-current assets		
Property, plant and equipment		
Buildings and structures	36,100	36,278
Accumulated depreciation	(18,582)	(19,097)
Buildings and structures, net	17,517	17,180
Machinery, equipment and vehicles	35,647	34,582
Accumulated depreciation	(29,743)	(29,949)
Machinery, equipment and vehicles, net	5,904	4,633
Tools, furniture and fixtures	5,992	6,035
Accumulated depreciation	(4,809)	(4,928)
Tools, furniture and fixtures, net	1,182	1,106
Land	6,555	6,477
Construction in progress	1,455	913
Total property, plant and equipment	32,614	30,311
Intangible assets		
Goodwill	1,319	1,066
Other	1,220	1,079
Total intangible assets	2,540	2,145
Investments and other assets		
Investment securities	15,742	17,270
Deferred tax assets	27	25
Net defined benefit asset	6	2
Other	989	821
Allowance for doubtful accounts	(60)	(56)
Total investments and other assets	16,705	18,063
Total non-current assets	51,860	50,520
Total assets	101,604	100,853

(Millions of yen)

	As of September 30, 2015	As of September 30, 2016
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,896	5,661
Current portion of long-term loans payable	5	5
Income taxes payable	863	737
Provision for bonuses	1,054	1,116
Provision for directors' bonuses	36	58
Asset retirement obligations	78	–
Other	4,172	2,876
Total current liabilities	12,107	10,455
Non-current liabilities		
Long-term loans payable	151	116
Deferred tax liabilities	2,237	2,608
Net defined benefit liability	6,490	6,590
Provision for directors' retirement benefits	1,066	–
Asset retirement obligations	69	70
Long-term accounts payable - other	–	1,027
Other	46	46
Total non-current liabilities	10,061	10,458
Total liabilities	22,168	20,914
Net assets		
Shareholders' equity		
Capital stock	5,364	5,364
Capital surplus	7,292	7,292
Retained earnings	57,173	59,538
Treasury shares	(321)	(322)
Total shareholders' equity	69,509	71,873
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,404	9,695
Foreign currency translation adjustment	1,817	(1,367)
Remeasurements of defined benefit plans	(295)	(299)
Total accumulated other comprehensive income	9,926	8,028
Subscription rights to shares	–	37
Total net assets	79,436	79,939
Total liabilities and net assets	101,604	100,853

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended September 30, 2015	Fiscal year ended September 30, 2016
Net sales	47,228	47,591
Cost of sales	29,949	29,836
Gross profit	17,278	17,754
Selling, general and administrative expenses		
Packing and transportation expenses	830	801
Salaries and allowances	5,315	5,203
Provision for bonuses	669	727
Provision for directors' bonuses	36	58
Retirement benefit expenses	541	543
Provision for directors' retirement benefits	150	16
Welfare expenses	1,029	1,046
Depreciation	755	761
Amortization of goodwill	127	143
Other	3,468	3,290
Total selling, general and administrative expenses	12,925	12,594
Operating income	4,352	5,160
Non-operating income		
Interest income	54	31
Dividend income	196	232
Foreign exchange gains	183	–
Other	115	151
Total non-operating income	548	415
Non-operating expenses		
Interest expenses	10	10
Foreign exchange losses	–	338
Rent expenses on facilities	32	49
Other	5	13
Total non-operating expenses	49	411
Ordinary income	4,852	5,164
Extraordinary income		
Gain on sales of investment securities	–	142
Total extraordinary income	–	142
Extraordinary losses		
Impairment loss	61	39
Loss on abandonment of non-current assets	165	87
Loss on valuation of investment securities	12	–
Total extraordinary losses	239	127
Profit before income taxes	4,613	5,179
Income taxes - current	1,370	1,449
Income taxes - deferred	199	92
Total income taxes	1,569	1,542
Profit	3,043	3,637
Profit attributable to owners of parent	3,043	3,637

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended September 30, 2015	Fiscal year ended September 30, 2016
Profit	3,043	3,637
Other comprehensive income		
Valuation difference on available-for-sale securities	2,772	1,290
Foreign currency translation adjustment	355	(3,184)
Remeasurements of defined benefit plans, net of tax	27	(4)
Total other comprehensive income	3,155	(1,898)
Comprehensive income	6,198	1,739
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,198	1,739
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of changes in equity

Fiscal year ended September 30, 2015

(Millions of yen)

	Shareholders' equity						
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Treasury stock (employees' shareholding association)	Gross treasury stock	Total shareholders' equity
Balance at beginning of current period	5,364	6,700	55,440	(1,351)	(129)	(1,480)	66,025
Cumulative effects of changes in accounting policies			(64)				(64)
Restated balance	5,364	6,700	55,376	(1,351)	(129)	(1,480)	65,961
Changes of items during period							
Dividends of surplus			(1,245)				(1,245)
Profit attributable to owners of parent			3,043				3,043
Purchase of treasury shares				(0)		(0)	(0)
Disposal of treasury shares		591		1,030		1,030	1,621
Sale of treasury stock from employees' shareholding association					129	129	129
Net changes of items other than shareholders' equity							
Total changes of items during period	–	591	1,797	1,029	129	1,159	3,547
Balance at end of current period	5,364	7,292	57,173	(321)	–	(321)	69,509

	Accumulated other comprehensive income				Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	5,631	1,461	(322)	6,771	–	72,796
Cumulative effects of changes in accounting policies						(64)
Restated balance	5,631	1,461	(322)	6,771	–	72,732
Changes of items during period						
Dividends of surplus						(1,245)
Profit attributable to owners of parent						3,043
Purchase of treasury shares						(0)
Disposal of treasury shares						1,621
Sale of treasury stock from employees' shareholding association						129
Net changes of items other than shareholders' equity	2,772	355	27	3,155	–	3,155
Total changes of items during period	2,772	355	27	3,155	–	6,703
Balance at end of current period	8,404	1,817	(295)	9,926	–	79,436

	Shareholders' equity						
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Treasury stock (employees' shareholding association)	Gross treasury stock	Total shareholders' equity
Balance at beginning of current period	5,364	7,292	57,173	(321)	–	(321)	69,509
Cumulative effects of changes in accounting policies			–				–
Restated balance	5,364	7,292	57,173	(321)	–	(321)	69,509
Changes of items during period							
Dividends of surplus			(1,272)				(1,272)
Profit attributable to owners of parent			3,637				3,637
Purchase of treasury shares				(0)		(0)	(0)
Disposal of treasury shares							
Sale of treasury stock from employees' shareholding association							
Net changes of items other than shareholders' equity							
Total changes of items during period	–	–	2,364	(0)	–	(0)	2,364
Balance at end of current period	5,364	7,292	59,538	(322)	–	(322)	71,873

	Accumulated other comprehensive income				Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	8,404	1,817	(295)	9,926	–	79,436
Cumulative effects of changes in accounting policies				–	–	–
Restated balance	8,404	1,817	(295)	9,926	–	79,436
Changes of items during period						
Dividends of surplus						(1,272)
Profit attributable to owners of parent						3,637
Purchase of treasury shares						(0)
Disposal of treasury shares						–
Sale of treasury stock from employees' shareholding association						–
Net changes of items other than shareholders' equity	1,290	(3,184)	(4)	(1,898)	37	(1,860)
Total changes of items during period	1,290	(3,184)	(4)	(1,898)	37	503
Balance at end of current period	9,695	(1,367)	(299)	8,028	37	79,939

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended September 30, 2015	Fiscal year ended September 30, 2016
Cash flows from operating activities		
Profit before income taxes	4,613	5,179
Depreciation	3,017	2,937
Impairment loss	61	39
Amortization of goodwill	127	143
Increase (decrease) in provision for directors' retirement benefits	(153)	(1,066)
Increase (decrease) in long-term accounts payable - other	–	1,027
Share-based compensation expenses	–	37
Increase (decrease) in provision for bonuses	50	95
Increase (decrease) in provision for directors' bonuses	(4)	21
Increase (decrease) in allowance for doubtful accounts	6	(4)
Increase (decrease) in net defined benefit liability	121	103
Increase (decrease) in net defined benefit asset	–	3
Interest and dividend income	(250)	(263)
Interest expenses	10	10
Foreign exchange losses (gains)	(163)	235
Loss on abandonment of non-current assets	165	87
Loss (gain) on sales and valuation of investment securities	12	(142)
Decrease (increase) in notes and accounts receivable - trade	(1,138)	433
Decrease (increase) in inventories	(463)	(512)
Increase (decrease) in notes and accounts payable - trade	183	(40)
Increase (decrease) in accrued consumption taxes	391	(333)
Other, net	(38)	13
Subtotal	6,550	8,006
Interest and dividend income received	249	263
Interest expenses paid	(9)	(10)
Income taxes paid	(820)	(1,593)
Net cash provided by (used in) operating activities	5,969	6,666
Cash flows from investing activities		
Payments into time deposits	(94)	(20)
Proceeds from withdrawal of time deposits	56	69
Purchase of property, plant and equipment	(3,293)	(3,318)
Proceeds from sales of property, plant and equipment	–	89
Payments for retirement of property, plant and equipment	(160)	(59)
Purchase of intangible assets	(138)	(142)
Purchase of investment securities	(31)	(33)
Proceeds from sales of investment securities	–	224
Expenditure of capital increase of subsidiary	(84)	–
Purchase of shares of subsidiaries	(3,026)	–
Proceeds from collection of guarantee deposits	–	135
Payments for asset retirement obligations	(3)	(75)
Other, net	7	0
Net cash provided by (used in) investing activities	(6,769)	(3,131)

(Millions of yen)

	Fiscal year ended September 30, 2015	Fiscal year ended September 30, 2016
Cash flows from financing activities		
Repayments of long-term loans payable	(197)	(22)
Purchase of treasury shares	(0)	(0)
Proceeds from sales of treasury shares	160	–
Proceeds from disposal of treasury shares	1,621	–
Cash dividends paid	(1,246)	(1,272)
Net cash provided by (used in) financing activities	337	(1,295)
Effect of exchange rate change on cash and cash equivalents	165	(527)
Net increase (decrease) in cash and cash equivalents	(297)	1,712
Cash and cash equivalents at beginning of period	20,898	20,601
Cash and cash equivalents at end of period	20,601	22,313

Segment Information

1. Outline of reportable segments

The T.Hasegawa group's reportable segments are components of the group for which separate financial information is available. These segments are periodically evaluated by the Board of Directors when deciding how to allocate management resources and when assessing performance.

The T.Hasegawa group primarily engages in the manufacture and sales of fragrance and flavor products. Japan is in charge of the area including domestic market and overseas countries except for China, Malaysia, and the U.S., and there are each subsidiary in China, Malaysia and the U.S. The subsidiaries have self-management system in each country and these subsidiaries develop comprehensive strategy based on global strategy made by the company, and engage in business activities on a regional basis.

Thus, the T.Hasegawa group is composed of segments separated by the location of group companies, whose location is determined by the production and sales structure, and defines the three segments of "Japan," "Asia," and "USA," as reportable segments.

2. Calculation method of net sales, profit or loss, assets, and other items in reportable segments

The accounting method used for reportable segments is the same as the method stated in "Significant Basic Items for Preparation of Consolidated Financial Statements." Segment profits of reportable segments are provided on an ordinary income basis. Inter-segment sales or transfers are based on current market prices.

3. Information of net sales, profit or loss, assets, and other items for each reportable segment

(1) Fiscal year ended September 30, 2015

(From October 1, 2014 to September 30, 2015)

(Millions of yen)

	Reportable segment				Adjustment (Note 1,2)	Consolidated (Note 3)
	Japan	Asia	USA	Total		
Net sales						
Sales to external customers	35,686	8,664	2,876	47,228	—	47,228
Inter-segment sales or transfers	394	249	188	832	(832)	—
Total	36,081	8,914	3,065	48,060	(832)	47,228
Segment profit or loss	3,519	1,377	(57)	4,838	13	4,852
Segment assets	92,140	17,333	3,725	113,200	(11,595)	101,604
Other items						
Depreciation	2,336	464	216	3,017	—	3,017
Amortization of Goodwill	—	127	—	—	—	127
Interest income	63	49	0	113	(59)	54
Interest expenses	0	54	13	68	(58)	10
Impairment loss (Note 4)	61	—	—	—	—	61
Increase in property, plant and equipment and intangible assets	2,779	1,071	224	4,075	—	4,075

Notes

1. The adjustments on segment profit or loss of 13 million yen include 11 million yen of foreign currency translation related to eliminating inter-segment assets and liabilities by offsetting, 2 million yen of adjustments for inventories related to inter-segment transactions, and negative 0 million yen for others.

2. The adjustments for segment assets of negative 11,595 million yen include adjustments for negative 11,507 million yen of inter-segment transaction and corporate assets, negative 88 million yen of adjustments for inventories related to inter-segment transactions, and 0 million yen for others.

3. Segment profit or loss is adjusted to ordinary income of consolidated statements of income.

4. Impairment loss of 61 million yen includes 51 million yen in certain rental assets to a contract manufacturer and 10 million yen in dormant land as they are unutilized.

(2) Fiscal year ended September 30, 2016
(From October 1, 2015 to September 30, 2016)

(Millions of yen)

	Reportable segment				Adjustment (Note 1,2)	Consolidated (Note 3)
	Japan	Asia	USA	Total		
Net sales						
Sales to external customers	36,321	7,900	3,369	47,591	—	47,591
Inter-segment sales or transfers	479	413	354	1,248	(1,248)	—
Total	36,801	8,314	3,723	48,839	(1,248)	47,591
Segment profit	3,761	1,318	99	5,179	(14)	5,164
Segment assets	94,162	14,321	3,197	111,681	(10,827)	100,853
Other items						
Depreciation	2,183	524	229	2,937	—	2,937
Amortization of Goodwill	—	143	—	—	—	143
Interest income	43	27	0	70	(39)	31
Interest expenses	0	36	14	51	(41)	10
Impairment loss (Note 4)	39	—	—	—	—	39
Increase in property, plant and equipment and intangible assets	2,170	473	89	2,733	—	2,733

Notes

1. The adjustments on segment profit of negative 14 million yen include negative 5 million yen of foreign currency translation related to eliminating inter-segment assets and liabilities by offsetting, negative 8 million yen of adjustments for inventories related to inter-segment transactions, and negative 0 million yen for others.
2. The adjustments for segment assets of negative 10,827 million yen include adjustments for negative 10,731 million yen of inter-segment transaction and corporate assets, and negative 96 million yen of inventories related to inter-segment transactions, and 0 million yen for others.
3. Segment profit is adjusted to ordinary income of consolidated statements of income.
4. Impairment loss of 39 million yen includes idle assets which are expected to be disused.