

## Consolidated Financial Results

under Japanese Standards for the fiscal year ending April 30, 2016 (Unaudited)

Scheduled filing date of quarterly report: September 11, 2015

Scheduled date of commencement of dividend payment: —

Supplementary documents for quarterly results: Yes

Quarterly results presentation (for institutional investors and analysts): None

(Figures are rounded down to million yen.)

### 1. Consolidated Performance for the Fiscal Year Ending April 30, 2016 (May 1, 2015 - July 31, 2015)

(1) Consolidated Results of Operations – cumulative (% changes as compared with the corresponding period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen		Million yen		Million yen		Million yen	
7/31/2015	128,182	8.0%	4,289	95.4%	4,798	130.4%	2,391	155.0%
7/31/2014	118,700	-0.4%	2,194	-60.6%	2,082	-61.6%	937	-68.6%

Note: Comprehensive income 7/31/2015: 3,494million yen (201.4%) 7/31/2014: 1,159 million yen (-61.3%)

	Net income per share	Net income per share (diluted)
	Yen	Yen
7/31/2015	19.47	19.43
7/31/2014	7.64	7.62

Note: The above “Net income per share” pertains to common stock. For “Net income per share” for Class-A Preferred Stock, refer to “Reference” below.

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	
7/31/2015	294,980	127,656	43.0%
4/30/2015	285,947	127,761	44.4%

Reference: Equity 7/31/2015: 126,715 million yen 4/30/2015: 126,822 million yen.

### 2. Dividends

	Dividend per share				
	First quarter end	Second quarter end	Third quarter end	Year end	Full year
	Yen	Yen	Yen	Yen	Yen
4/30/2015	—	20.00	—	20.00	40.00
4/30/2016	—	—	—	—	—
4/30/2016 (Forecast)	—	20.00	—	20.00	40.00

Note: Revision of dividends forecast during the current quarterly period: None

Note: The above “Dividend per share” pertains to common stock. For “Dividend per share” for Class-A Preferred Stock, refer to “Reference” below.

### 3. Forecasted Consolidated Results for the Fiscal Year Ending April 30, 2016 (May 1, 2015 - April 30, 2016)

(% changes as compared with the corresponding period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen		Million yen		Million yen		Million yen		Yen
10/31/2015	249,500	6.7%	9,600	17.3%	9,100	13.5%	5,500	25.6%	43.40
4/30/2016	460,000	6.8%	15,000	31.7%	14,000	24.7%	8,700	19.3%	68.07

Note: Revision of operation results forecast during the current quarterly period: None

Note: The above “Net income per share” pertains to common stock. For “Net income per share” for Class-A Preferred Stock, refer to “Reference” below.

## Notes

(1) Changes in important subsidiaries during the period

(Changes in specific subsidiaries accompanied by a change in the scope of consolidation): None

(2) Application of special accounting methods in preparation for quarterly consolidated financial statements: Yes

Note: Application of simplified accounting and specific for preparing the quarterly consolidated financial statements.

(3) Changes in accounting policies, changes in accounting estimates, and restatements

i . Changes in accounting policies associated with in accounting standards: Yes

ii . Changes in accounting policies other than i. above: None

iii . Changes in accounting estimates: None

iv . Restatements: None

Note: For further information, please refer to “2. Information Regarding “Notes” in Consolidated Summary Report, (3) Changes in Accounting Policies, Changes Accounting Estimate, and Restatements” on page 4 in the Attachments.

(4) Numbers of shares outstanding (common stock)

i . Numbers of shares outstanding (including treasury stock) 7/31/2015 89,212,380 shares 4/30/2015 89,212,380 shares

ii . Numbers of treasury stock 7/31/2015 535,579 shares 4/30/2015 535,579 shares

iii . Average number of shares during the period 7/31/2015 88,676,801 shares 7/31/2014 88,609,870 shares

Note: The above “Numbers of shares outstanding” pertains to common stock. For “Numbers of shares outstanding” for Class-A Preferred Stock, refer to “Reference” below.

\* Indication of quarterly review procedure implementation status

- This quarterly consolidated financial report is not subject to audit procedure based on Financial Instruments and Exchange Act and the audit procedures for the quarterly consolidated financial statements were not being conducted when this report was disclosed.

\*Note: Request for appropriate use of the business outlook and other special remarks

- The forecasts are based on information available to the management at the time of an announcement. Due to variable factors, actual results may be different from the forecast figures. For the basis of presumption of the forecasted operation results and the notes on its use, refer to “(3) Explanations Regarding Forecasts for Consolidated Results and Future Outlook” on page 3.

## Reference

### (1) Net Income per Share – Class-A Preferred Stock (May 1, 2015 – July 31, 2015)

	Net income per share	Net income per share (diluted)
	Yen	Yen
7/31/2015	19.47	19.43
7/31/2014	7.64	7.62

### (2) Dividends per Share – Class-A Preferred Stock

(Record date)	Dividend per share				
	First quarter end	Second quarter end	Third quarter end	Year end	Full year
	Yen	Yen	Yen	Yen	Yen
4/30/2015	—	25.00	—	25.00	50.00
4/30/2016	—				
4/30/2016 (Forecast)		25.00	—	25.00	50.00

Note: Revision of dividends forecast during the current quarterly period: None

### (3) Net Income per Share – Class-A Preferred Stock in Forecasted Consolidated Operation Results

	Net income per share (Consolidated)
	Yen
10/31/2015	48.40
4/30/2016	78.07

Note: Revision of operation results forecast during the current quarterly period: None

### (4) Numbers of Shares Outstanding – Class-A Preferred Stock

i . Numbers of shares outstanding (including treasury stock)	7/31/2015	34,246,962 shares	4/30/2015	34,246,962 shares
ii . Numbers of treasury stock	7/31/2015	104,998 shares	4/30/2015	102,678 shares
iii . Average number of shares during the period	7/31/2015	34,143,100 shares	7/31/2014	34,152,233 shares

## Contents of Attachments

<b>1. Qualitative Information Regarding Consolidated Financial Results for This Quarter .....</b>	<b>2</b>
(1) Explanations Regarding Consolidated Results of Operations.....	2
(2) Explanations Regarding Consolidated Financial Position .....	3
(3) Explanations Regarding Forecasts for Consolidated Results and Future Outlook .....	3
<b>2. Information Regarding “Notes” in Consolidated Summary Report .....</b>	<b>4</b>
(1) Changes in Important Subsidiaries during this Quarter .....	4
(2) Application of Special Accounting Methods in Preparation for Quarterly Consolidated Financial Statements .....	4
(3) Changes in Accounting Policies, Changes Accounting Estimate, and Restatements .....	4
<b>3. Quarterly Consolidated Financial Statements .....</b>	<b>5</b>
(1) Quarterly Consolidated Balance Sheets .....	5
(2) Quarterly Consolidated Statement of Income and Comprehensive Income.....	7
Quarterly Consolidated Statement of Income [First quarter period].....	7
Quarterly Consolidated Statement of Comprehensive Income [First quarter period] .....	8
(3) Notes to Quarterly Consolidated Financial Statements .....	9
(Note Regarding the Company’s Position as a Going Concern).....	9
(Note Regarding Significant Changes in the Amount of Shareholders’ Equity).....	9
(Segment Information, etc.).....	9

# 1. Qualitative Information Regarding Consolidated Financial Results for This Quarter

## (1) Explanations Regarding Consolidated Results of Operations

During the First quarter of the fiscal year ending April 30, 2016 (May 1, 2015 - July 31, 2015), the Japanese economy continues its moderate recovery trend on the back of improved exporters' earnings and employment conditions as well as an increase in the number of foreign tourists, among other factors, which have been fueled by the impact of the government's economic and monetary policies. As for personal consumption, some recovery can be seen, but conditions are still unclear, given factors including the continued inclination among consumers to save and a delay in recovery following the hike in the consumption tax.

In the beverage industry, the adverse business environment is intensifying, price declines fueled by increased competition, and stemming from lingering concerns over rising raw material and fuel costs resulting from the yen's depreciation, despite favorable weather in some regions.

Under these business conditions, in keeping with the management principle of "Always Putting the Customer First," the ITO EN Group vigorously engaged in business activities while constantly seeking to identify and address areas of customer dissatisfaction in the beverage market.

As a result, ITO EN recorded consolidated net sales of 128,182 million yen, up 8.0% from the previous fiscal year. On the earnings front, resulted in operating income of 4,289 million yen, up 95.4% year on year, ordinary income of 4,798 million yen, up 130.4%, and profit attributable to owners of parent of 2,391 million yen, up 155.0%. An analysis of sales by business segment follows.

### <Tea Leaves and Beverages Business>

Domestic business, in the tea leaf product category, sales of comparatively highly priced packaged teas are being reinforced through activities that include sales demonstrations and taste testing events by employees who hold "Tea Taster" certification based on the internal certification system. Also, convenient tea leaf products that can be made with ease, such as "Premium Tea Bag Series" and instant powder-type green teas, are being well received by domestic customers as well as tourists from overseas.

In the beverage products category, in May 2015, ITO EN renewed the mainstay products "Oi Ocha Ryokucha" (green tea). The ITO EN Group promotes the Tea-producing region development project. Mainly in Kyusyu area, we are working to realize a stable and high-quality procurement by aggressively utilizing idle agricultural land under management of the large-scaled tea plantation with productivity and environmental preservation. ITO EN has increased the prescribed amount for preparing "Oi Ocha Senyo Chayou" – which cultivated by paying special attention to aroma through the Tea-producing region development project – in order to pursue the original fragrance and flavors in teas served from a tea pot, along with continuing to further enhance the value of the "Oi Ocha" brand.

In the Japanese Tea /Healthy Tea category, "Kenko Mineral Mugicha" (healthy mineral barley tea), "Oi Ocha Zeppin Hojicha" (premium roasted green tea) and whilst in the Chinese tea category, "Relax Jasmine Tea" continued to perform well. In addition, Food for Specified Health Uses, as represented by "Double Health Function Catechin Green Tea" (certified as a food for specified health uses), which helps to reduce fat and bad cholesterol, "Ohgon Oolong Cha" and other products, continue to be popular.

In the coffee beverages category, the "TULLY'S COFFEE" brand series continues to enjoy popularity, achieving higher sales volumes.

We will continue to work on improving its profitability by injecting advertising, sales and marketing expenses while being mindful of their cost benefits, along with implementing further cost cuts and reviewing all expenses, amid such conditions that are characterized by increasingly fierce competition surrounding sales activities, sluggish consumption, among other factors.

Chichiyasu Company was engaged in aggressive sales of milk and yogurt, mainly in Hiroshima Prefecture, and is expanding its brand synergies through joint development with ITO EN. In addition, with robust sales channels in western Japan, NEOS Corporation is adding further strength to the Group's vending machine business.

With regard to our overseas markets, sales of sugar-free beverages including "Oi Ocha" achieved by ITO EN (North America) INC. grew steadily. This is because WASHOKU; Traditional Dietary Cultures of the Japanese was recognized by UNESCO as an intangible cultural heritage in December 2013, as well as the fact that more people have become health conscious in the U.S. In addition, regarding tea leaf products, ITO EN has proactively grown its business overseas to secure a foundation for businesses in China and Southeast Asia and has strengthened the sale of tea bag products that incorporate *matcha* by leveraging the tailwind from the global *matcha* boom.

In addition, Distant Lands Trading Company, Inc. which operates from cultivation to sales of coffee beans mainly in the U.S. joined ITO EN Group at February 3, 2015. ITO EN pursues the synergy effect under business in U.S. through our group products sales in the future.

As a result, sales in the Tea Leaves and Beverages Business up 7.9%, to 119,966 million yen, and operating income of 3,570million yen, up 198.2% from the previous fiscal year.

### <Restaurant Business>

Tully's Coffee Japan Co., Ltd. is contributing to earnings growth, with solid sales of drinks led by seasonal products. Also, pasta and other delicatessen items, and danish pastries, including donuts, as well as honey that is being sold at stores are also popular.

In addition, new coffee shop openings have been smooth, and expansion continues, with the total number of coffee shops at 601.

As a result, net sales in the Restaurant Business rose 8.7% year on year, to 6,733 million yen, and operating income rose 5.9% year on year, to 957 million yen from the previous fiscal year.

### <Others>

Net sales rose 8.7% year on year, to 1,482 million yen, and operating income declined 27.9%, to 243 million yen from the previous fiscal year.

## (2) Explanations Regarding Consolidated Financial Position

The following is as consolidated financial position for the First quarter of the fiscal year ending April 30, 2016.

### <Assets>

Assets at the end of July 31, 2015 stood at 294,980 million yen, increased by 9,032 million yen from the previous fiscal year. These changes in total assets mainly reflected decreases of 8,592 million yen in "Cash and deposits" and increase of 8,735 million yen in "Notes and accounts receivable-trade" and 8,478 million yen in "Merchandise and finished goods."

### <Liabilities>

Liabilities at the end of July 31, 2015 stood at 167,323 million yen, increased by 9,138 million yen from the previous fiscal year. These changes in liabilities mainly reflected increase of 7,922 million yen in "Notes and accounts payable-trade" and 2,181 million yen in "Accrued expenses."

### <Net assets>

Net assets at the end of July 31, 2015 stood at 127,656 million yen, decreased by 105 million yen from the previous fiscal year. The major changes of the net assets were increases of 2,391 million yen in "Profit attributable to owners of parent" and decrease of 2,627 million yen due to dividends from surplus in "Retained earnings," and 904 million yen from changes in the parent company's holdings related to transactions involving shareholders with non-controlling interest in "Capital surplus."

## (3) Explanations Regarding Forecasts for Consolidated Results and Future Outlook

As for the consolidated business outlook for the first half year and full fiscal year, considering the financial results of the first three months of the current fiscal year and the managerial environment, no change has been made without reviewing.

## **2. Information Regarding “Notes” in Consolidated Summary Report**

### **(1) Changes in Important Subsidiaries during this Quarter**

Not applicable.

### **(2) Application of Special Accounting Methods in Preparation for Quarterly Consolidated Financial Statements**

(Calculation of income taxes)

The effective tax rate after the application of deferred tax accounting to the net income before income taxes for the consolidated fiscal year including the First quarter under review is reasonably estimated, and the tax expenses are calculated by multiplying net income before income taxes by this estimated effective tax rate.

### **(3) Changes in Accounting Policies, Changes Accounting Estimate, and Restatements**

ITO EN began applying “Accounting Standard for Business Combinations” (Accounting Standards Board of Japan Statement No.21, September 13, 2013; hereinafter referred to as the “business combination accounting standards”); “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No.22, September 13, 2013; hereinafter referred to as the “consolidated financial statements accounting standards”); and “Revised Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013; hereinafter referred to as “business divestitures accounting standards”) starting from the first quarter under review. To this end, ITO EN posted, as capital surplus, the difference that materialized from the change in its holdings for subsidiaries that ITO EN continues to have controlling interest, and also changed the method to posting acquisition-related costs as expenses of the consolidated fiscal year in which the costs were incurred. As for the merger that is to take place after the beginning of the first quarter under review, ITO EN has changed to adopting a method of reflecting the revised distribution of the acquisition cost – arrived at by finalizing provisional accounting processing – in quarterly consolidated financial statements associated with the quarterly consolidated period during which the date of the corporate merger is to occur. In addition, ITO EN has changed the method of presenting net income and other earnings metrics as well as a change in presentation from minority interest to non-controlling interest. In order to reflect the change in presenting the relevant information, ITO EN has reclassified the quarterly consolidated financial statements and consolidated financial statements. As for the application of business combination accounting standards, ITO EN is in compliance with transitional provisions as established in the business combination accounting standards No. 58-2 (4), the consolidated financial statements accounting standards 44-5(4) and the business divestitures accounting standards 57-4 (4), and they have been applied from the beginning of the first quarter under review into the future.

As a result, “Capital surplus.” has declined by 904 million as of the end of the first quarter under review.

### 3. Quarterly Consolidated Financial Statements

#### (1) Quarterly Consolidated Balance Sheets

as of July 31, 2015 and April 30, 2015

	Million yen	
	4/30/2015	7/31/2015
<b>Assets</b>		
<b>Current assets:</b>		
Cash and deposits	48,922	40,330
Notes and accounts receivable - trade	51,512	60,247
Merchandise and finished goods	26,481	34,960
Raw materials and supplies	8,188	9,595
Other	18,640	16,958
Allowance for doubtful accounts	(148)	(139)
<b>Total current assets</b>	<b>153,597</b>	<b>161,952</b>
<b>Fixed assets:</b>		
<b>Property, plant and equipment;</b>		
Buildings and structures, net	18,580	18,928
Land	19,413	19,456
Lease assets, net	33,190	32,287
Other, net	8,930	9,348
<b>Subtotal</b>	<b>80,115</b>	<b>80,020</b>
<b>Intangible assets:</b>		
Goodwill	27,791	27,533
Other	6,250	6,060
<b>Subtotal</b>	<b>34,042</b>	<b>33,593</b>
<b>Investments and other assets;</b>		
<b>Total Investments and other assets</b>	<b>18,192</b>	<b>19,412</b>
<b>Total fixed assets</b>	<b>132,350</b>	<b>133,027</b>
<b>Total assets:</b>	<b>285,947</b>	<b>294,980</b>
<b>Liabilities</b>		
<b>Current liabilities:</b>		
Notes and accounts payable-trade	33,304	41,227
Short-term loans payable	803	898
Lease obligations	11,255	11,044
Accrued expenses	21,325	23,507
Income taxes payable	1,251	2,395
Provision for bonuses	2,791	1,687
Other	5,306	5,059
<b>Total current liabilities</b>	<b>76,038</b>	<b>85,819</b>
<b>Non-current liabilities:</b>		
Bonds payable	20,000	20,000
Long-term loans payable	30,551	30,488
Lease obligations	19,998	19,218
Net defined benefit liability	8,092	8,222
Other	3,504	3,574
<b>Total non-current liabilities</b>	<b>82,146</b>	<b>81,503</b>
<b>Total liabilities</b>	<b>158,185</b>	<b>167,323</b>



## Quarterly Consolidated Balance Sheets - Continued

	Million yen	
	4/30/2015	7/31/2015
<b>Net assets</b>		
<b>Shareholders' equity:</b>		
Capital stock	19,912	19,912
Capital surplus	20,259	19,354
Retained earnings	90,949	90,714
Treasury stock	(1,287)	(1,292)
<b>Total shareholders' equity</b>	<b>129,833</b>	<b>128,689</b>
<b>Valuation, translation adjustments and others:</b>		
Valuation difference on available-for-sale securities	2,029	2,422
Deferred gains or losses on hedges	29	14
Revaluation reserve for land	(6,092)	(6,092)
Foreign currency translation adjustment	1,503	2,142
Remeasurements of defined benefit plans	(480)	(459)
<b>Total accumulated other comprehensive income</b>	<b>(3,010)</b>	<b>(1,973)</b>
<b>Subscription rights to shares</b>	<b>10</b>	<b>10</b>
<b>Non-controlling interests</b>	<b>928</b>	<b>929</b>
<b>Total net assets</b>	<b>127,761</b>	<b>127,656</b>
<b>Total liabilities and net assets</b>	<b>285,947</b>	<b>294,980</b>

**(2) Quarterly Consolidated Statement of Income and Comprehensive Income**

from May 1, 2015 to July 31, 2015

**Quarterly Consolidated Statement of Income [First quarter period]**

	Million yen	
	7/31/2014	7/31/2015
<b>Net sales</b>	<b>118,700</b>	<b>128,182</b>
Cost of sales	63,083	69,734
<b>Gross profit</b>	<b>55,616</b>	<b>58,448</b>
Selling, general and administrative expenses	53,421	54,158
<b>Operating income</b>	<b>2,194</b>	<b>4,289</b>
<b>Non-operating income:</b>		
Interest income	8	32
Dividend income from securities	42	37
Foreign exchange gains	7	617
Equity income from an unconsolidated subsidiary and affiliates	34	31
Other	167	130
<b>Total non-operating income</b>	<b>260</b>	<b>848</b>
<b>Non-operating expenses:</b>		
Interest expense	298	306
Other	74	33
<b>Total non-operating expense</b>	<b>373</b>	<b>339</b>
<b>Ordinary income</b>	<b>2,082</b>	<b>4,798</b>
<b>Extraordinary gains:</b>		
Gain on sales of fixed assets	0	0
Gain on donation of fixed assets	26	—
Eviction income	11	—
<b>Total extraordinary gains</b>	<b>37</b>	<b>0</b>
<b>Extraordinary losses:</b>		
Loss on sales of fixed assets	1	—
Loss on abandonment of fixed assets	2	3
Impairment loss	—	3
Other	0	—
<b>Total extraordinary losses</b>	<b>4</b>	<b>7</b>
<b>Income before income taxes</b>	<b>2,116</b>	<b>4,792</b>
<b>Total income taxes</b>	<b>1,121</b>	<b>2,346</b>
<b>Net income</b>	<b>994</b>	<b>2,445</b>
<b>Profit attributable to non-controlling interests</b>	<b>56</b>	<b>53</b>
<b>Profit attributable to owners of parent</b>	<b>937</b>	<b>2,391</b>

**Quarterly Consolidated Statement of Comprehensive Income** [First quarter period]

	Million yen	
	7/31/2014	7/31/2015
<b>Net income</b>	<b>994</b>	<b>2,445</b>
<b>Other comprehensive income:</b>		
Valuation difference on available-for-sale securities	148	361
Deferred gains or losses on hedges	0	(14)
Foreign currency translation adjustment	(6)	649
Remeasurements of defined benefit plans, net of tax	30	20
Share of other comprehensive income of entities accounted for using equity method	(8)	32
<b>Other comprehensive income</b>	<b>164</b>	<b>1,049</b>
<b>Comprehensive income</b>	<b>1,159</b>	<b>3,494</b>
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	1,114	3,429
Comprehensive income attributable to non-controlling interests	44	65

### (3) Notes to Quarterly Consolidated Financial Statements

(Note Regarding the Company's Position as a Going Concern)

Not applicable.

(Note Regarding Significant Changes in the Amount of Shareholders' Equity)

Not applicable.

(Segment Information, etc.)

Information regarding amounts of sales and profits or losses by reporting segment.

i . For the First quarter of the previous fiscal year ended April 30, 2015 (May 1, 2014 – July 31, 2014)

(Figures are rounded down to million yen.)

	Reporting Segment				Adjustment	Amount on Consolidated Statements of Operations
	Tea leaves /Beverages Business	Restaurant Business	Others	Total		
Net sales:						
(1) Outside	111,143	6,193	1,363	118,700	—	118,700
(2) Intersegment	79	209	662	950	(950)	—
Total net sales	111,222	6,402	2,026	119,651	(950)	118,700
Segment profits (losses)	1,197	904	337	2,439	(244)	2,194

Notes: i .The segment profits (losses) adjustment includes (¥263) million in amortization of goodwill and ¥18 million in intersegment transactions.

ii .Segment profits are adjusted to the operating income figure on the Quarterly Consolidated Statements of Income.

ii . For the First quarter of the fiscal year ending April 30, 2016 (May 1, 2015 – July 31, 2015)

(Figures are rounded down to million yen.)

	Reporting Segment				Adjustment	Amount on Consolidated Statements of Operations
	Tea leaves /Beverages Business	Restaurant Business	Others	Total		
Net sales:						
(1) Outside	119,966	6,733	1,482	128,182	—	128,182
(2) Intersegment	76	173	685	935	(935)	—
Total net sales	120,043	6,906	2,168	129,118	(935)	128,182
Segment profits (losses)	3,570	957	243	4,771	(481)	4,289

Notes: i .The segment profits (losses) adjustment includes (¥485) million in amortization of goodwill and ¥4 million in intersegment transactions.

ii .Segment profits are adjusted to the operating income figure on the Quarterly Consolidated Statements of Income.