

Quarterly consolidated Financial Statements

Third Quarter of Fiscal Year 2013

(From April 1, 2012 to December 31, 2012)

Takasago International Corporation

(Changes in Principle Financial Data)

Period	86 th Year (2012) 3 rd Quarter Consolidated Cumulative Period	87 th Year (2013) 3 rd Quarter Consolidated Cumulative Period	86 th Year (2012)
Accounting Period	From April 1, 2011 to December 31, 2011	From April 1, 2012 to December 31, 2012	From April 1, 2011 to March 31, 2012
Net Sales (millions of yen)	87,870	90,470	113,676
Ordinary Income (millions of yen)	4,953	6,046	4,297
Quarterly (current quarter) Net Income (millions of yen)	2,588	4,053	1,774
Quarterly Comprehensive Income (millions of yen) or Comprehensive Income	1,525	4,279	1,452
Net Assets (millions of yen)	52,930	56,309	52,838
Total Assets (millions of yen)	118,665	127,501	117,745
Quarterly (current quarter) Net Income per Share (yen)	25.86	40.83	17.76
Diluted Net Income per Share (current quarter) (yen)	—	—	—
Equity Ratio (%)	43.6	43.1	43.9

Period	86 th Year (2012) 3 rd Quarter Consolidated Period	87 th Year (2013) 3 rd Quarter Consolidated Period
Accounting Period	From October 1, 2011 to December 31, 2011	From October 1, 2012 to December 31, 2012
Quarterly (current quarter) Net Income (Loss) per Share (yen)	(0.35)	14.22

- 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. Diluted Net Income per Share (current quarter) is not included because no residual securities exist.

(1) Business Results

During this 3rd quarter consolidated cumulative period, despite a sense of slowdown due to financial concerns in Europe and the tempo of economic expansion slowing down in Asia, the global economy on the whole continued a weak upturn. The Japanese economy showed signs of a moderate economic recovery in the context of reconstruction demand yet deflation is still continuing, and with the slowdown of the global economy and the influence of exchange rates, the situation remains unclear.

In the fragrance industry, growth markets in China and Southeast Asia continued to grow steadily, but overall demand is in a severe situation. With the trend of oligopolization of shares by world leaders in flavor and fragrance companies including the Company, as well as business development in Japan where the market is matured, there continues to be fierce competition both domestically and globally.

Considering these factors, the Group followed our business policy of “Becoming a top-class flavor and fragrance company in the global market by continuing to provide reliable products” and started the medium-term business plan “New Takasago Global Plan (GP-2)” (2012-2014), proceeding with business in 25 countries and regions throughout the world with solid global consolidated management. In this 3rd quarter consolidated cumulative period, net sales were ¥90,470 million (an increase of 3.0% from the same period last year). Net sales for each business were as follows. The flavor business saw particularly good performance by Singaporean subsidiaries with net sales of ¥56,393 million (an increase of 5.3% from the same period last year), the fragrance business had expansion in Asian subsidiaries, but due to the impact of the high value of the yen, their net sales were ¥20,287 million (an increase of 0.4% from the same period last year), the aroma chemical business had weak performance by Spanish subsidiaries with net sales of ¥6,669 million (a decrease of 2.8% from the same period last year), and the fine chemical business showed weaker performance in medicinal intermediates than the previous period with net sales of ¥6,067 million (a decrease of 1.0% from the same period last year). Miscellaneous and real estate business had sales of ¥1,035 million (a decrease of 5.7% from the same period last year).

Turning to profits, operating income was ¥5,480 million (an increase of 15.3% from the same period last year) and ordinary income ¥6,046 million (an increase of 22.1% from the same period last year). Quarterly net income was ¥4,053 million (an increase of 56.6% from the same period last year).

Information for each segment is as follows. In Japan, the Company’s flavor business performed well, with net sales of ¥53,463 million (an increase of 1.6% from the same period last year) and operating income of ¥3,955 million (an increase of 16.9% from the same period last year). In the Americas, despite improved sales by American subsidiaries the cost of ingredients increased, with net sales of ¥15,693 million (an increase of 7.0% from the same period last year) and operating income of ¥0 million (the same period last year had operating losses of ¥28 million). In Europe, with the weak performance of Spanish subsidiaries, net sales were ¥9,956 million (a decrease of 7.8% from the same period last year) and operating income was ¥11 million (a decrease of 96.0% from the same period last year). In Asia, Singaporean and Chinese subsidiaries performed

well with net sales of ¥11,358 million (an increase of 16.1% from the same period last year) and operating income of ¥1,384 million (an increase of 47.1% from the same period last year).

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

(Millions of yen)

	FY 2012 (As of March 31, 2012)	Third Quarter of FY 2013 (As of December 31, 2012)
Assets		
Current assets		
Cash and deposits	11,205	13,816
Notes and accounts receivable	24,036	27,050
Securities	100	100
Merchandise and finished goods	17,230	17,199
Work in progress	351	355
Raw materials and supplies	10,943	13,094
Others	2,358	2,457
Allowance for doubtful accounts	(347)	(460)
Total current assets	65,878	73,614
Fixed assets		
Property, plant and equipment		
Buildings and structures (net)	19,754	19,737
Others (net)	15,239	16,898
Total tangible fixed assets	34,993	36,635
Intangible fixed assets	2,926	2,511
Investments and other assets		
Investment securities	12,323	12,925
Others	1,737	1,926
Allowance for doubtful accounts	(114)	(111)
Total investments and other assets	13,946	14,740
Total fixed assets	51,866	53,887
Total assets	117,745	127,501
Liabilities		
Current liabilities		
Notes and accounts payable	11,503	12,859
Short-term loans payable	18,656	22,045
Current portion of long-term loans payable	4,708	5,055
Current portion of bonds	460	220
Accrued income taxes	1,114	587
Provision for bonuses	1,576	821
Provision for directors' bonuses	40	24
Others	5,712	6,249
Total current liabilities	43,772	47,863
Long-term liabilities		
Bonds payable	440	330
Long-term loans payable	12,087	14,204
Accrued employees' retirement benefits	7,757	7,652
Provision for directors' retirement benefits	9	11
Others	838	1,130
Total long-term liabilities	21,134	23,328
Total liabilities	64,906	71,192

(Millions of yen)

	FY 2012 (As of March 31, 2012)	Third Quarter of FY 2013 (As of December 31, 2012)
Net assets		
Shareholders' equity		
Capital stock	9,248	9,248
Capital surplus	8,357	8,357
Retained earnings	39,666	42,925
Treasury stock	(585)	(591)
Total shareholders' equity	56,686	59,939
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	4,470	4,669
Cumulative translation adjustments	(9,500)	(9,619)
Total accumulated other comprehensive income	(5,030)	(4,950)
Minority interests	1,181	1,319
Total net assets	52,838	56,309
Total liabilities and net assets	117,745	127,501

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

[Quarterly consolidated statements of income]

[Consolidated third quarters of FY2013]

(Millions of yen)

	Third Quarter of FY 2012 (From April 1, 2011 to December 31, 2011)	Third Quarter of FY 2013 (From April 1, 2012 to December 31, 2012)
Net sales	87,870	90,470
Cost of sales	61,394	62,779
Gross profit on sales	26,475	27,691
Selling, administrative, research and development expenses	21,720	22,210
Operating income (loss)	4,755	5,480
Non-operating income		
Interest income	15	18
Dividends income	297	303
Investment gain on equity method	76	71
Foreign exchange gains	—	269
Others	442	357
Total non-operating income	831	1,020
Non-operating expenses		
Interest expenses	362	336
Loss on foreign exchange	106	—
Others	164	118
Total non-operating expenses	633	454
Ordinary income (loss)	4,953	6,046
Extraordinary income		
Gain on sale of fixed assets	2	5
Gain on step acquisitions	—	99
Others	—	10
Total extraordinary income	2	115
Extraordinary losses		
Loss on sale or disposition of fixed assets	20	13
Impairment loss	34	—
Loss on valuation of golf club membership	28	—
Others	2	—
Total extraordinary losses	86	13
Net income (loss) before income taxes and minority interests	4,869	6,149
Income taxes—current	1,268	1,457
Income taxes—deferred	867	504
Total income taxes	2,135	1,962
Income (loss) before minority interests	2,733	4,187
Minority interests in income	144	133
Net income (loss)	2,588	4,053

[Quarterly consolidated comprehensive income]
 [Consolidated third quarters of FY2013]

(Millions of yen)

	Third Quarter of FY 2012 (From April 1, 2011 to December 31, 2011)	Third Quarter of FY 2013 (From April 1, 2012 to December 31, 2012)
Income before minority interests	2,773	4,187
Other comprehensive income		
Unrealized gain on available-for-sale securities	116	198
Cumulative translation adjustments	(1,301)	(105)
Share of other comprehensive income of associates accounted for using equity method	(23)	(1)
Total other comprehensive income	(1,208)	91
Quarterly comprehensive income	1,525	4,279
(break down)		
Comprehensive income attributable to owners of the parent	1,433	4,133
Comprehensive income attributable to minority interests	91	145

(Segment Information, Etc.)

[Segment Information]

I 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:
1. The segment income adjustments amount, 172 million yen, includes 130 million yen in adjustments for intersegment revenue related to intersegment transaction, 49 million yen in adjustments for inventories related to intersegment transaction and -7 million yen in others.
 2. Segment income is adjusted with operating income, as recorded in quarterly consolidated statements of income.

II Third Quarter of FY 2013 (April 1, 2012 – December 31, 2012)

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	53,463	15,693	9,956	11,358	90,470	—	90,470
Inter-segment sales and transfers	5,174	694	837	297	7,003	(7,033)	—
Total	58,637	16,387	10,793	11,655	97,474	(7,033)	90,470
Segment income (loss)	3,955	0	11	1,384	5,351	129	5,480

- Notes:
1. The segment income adjustments amount, 129 million yen, includes 181 million yen in adjustments for intersegment revenue related to intersegment transaction, -47 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.