

Quarterly consolidated Financial Statements

Third Quarter of Fiscal Year 2012

(From April 1, 2011 to December 31, 2011)

Takasago International Corporation

1. (Changes in Principle Financial Data)

Period	85 th Year (2011) 3 rd Quarter Consolidated Cumulative Period	86 th Year (2012) 3 rd Quarter Consolidated Cumulative Period	85 th Year (2011)
Accounting Period	From April 1, 2010 to December 31, 2010	From April 1, 2011 to December 31, 2011	From April 1, 2010 to March 31, 2011
Net Sales (millions of yen)	88,656	87,870	114,861
Ordinary Income (millions of yen)	6,352	4,953	5,989
Quarterly (current quarter) Net Income (millions of yen)	4,207	2,588	3,984
Quarterly Comprehensive Income (millions of yen) or Comprehensive Income	1,102	1,525	(375)
Net Assets (millions of yen)	54,117	52,930	52,637
Total Assets (millions of yen)	121,560	118,665	119,334
Quarterly (current quarter) Net Income per Share (yen)	41.92	25.86	39.70
Diluted Net Income per Share (current quarter) (yen)	—	—	—
Equity Ratio (%)	43.6	43.6	43.2

Period	85 th Year (2011) 3 rd Quarter Consolidated Period	86 th Year (2012) 3 rd Quarter Consolidated Period
Accounting Period	From October 1, 2010 to December 31, 2010	From October 1, 2011 to December 31, 2011
Quarterly (current quarter) Net Income (Loss) per Share (yen)	8.79	(0.35)

- 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) 3rd 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 world economy during the 3rd quarter consolidated cumulative period saw an overall air of uncertainty regarding the future due to the spreading of fears concerning the global economic downturn brought on by financial insecurities in Europe, in spite of the firm economic environment in Asia. The Japanese economy continued to be in a state of gentle deflation. Additionally, although business production activity made stagnant by the effects of the Tohoku earthquake are expected to improve due to the recovery of the supply chain and the effects of various policies and so on, factors such as the risk of a downturn in foreign business conditions and the effects from appreciation of the yen continue to prevent optimism.

In the fragrance industry as a whole, growing markets such as China and Southeast Asia are doing favorably, and even though we saw an improvement in Europe and the Americas. However, appreciation of the yen and a sudden increase in the price of fragrance materials had an enormous influence on the company's consolidated results. Additionally, fierce competition both inside and outside Japan is continuing due to market share competition associated with the trend of oligopolization by the leading fragrance firms including our company, maturation of the market, and business developments under continuing deflationary conditions.

Under these circumstances, net sales for the 3rd quarter consolidated cumulative period were ¥87,870 million (a decrease of 0.9% from the same period last year). Net sales for each business were as follows. In the flavor business, sales of company merchandise went through a slow period, and net sales were ¥53,546 million (a 1.4% decrease from the same period last year). In the fragrance business, our company, the European subsidiaries, and others, all expanded, and net sales were ¥20,213 million (a 1.0% increase from the same period last year). In the aroma chemical business, due to a renewed demand for menthol, a recovery in the market conditions for fragrances, and the like, and net sales were ¥6,864 million (and increase of 4.8% from the same period last year). In the fine chemical business, pharmaceutical intermediaries were sluggish, and net sales were ¥6,128 million (a decrease of 8.0% from the same period last year). In addition, net sales in the real estate business were ¥1,116 million (a 1.0% decrease from the same period last year).

Turning to profits, operating income was ¥4,755 million (a decrease of 25.4% from the same period last year) and ordinary income was ¥4,953 million (a 22.0% decrease from the same period last year). Quarterly net income was ¥2,588 million (a 38.5% decrease from the same period last year).

Information for each segment is as follows. In Japan, the company's fine chemical business went through a slow period, but through things such as the flavor business extending the sale of products, net sales were ¥52,626 million (a decrease of 2.0% from the same period last year) and operating income was ¥3,383 million (an increase of 3.0% from last year). In the Americas, due to the U.S. subsidiary going through a slow period, as well as the increase in expenses that accompanied the work on the new Brazilian subsidiary plant, net sales were ¥14,668 million (a decrease of 7.5% from the same period last year), and there was an operating loss of ¥28 million (last year in the same period, operating income was ¥1,075 million). In Europe, profits stagnated in spite of increased sales in the subsidiaries in France, Spain, and others, with net sales totaling ¥10,794 million (an increase of 9.8% from the same

period last year), and operating income was ¥286 million (a decrease of 55.6% from the same period last year). In Asia, the Chinese subsidiary and others did well, but there was a decrease in profits because the Singapore subsidiary experienced a sudden increase in the price of materials, with net sales totaling ¥9,780 million (a 5.2% increase from the same period last year), and operating income totaling ¥ 941 million (a decrease of 26.8% from the same period last year).

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

(Millions of yen)

	FY 2011 (As of March 31, 2011)	Third Quarter of FY 2012 (As of December 31, 2011)
Assets		
Current assets		
Cash and deposits	12,136	10,129
Notes and accounts receivable	21,924	25,050
Merchandise and finished goods	18,734	18,237
Work in progress	256	228
Raw materials and supplies	10,225	10,666
Others	2,876	3,198
Allowance for doubtful accounts	(194)	(166)
Total current assets	65,959	67,344
Fixed assets		
Property, plant and equipment		
Buildings and structures (net)	20,081	19,236
Others (net)	16,124	15,825
Total tangible fixed assets	36,205	35,062
Intangible fixed assets	3,560	3,021
Investments and other assets		
Investment securities	11,612	11,325
Others	2,170	2,025
Allowance for doubtful accounts	(174)	(114)
Total investments and other assets	13,609	13,236
Total fixed assets	53,375	51,321
Total assets	119,334	118,665
Liabilities		
Current liabilities		
Notes and accounts payable	11,621	13,052
Short-term loans payable	19,868	18,213
Current portion of long-term loans payable	4,871	5,076
Current portion of bonds	460	460
Accrued income taxes	519	711
Provision for bonuses	1,594	801
Provision for directors' bonuses	33	25
Others	5,227	5,614
Total current liabilities	44,196	43,954
Long-term liabilities		
Bonds payable	900	550
Long-term loans payable	12,906	12,644
Accrued employees' retirement benefits	7,895	7,810
Provision for directors' retirement benefits	7	8
Others	792	766
Total long-term liabilities	22,500	21,779
Total liabilities	66,697	65,734

(Millions of yen)

	FY 2011 (As of March 31, 2011)	Third Quarter of FY 2012 (As of December 31, 2011)
Net assets		
Shareholders' equity		
Capital stock	9,248	9,248
Capital surplus	8,358	8,358
Retained earnings	38,694	40,480
Treasury stock	(185)	(566)
Total shareholders' equity	56,115	57,520
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	3,697	3,811
Cumulative translation adjustments	(8,266)	(9,534)
Total accumulated other comprehensive income	(4,568)	(5,723)
Minority interests	1,090	1,133
Total net assets	52,637	52,930
Total liabilities and net assets	119,334	118,665

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

[Quarterly consolidated statements of income]

[Consolidated third quarter of FY2012]

(Millions of yen)

	Third Quarter of FY 2011 (From April 1, 2010 to December 31, 2010)	Third Quarter of FY 2012 (From April 1, 2011 to December 31, 2011)
Net sales	88,656	87,870
Cost of sales	60,464	61,394
Gross profit on sales	28,192	26,475
Selling, administrative, research and development expenses	21,818	21,720
Operating income (loss)	6,374	4,755
Non-operating income		
Interest income	14	15
Dividends income	292	297
Investment gain on equity method	22	76
Others	386	442
Total non-operating income	716	831
Non-operating expenses		
Interest expenses	403	362
Loss on foreign exchange	243	106
Others	92	164
Total non-operating expenses	738	633
Ordinary income (loss)	6,352	4,953
Extraordinary income		
Gain on sale of fixed assets	1	2
Gain on sales of investment securities	41	—
Reversal of allowance for doubtful accounts	14	—
Total extraordinary income	57	2
Extraordinary losses		
Loss on sale or disposition of fixed assets	49	20
Impairment loss	—	34
Loss on valuation of investment securities	73	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	138	—
Loss on valuation of golf club membership	—	28
Others	2	2
Total extraordinary losses	263	86
Net income (loss) before income taxes and minority interests	6,147	4,869
Income taxes—current	1,153	1,268
Income taxes—deferred	616	867
Total income taxes	1,769	2,135
Income (loss) before minority interests	4,377	2,733
Minority interests in income	170	144
Net income (loss)	4,207	2,588

[Quarterly consolidated comprehensive income]
 [Consolidated third quarter of FY2012]

(Millions of yen)

	Third Quarter of FY 2011 (From April 1, 2010 to December 31, 2010)	Third Quarter of FY 2012 (From April 1, 2011 to December 31, 2011)
Income before minority interests	4,377	2,733
Other comprehensive income		
Unrealized gain on available-for-sale securities	(753)	116
Cumulative translation adjustments	(2,502)	(1,301)
Share of other comprehensive income of associates accounted for using equity method	(18)	(23)
Total other comprehensive income	(3,274)	(1,208)
Quarterly comprehensive income	1,102	1,525
(break down)		
Comprehensive income attributable to owners of the parent	981	1,433
Comprehensive income attributable to minority interests	121	91

I Third Quarter of FY 2011 (April 1, 2010 – December 31, 2010)

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

(Millions of yen)

	Japan	Americas	Europe	Asia	Total	Adjustment Amount *1	Consolidated Quarterly Income Statement Amount *2
Net sales							
External sales	53,677	15,852	9,833	9,293	88,656	—	88,656
Inter-segment sales and transfers	5,115	560	980	44	6,701	(6,701)	—
Total	58,793	16,412	10,814	9,337	95,358	(6,701)	88,656
Segment income (loss)	3,283	1,075	644	1,285	6,290	84	6,374

- Notes:
- 84 million yen of the segment income adjustments amount includes 92 million yen in internal gains and losses related to intersegment transaction, -9 million yen in adjustments for inventories related to intersegment transaction, and 2 million yen in others.
 - Segment income is adjusted with operating income, as recorded in quarterly consolidated statements of income.

II Third Quarter of FY 2012 (April 1, 2011 – December 31, 2011)

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

(Millions of yen)

	Japan	Americas	Europe	Asia	Total	Adjustment Amount *1	Consolidated Quarterly Income Statement Amount *2
Net sales							
External sales	52,626	14,668	10,794	9,780	87,870	—	87,870
Inter-segment sales and transfers	5,591	581	907	156	7,237	(7,237)	—
Total	58,217	15,249	11,702	9,937	95,107	(7,237)	87,870
Segment income (loss)	3,383	(28)	286	941	4,582	172	4,755

- Notes:
- 172 million yen of the segment income adjustments amount includes 130 million yen in internal gains and losses related to intersegment transaction, 49 million yen in adjustments for inventories related to intersegment transaction, and -7 million yen in others.
 - Segment income is adjusted with operating income, as recorded in quarterly consolidated statements of income.