

Quarterly consolidated financial statements

(First Quarter of Fiscal Year 2011)

Takasago International Corporation

1. (Changes in Principle Financial Data)

Period	85 th Year (2011) 1 st Quarter Consolidated Cumulative Period	86 th Year (2012) 1 st Quarter Consolidated Cumulative Period	85 th Year (2011)
Accounting Period	From April 1, 2010 to June 30, 2010	From April 1, 2011 to June 30, 2011	From April 1, 2010 to March 31, 2011
Net Sales (millions of yen)	29,496	29,694	114,861
Ordinary Income (millions of yen)	1,959	2,385	5,989
Quarterly (current quarter) Net Income (millions of yen)	1,054	1,494	3,984
Quarterly Comprehensive Income (millions of yen) or Comprehensive Income	284	2,883	(375)
Net Assets (millions of yen)	53,706	55,068	52,637
Total Assets (millions of yen)	121,905	119,940	119,334
Quarterly (current quarter) Net Income per Share (yen)	10.51	14.89	39.70
Diluted Net Income per Share (current quarter) (yen)	—	—	—
Equity Ratio (%)	43.2	45.0	43.2

- Note:
1. Because the Company prepares the consolidated financial statement, no information is included regarding changes in the principle financial data of the submitting company.
 2. Consumption tax and the like are not included in Net Sales.
 3. When calculating the quarterly comprehensive income for the 85th year (2011) 1st quarter consolidated cumulative period, Accounting Standard for Presentation of Comprehensive Income (ASBJ Statement No.25, June 30, 2010) was retroactively applied.
 4. Diluted Net Income per Share (current quarter) is not included because no residual securities exist.

(1) Business Performance Conditions

The economic environment during the 1st quarter consolidated cumulative period saw a continued gentle recovery overseas in both the United States and Europe, and Asia also maintained a bullish economic environment led by private-sector demand. The Japanese economy continued to be in a state of gentle deflation. Additionally, business production activities were stagnant and personal consumption remained weak due to the Great East Japan Earthquake that occurred on March 11. In addition, a situation that does not warrant optimism is continuing given the influence of the strong yen, still tight employment situation, and other such circumstances.

In the fragrance industry as a whole, the growth markets like China and Southeast Asia are steadily pulling along the industry, and upward momentum has been visible in the United States and Europe as well. On the other hand, an environment of extremely fierce competition both inside and outside of Japan is continuing, due to market share competition as the industry tends towards an oligarchy of globally leading firms, including the Company, as well as the maturation of the market and business developments in Japan under continuing deflationary conditions.

Under these circumstances, net sales for the 1st quarter consolidated cumulative period were ¥29,694 million (an increase of 0.7% from the same period last year). Net sales for each business were as follows. In the flavor business, the Company remained strong with net sales of ¥18,677 million (an increase of 1.6% from the same period last year). In the fragrance business, net sales were ¥6,667 million (an increase of 5.3% from the same period last year) due to increased sales by the Company, its European subsidiaries, and others. In the aroma chemical segment, net sales were ¥2,679 million (an increase of 26.7% from the same period last year) due to the recovery of demand for menthol, the recovery of the fragrance market, and the like. In the fine chemicals business, pharmaceutical intermediates were sluggish, and net sales were ¥1,296 million (a decrease of 43.1% from the same period last year). In addition, net sales in the real estate business were ¥373 million (a decrease of 0.8% from the same period last year).

Turning to income, operating income was ¥2,302 million (an increase of 21.1% from the same period last year) and ordinary income was ¥2,385 million (an increase of 21.8% from the same period last year). Quarterly net income was ¥1,494 million (an increase of 41.7% from the same period last year).

Information for each segment is as follows. In Japan, the Company's fragrance business remained strong, and net sales were ¥18,316 million (an increase of 1.0% from the same period last year) and operating income was ¥1,589 million (an increase of 49.3% from the same period last year). In the Americas, net sales were ¥4,536 million (a decrease of 10.0% from the same period last year) and operating loss was ¥60 million (compared to an operation income of ¥319 million in the same period last year) because the performance of the U.S. subsidiary remained sluggish, as well as other factors. In Europe, net sales were ¥3,653 million (an increase of 8.9% from the same period last year) and operation income was ¥238 million (an increase of 64.3% from the same period last year) due to increased sales in the French and Spanish subsidiaries as well as other factors. In Asia, net sales were ¥3,188 million (an increase of 7.6% from the same period last year) and operating income was ¥470 million (an increase of

6.5% from the same period last year) because the Singapore subsidiary, Chinese subsidiary, and others remained steady.

1. Quarterly Consolidated Financial Statements
(1) Quarterly consolidated balance sheets

(Millions of yen)

	FY 2011 (As of March 31, 2011)	First Quarter of FY 2012 (As of June 30, 2011)
Assets		
Current assets		
Cash and deposits	12,136	8,956
Notes and accounts receivable	21,924	25,901
Merchandise and finished goods	18,734	18,165
Work in progress	256	288
Raw materials and supplies	10,225	11,130
Others	2,876	2,160
Allowance for doubtful accounts	(194)	(175)
Total current assets	65,959	66,426
Fixed assets		
Property, plant and equipment		
Buildings and structures (net)	20,081	20,196
Others (net)	16,124	16,126
Total tangible fixed assets	36,205	36,323
Intangible fixed assets	3,560	3,449
Investments and other assets		
Investment securities	11,612	11,899
Others	2,170	1,997
Allowance for doubtful accounts	(174)	(156)
Total investments and other assets	13,609	13,741
Total fixed assets	53,375	53,514
Total assets	119,334	119,940
Liabilities		
Current liabilities		
Notes and accounts payable	11,621	11,983
Short-term loans payable	19,868	18,199
Current portion of long-term loans payable	4,871	5,095
Current portion of bonds	460	460
Accrued income taxes	519	485
Provision for bonuses	1,594	796
Provision for directors' bonuses	33	8
Others	5,227	5,429
Total current liabilities	44,196	42,458
Long-term liabilities		
Bonds payable	900	780
Long-term loans payable	12,906	12,866
Accrued employees' retirement benefits	7,895	7,956
Provision for directors' retirement benefits	7	7
Others	792	802
Total long-term liabilities	22,500	22,413
Total liabilities	66,697	64,872

(Millions of yen)

	FY 2011 (As of March 31, 2011)	First Quarter of FY 2012 (As of June 30, 2011)
Net assets		
Shareholders' equity		
Capital stock	9,248	9,248
Capital surplus	8,358	8,358
Retained earnings	38,694	39,787
Treasury stock	(185)	(187)
Total shareholders' equity	56,115	57,207
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	3,697	3,837
Deferred gain or loss on hedges	—	0
Cumulative translation adjustments	(8,266)	(7,121)
Total accumulated other comprehensive income	(4,568)	(3,283)
Minority interests	1,090	1,145
Total net assets	52,637	55,068
Total liabilities and net assets	119,334	119,940

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Comprehensive Income

[Quarterly consolidated statements of income]

[Consolidated first quarters of FY2012]

(Millions of yen)

	First Quarter of FY 2011 (From April 1, 2010 to June 30, 2010)	First Quarter of FY 2012 (From April 1, 2011 to June 30, 2011)
Net sales	29,496	29,694
Cost of sales	20,285	20,273
Gross profit on sales	9,211	9,421
Selling, administrative, research and development expenses	7,310	7,118
Operating income (loss)	1,901	2,302
Non-operating income		
Interest income	3	4
Dividends income	169	173
Investment gain on equity method	12	29
Others	153	98
Total non-operating income	339	306
Non-operating expenses		
Interest expenses	137	123
Loss on foreign exchange	116	24
Others	27	75
Total non-operating expenses	281	223
Ordinary income (loss)	1,959	2,385
Extraordinary income		
Reversal of allowance for doubtful accounts	14	—
Gain on sale of fixed assets	—	1
Total extraordinary income	14	1
Extraordinary losses		
Loss on sale or disposition of fixed assets	2	5
Loss on adjustment for changes of accounting standard for asset retirement obligations	138	—
Others	2	—
Total extraordinary losses	142	5
Net income (loss) before income taxes and minority interests	1,831	2,382
Income taxes—current	268	477
Income taxes—deferred	444	344
Total income taxes	712	822
Income (loss) before minority interests	1,118	1,560
Minority interests in income	63	65
Net income (loss)	1,054	1,494

[Quarterly consolidated comprehensive income]
[Consolidated first quarters of FY2012]

(Millions of yen)

	First Quarter of FY 2011 (From April 1, 2010 to June 30, 2010)	First Quarter of FY 2012 (From April 1, 2011 to June 30, 2011)
Income before minority interests	1,118	1,560
Other comprehensive income		
Unrealized gain on available-for-sale securities	(601)	142
Deferred gain or loss on hedges	(3)	0
Cumulative translation adjustments	(233)	1,174
Share of other comprehensive income of associates accounted for using equity method	4	6
Total other comprehensive income	(833)	1,323
Quarterly comprehensive income	284	2,883
(break down)		
Comprehensive income attributable to owners of the parent	191	2,779
Comprehensive income attributable to minority interests	93	104

(Segment Information, Etc.)

[Segment Information]

I First Quarter of FY 2011 (April 1, 2010 – June 30, 2010)

1. Information Concerning Sales and Income or Loss Amount by Reporting Segment

(Millions of yen)

	Japan	U.S.	Europe	Asia	Total	Adjustment Amount *1	Consolidated Quarterly Income Statement Amount *2
Net sales							
External sales	18,136	5,041	3,356	2,962	29,496	—	29,496
Inter-segment sales and transfers	1,849	172	278	26	2,326	(2,326)	—
Total	19,985	5,213	3,635	2,988	31,822	(2,326)	29,496
Segment income (loss)	1,064	319	144	441	1,970	(69)	1,901

- Notes:
1. The segment income adjustments amount, -69 million yen, includes -83 million yen in adjustments for inventories related to intersegment transaction and 14 million yen in others.
 2. Segment income is adjusted with operating income, as recorded in quarterly consolidated statements of income.

II First Quarter of FY 2012 (April 1, 2011 – June 30, 2011)

1. Information Concerning Sales and Income or Loss Amount by Reporting Segment

(Millions of yen)

	Japan	U.S.	Europe	Asia	Total	Adjustment Amount *1	Consolidated Quarterly Income Statement Amount *2
Net sales							
External sales	18,316	4,536	3,653	3,188	29,694	—	29,694
Inter-segment sales and transfers	2,221	179	299	30	2,730	(2,730)	—
Total	20,537	4,715	3,952	3,218	32,424	(2,730)	29,694
Segment income (loss)	1,589	(60)	238	470	2,236	66	2,302

- Notes:
1. The segment income adjustments amount, 66 million yen, includes 51 million yen in adjustments for intersegment revenue related to intersegment transaction, 19 million yen in adjustments for inventories related to intersegment transaction and -4 million yen in others.
 2. Segment income is adjusted with operating income, as recorded in quarterly consolidated statements of income.