Ajinomoto Co., Inc.

Consolidated Results

IFRS

Third Quarter Ended December 31, 2018

This document has been translated from the original Japanese as a guide for non-Japanese investors. It contains forward-looking statements based on a number of assumptions and judgements made by management in light of information currently available. Actual financial results may differ depending on a number of factors, including changing economic conditions, legislative and regulatory developments, delay in new product launches, and pricing and product initiatives of competitors.

SUMMARY OF FINANCIAL STATEMENTS [IFRS] (Consolidated)

For the third quarter ended December 31, 2018

Ajinomoto Co., Inc.			**January 31, 2019**
Stock Code	2802	Stock exchange listing	Tokyo Stock Exchange
URL	www.ajinomoto.com/en		
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For inquiries	Tetsuya Nakano Corporate Executive Officer, General Manager Finance & Accounting Department	Telephone	+81-3-5250-8111

Scheduled dates	
Filing of statutory quarterly financial report	February 8, 2019
Dividend payout	-
Supplementary materials to quarterly financial report available	Yes
Quarterly results briefing held	Yes (for analysts)

1. Consolidated Financial Results for the Nine-month Period Ended December 31, 2018
(1) Consolidated Operating Results

Millions of yen, rounded down

	Nine-month period ended December 31, 2018		Nine-month period ended December 31, 2017	
		Change %		Change %
Sales	846,482	1.7	832,344	-
Business profit	74,286	(8.1)	80,873	-
Profit before income taxes	44,418	(44.0)	79,370	-
Profit	29,542	(53.0)	62,920	11.6
Profit attributable to owners of the parent company	22,351	(59.7)	55,457	13.6
Basic earnings per share (yen)	¥40.23	-	97.53	-
Diluted earnings per share (yen)	-	-	-	-

"Change %" indicates the percentage change compared to the same period of the previous fiscal year.

Note 1: Upon the adoption of IFRS, the Ajinomoto Group has introduced "business profit" as a new profit level that will better enable investors, the Board of Directors, and the Management Committee to grasp the core business results and future outlook of each business while also facilitating continuous evaluation of the Group's business portfolio by the Board of Directors and the Management Committee. "Business profit" is defined as sales minus the cost of sales, selling expenses, research and development expenses, and general and administrative expenses, to which is then added share of profit of associates and joint ventures. Business profit does not include other operating income or other operating expenses.

Note 2: From the first quarter of the fiscal year ending March 31, 2019, the logistics business has been reclassified as a discontinued operation. Accordingly, profit from discontinued operation in the quarterly condensed consolidated statements of income is presented separately from the profit from continuing operations. Sales, business profit and profit before income taxes in the above table are amounts related to continuing operations only. Amounts shown for the nine-month period ended December 31, 2017, have also been adjusted to reflect this change; accordingly, the percent change from the previous year's quarterly results is not shown.

Note3: In the previous fiscal year and in the second quarter ended September 30, 2018, the Company finalized a provisional accounting treatment related to business combinations and jointly controlled companies. The figures in the nine-month period ended December 31 2017, reflect the finalization of the provisional accounting treatment.

(2) Consolidated Financial Position

Millions of yen, rounded down

	As of December 31, 2018	As of March 31, 2018
Total assets	1,391,172	1,426,230
Total equity	673,743	720,613
Equity attributable to owners of the parent company	601,102	640,833
Ownership ratio attributable to owners of the parent company (%)	43.2%	44.9%

In the second quarter, ended September 30, 2018, the Company finalized a provisional accounting treatment related to business combinations. The figures for the fiscal year ended March 31, 2018 reflect the finalization of the provisional accounting treatment.

2. Dividends

	Fiscal year ended March 31, 2018	Fiscal year ending March 31, 2019	Fiscal year ending March 31, 2019 (forecast)
Dividend per share			
Interim (yen)	¥15.00	¥16.00	
Year-end (yen)	¥17.00		¥16.00
Annual (yen)	¥32.00		¥32.00

Note: Revisions to dividend forecasts in the period under review: None

3. Forecast for the Fiscal Year Ending March 31, 2019

Millions of yen, rounded down

	Fiscal year ending March 31, 2019	
		Change %
Sales	1,146,800	2.9
Business profit	86,200	(9.9)
Profit attributable to owners of the parent company	21,600	(64.1)
Basic earnings per share (yen)	¥39.00	-

"Change %" indicates the percentage change compared to the same period of the previous fiscal year.

Note: Revisions to consolidated earnings forecasts in the period under review: Yes
For more information on revisions to the consolidated earnings forecasts, please see the "Notice Concerning Revisions to Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2019" published today (January 31, 2019).
Along with reclassifying the logistic business as a discontinued operation from the first quarter of this consolidated fiscal year, the amounts in sales and business profit indicate the amounts of continuing operation. Also the Company finalized a provisional accounting treatment related to business combinations in the second quarter ended September 30, 2018, and the rate of change ("Change %" in the table above) represents the rate of change from previous figures of continuing operation which were adjusted to reflect finalizing a provisional accounting treatment.

Notes:

(1) Changes in significant subsidiaries during the period (Changes in specified subsidiaries resulting in a change in consolidation scope): None

(2) Changes in accounting policies and accounting estimates

1) Changes in accounting policies as required by IFRS: Yes
2) Other changes in accounting policies: None
3) Changes in accounting estimates: None

(3) Number of shares outstanding (ordinary shares)

Shares

	As of December 31, 2018	As of March 31, 2018
Number of shares outstanding at end of period (including treasury shares)	549,163,354	571,863,354
Number of treasury shares at end of period	1,062,730	3,971,026
	April 1, 2018 to December 31, 2018	April 1, 2017 to December 31, 2017
Average number of shares during period	555,650,595	568,645,911

Note: The number of treasury shares at the end of the period includes the Company's shares held by "Director's remuneration BIP Trust" (as of December 31, 2018: 966,200 shares, as of March 31, 2018: 971,000 shares). In addition, these Company's shares are included in the treasury shares which are deducted from the number of shares outstanding at the end of period when calculating the average number of shares during the period.

* This summary of consolidated financial statements is exempted from quarterly review by a certified public accountant or audit corporation.

* Appropriate use of forecasts and other notes

Disclaimer regarding forward-looking statements and other information

Forward-looking statements, such as business forecasts, included in this document are based on management's estimates, assumptions, and projections at the time of publication. These statements do not represent a promise or commitment by the Company to achieve these forecasts. Actual operating results may differ significantly due to various factors. For more information regarding our earnings forecasts, see page 12, "1. Qualitative Information on Nine-month Period Consolidated Results (3) Overview of consolidated earnings forecasts" and "(4) Business risks"

Method of obtaining supplementary results materials

Supplementary results materials will be published on the Company's website on Thursday, January 31, 2019.

Table of contents

1. Qualitative Information on Nine-month Period Consolidated Results

Upon the adoption of IFRS, the Ajinomoto Group has introduced "business profit" as a new profit level that will better enable investors, the Board of Directors, and the Executive Committee to grasp the core business results and future outlook of each business while also facilitating continuous evaluation of the Group's business portfolio by the Board of Directors and the Management Committee. "Business profit" is defined as sales minus the cost of sales, selling expenses, research and development expenses, and general and administrative expenses, to which is then added share of profit of associates and joint ventures. Business profit does not include other operating income or other operating expenses.

On April 26, 2018, the Company entered into an agreement with Kagome Co., Ltd., Nisshin Oillio Group Ltd., Nisshin Foods Inc., and House Foods Group Inc. to restructure the companies' logistics operations and in April 2019 establish a nationwide logistics company by merging their current logistics subsidiaries—Ajinomoto Logistics Corporation, Kagome Distribution Service Co., Ltd., House Logistics Service Corporation, F-LINE Corporation, and Kyushu F-LINE Corporation.

Consequently, the loss of control of Ajinomoto Logistics business has been recognized effective from April 2019. Accordingly, Ajinomoto Logistics' assets and liabilities have been included under a disposal group of assets/liabilities classified as held for sale, and the logistics business has been classified as a discontinued business, effective from the first quarter of the current fiscal year.

Also, in the previous fiscal year and in the interim period of the current fiscal year, the Company has adopted a provisional accounting treatment related to business combinations and jointly controlled companies. Accordingly, a significant restatement has been made in the initial allocation of acquisition costs for the previous consolidated fiscal year and the nine-month period of the previous consolidated fiscal year.

(1) Overview of Operating Results

During the nine-month period ended December 31, 2018 (April 1 to December 31, 2018), the Ajinomoto Group's consolidated sales increased by 1.7% year-on-year, or ¥14.1 billion, to ¥846.4 billion, supported by a large increase in sales of pharmaceutical custom manufacturing and amino acids for pharmaceuticals and foods, as well as growth in sales of frozen foods (Overseas) and seasonings and processed foods (Overseas). Business profit for the nine-month period declined 8.1%, or ¥6.5 billion, to ¥74.2 billion, owing to large falls in profits from frozen foods (Japan), frozen foods (Overseas), and coffee products and, in addition, an impairment loss on the trademark rights of Promasidor Holdings Limited (PH) recorded in share of profit of associates and joint ventures. .

Operating profit declined 43% year-on-year, or ¥33.5 billion, to ¥44.4 billion due to an impairment loss on goodwill related to Ajinomoto Foods North America, Inc. (AFNA) and an impairment loss on investments in associates and joint ventures related to PH, both recorded in other operating expenses, and other factors.

Profit attributable to owners of the parent totaled ¥22.3 billion, down 59.7% or ¥33.1 billion.

An itemization of the details of the impairment losses related to PH and AFNA for the nine month period ended December 31, 2018, is below.

Millions of yen

	Business profit	Operating profit Profit before income taxes	Profit attributable to owners of the parent company
(1) Impairment loss on goodwill: AFNA	-	13,525	10,047

(2) Impairment loss on investments in PH, equity method associate (equivalent to 33.33% investment)	-	13,604	13,604
(3) Impairment loss on the trademark rights of PH (equivalent to 33.33% investment)	3,222	3,222	3,222
Total	3,222	30,352	26,874

<u>Consolidated operating results by segment</u>

Results for individual business segments are summarized below.

From the first quarter of the current fiscal year, the Personal Care business has been transferred from the Life Support segment to the Healthcare segment. Segment information for the first nine-month period of the previous fiscal year has been restated to reflect this change.

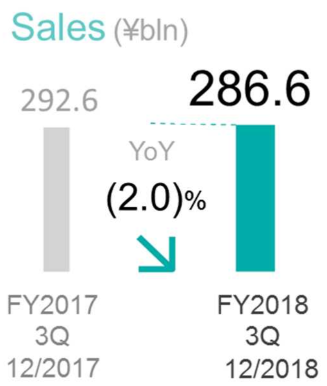
Billions of yen, rounded down

	Sales	YoY change - amount	YoY change - percent	Business profit	YoY change -amount	YoY change -percent
Japan Food Products	286.6	(5.9)	(2.0) %	25.6	(8.0)	(23.9)%
International Food Products	360.6	12.2	3.5 %	33.1	(1.1)	(3.3)%
Life Support	82.5	(5.3)	(6.1) %	7.6	1.3	21.7%
Healthcare	95.9	12.1	14.6 %	7.4	1.5	26.5%
Other	20.7	0.9	4.9 %	0.3	(0.3)	(46.1)%
Total	846.4	14.1	1.7 %	74.2	(6.5)	(8.1)%

Note: Domestic and overseas sales of *ACTIVA*® products to food processing companies and of savory seasonings are included in the Japan Food Products segment. Domestic and overseas sales of umami seasoning *AJI-NO-MOTO*® for the food processing industry and of nucleotides and sweeteners are included in the International Food Products segment.

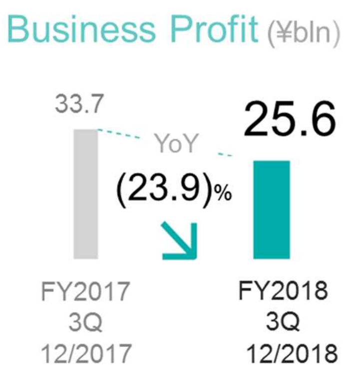
1) Japan Food Products Segment

Japan Food Products segment sales fell 2.0% year-on-year, or by ¥5.9 billion, to ¥286.6 billion in the first nine months of the current fiscal year. The decline was due to lower sales of frozen foods (Japan) in the home-use market and coffee products amid increasingly stiffening competition for those products. Segment business profit declined 23.9%, or ¥8.0 billion, to ¥25.6 billion, on substantially lower profits on frozen foods (Japan) and coffee products.



Main factors affecting segment sales

- **Seasonings and processed foods (Japan):** Despite restaurant and industrial use growing, home use was level with the previous year so overall, level with the previous year.
- **Frozen foods (Japan):** Sales of restaurant and industrial-use products increased due to expansion of major categories. Despite increased year-on-year sales of the *Goya* series in total, sales in home-use products decreased due to the effect of stiffening competition for *Yawaraka Wakadori Kara-Age* and *The★Chahan* (major products). Therefore, overall sales decreased.
- **Coffee products:** Decrease in overall sales mainly due to decline in sales of gift products, as well as home-use products affected by stiffening competition accompanying the shrinking of the market, and decreased sales to convenience stores.

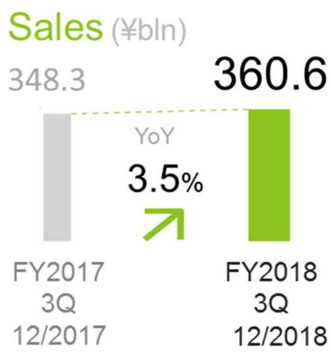


Main factors affecting segment profits

- **Seasonings & processed foods (Japan):** Decrease in profit due to increases in various costs for home-use products, and the effect of increases in fuel and raw material prices for restaurant and industrial-use products.
- **Frozen foods (Japan) and coffee products:** Large decrease in profit primarily due to the decreased sales mentioned above.

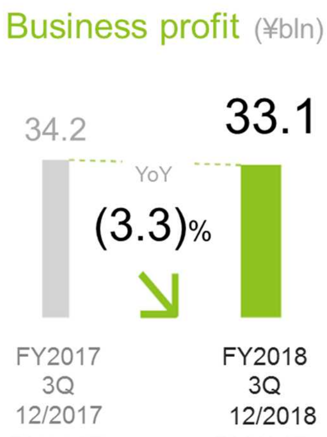
2) International Food Products Segment

International Food Products segment sales totaled ¥360.6 billion, up 3.5%, or ¥12.2 billion year-on-year. Sales growth was driven by strong sales in the frozen foods (Overseas) category and seasonings and processed foods (Overseas) category. Segment business profits decreased 3.3% year-on-year, or by ¥1.1 billion, to ¥33.1 billion, despite a large increase in profits on umami seasonings for processed food manufacturers, due to a large decline in profits on sales of frozen foods (Overseas) in addition to an impairment loss on the trademark rights of PH.



Main factors affecting segment sales

- **Seasonings and processed foods (Overseas):** Despite the negative effect of currency translation (-¥7.9 billion), overall increase in sales primarily due to effect of price increases for canned coffee in Thailand and expansion of sales of menu-specific seasonings.
- **Frozen foods (Overseas):** Increase in sales primarily due to expansion of sales of Asian food products and appetizers in North America and expansion of sales in Europe.
- **Umami seasonings for processed food manufacturers and sweeteners:** Sales of umami seasonings for processed food manufacturers increased mainly due to expansion of overseas sales. Sales of sweeteners increased mainly due to expanded sales of sweeteners for processed food manufacturers.

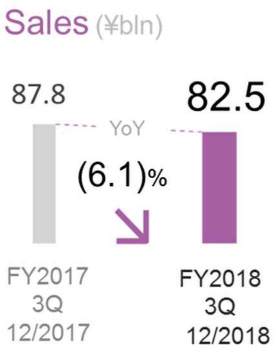


Main factors affecting segment profits

- **Seasonings & processed foods (Overseas):** Decrease in profit primarily due to impairment loss (-¥3.2 billion) at Promasidor Holdings Limited and effect of increased prices for fermentation raw materials and fuels.
- **Frozen foods (Overseas):** Large decrease in profit due to steep rise in logistics costs and delays in improving productivity in the U.S.
- **Umami seasonings for processed food manufacturers:** Large increase in profit accompanying increase in sales despite impact of increased prices for fermentation raw materials and fuels.
  Sweeteners: Increase in profit accompanying increase in sales.

3) Life Support Segment

Life Support segment sales totaled ¥82.5 billion, down 6.1% or ¥5.3 billion year-on-year. Sales of specialty chemicals increased but sales of animal nutrition products declined. Segment business profit expanded strongly, increasing 21.7%, or ¥1.3 billion, to ¥7.6 billion, supported by large increases in profits from specialty chemicals.



Main factors affecting segment sales

- **Animal nutrition:** Despite large increase in sales due to increased quantity of tryptophan sold, overall sales decreased due to decline in quantity of threonine and lysine sold.
- **Specialty chemicals:** Large increase in sales primarily due to strong sales of electronic materials.

Main factors affecting segment profits

- **Animal nutrition:** Large decrease in profit accompanying decline in sales.
- **Specialty chemicals:** Large increase in profit accompanying large increase in sales.

4) Healthcare Segment

Healthcare segment sales totaled ¥95.9 billion, up 14.6% or ¥12.1 billion from the previous year's result. The gain was driven by large increases in sales of amino acids for pharmaceuticals and foods and pharmaceutical custom manufacturing. Strong sales growth in these two categories drove segment business profit up 26.5%, or ¥1.5 billion, to ¥7.4 billion.

Main factors affecting segment sales

- **Amino acids:** Large increase in sales for pharmaceutical custom manufacturing and amino acids for pharmaceuticals and foods due to the effect of expansion of sales, and the new consolidation of a subsidiary (approx. ¥3.5 billion).
- **Other products:** Increase in sales primarily due to expansion in sales of personal care ingredients.

Main factors affecting segment profits

- **Amino acids:** Large increase in profit for both amino acids for pharmaceuticals and foods and pharmaceutical custom manufacturing, mainly due to increase in sales.
- **Other products:** Decrease in profit due to a change in the recorded sub-segment (moved to pharmaceutical custom manufacturing).

5) Other

In the Other segment, sales totaled ¥20.7 billion, up 4.9% or ¥0.9 billion year-on-year, mainly due to expanded sales in the packaging business. Segment business profit fell 46.1%, or ¥0.3 billion, to ¥0.3 billion.

(2) Overview of Financial Position

As of December 31, 2018, total assets amounted to ¥1,391.1 billion, down ¥35.0 billion from ¥1,426.2 billion at the end of the previous fiscal year on March 31, 2018. The main reason for the decrease is the reduction in cash and cash equivalents brought about by the buyback of the Company's common shares.

Total liabilities came to ¥717.4 billion, ¥11.8 billion more than the ¥705.6 billion at the end of the previous fiscal year. Interest-bearing debt totaled ¥368.8 billion, an increase of ¥24.6 billion from the end of the previous fiscal year, mainly reflecting the issuance of commercial paper during the period.

Total equity as of December 31, 2018, was ¥46.8 billion less than at the end of the previous fiscal year, mainly reflecting the impact of the stock buyback. Equity attributable to owners of the parent company, which is total equity minus non-controlling interests, totaled ¥601.1 billion, and the ownership ratio attributable to owners of the parent company was 43.2%.

(3) Overview of Consolidated Earnings Forecasts

Based on the most recent earnings during the nine-month consolidated fiscal period, a review of earnings forecasts was done and as a result, the full-year forecasts that the Company announced on November 7, 2018 have been revised.

For details, please see “Notice Concerning Revisions to Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2019” published today.

(4) Business Risks

During the nine-month consolidated fiscal period, material changes relating to business risks described in the Annual securities report for the previous fiscal year are as follows.
Note that forward-looking statements in the report were prepared at the discretion of the Ajinomoto Group on the basis of information available as of the end of the nine-month consolidated fiscal period.

The Group’s business performance could be affected by conditions in the countries and regions where it conducts business, and in particular by the weakening of currencies, declines in consumption, and changes in government policy caused by fiscal deficits and unstable political conditions in African countries and Turkey.

2. Condensed Consolidated Financial Statements and Notes

(1) Condensed Consolidated Statements of Financial Position

Millions of yen

	As of end of third quarter (December 31, 2018)	As of end of previous fiscal year (March 31, 2018)
Assets		
Current assets		
Cash and cash equivalents	154.276	187,869
Trade and other receivables	205,397	200,272
Other financial assets	13,193	10,615
Inventories	193,420	184,109
Income taxes receivable	11,363	8,374
Others	11,978	12,919
Sub total	589,629	604,160
Assets of disposal groups classified as held for sale	15,862	-
Total current assets	605,492	604,160
Non-current assets		
Property, plant and equipment	403,773	411,640
Intangible assets	66,775	66,144
Goodwill	95,387	107,394
Investments in associates and joint ventures	118,790	131,190
Long-term financial assets	61,985	70,042
Deferred tax assets	14,806	13,080
Others	24,160	22,576
Total non-current assets	785,679	822,069
Total assets	1,391,172	1,426,230

AJINOMOTO

Millions of yen

	As of end of third quarter (December 31, 2018)	As of end of previous fiscal year (March 31, 2018)
Liabilities		
Current liabilities		
Trade and other payables	170,986	185,269
Short-term borrowings	18,132	15,280
Commercial paper	25,000	-
Current portion of long-term borrowings	12,109	11,285
Other financial liabilities	3,611	4,049
Short-term employee benefits	33,203	37,811
Provisions	2,441	6,348
Income taxes payable	12,898	10,429
Others	10,846	9,636
Sub total	289,230	280,111
Liabilities of disposal groups classified as held for sale	11,446	-
Total current liabilities	300,677	280,111
Non-current liabilities		
Corporate bonds	169,463	169,413
Long-term borrowings	137,750	140,298
Other financial liabilities	25,879	28,428
Long-term employee benefits	64,145	64,807
Provisions	9,894	11,397
Deferred tax liabilities	8,871	10,448
Others	746	710
Total non-current liabilities	416,751	425,505
Total liabilities	717,429	705,616
Equity		
Common stock	79,863	79,863
Capital surplus	3,174	955
Treasury stock	(2,359)	(9,585)
Retained earnings	587,473	628,966
Other components of equity	(67,429)	(59,366)
Disposal groups classified as held for sale	380	-
Equity attributable to owners of the parent company	601,102	640,833
Non-controlling interests	72,640	79,780
Total equity	673,743	720,613
Total liabilities and equity	1,391,172	1,426,230

(2) Condensed Consolidated Statements of Income

Millions of yen

	Nine-month period (April 1, 2018 to December 31, 2018)	Nine-month period (April 1, 2017 to December 31, 2017)
Continuing operations		
Sales	846,482	832,344
Cost of sales	(546,019)	(531,923)
Gross profit	300,462	300,421
Share of profit of associates and joint ventures	128	3,262
Selling expenses	(132,556)	(130,958)
Research and development expenses	(20,196)	(19,848)
General and administrative expenses	(73,551)	(72,002)
Business profit	74,286	80,873
Other operating income	4,189	4,807
Other operating expenses	(34,043)	(7,709)
Operating profit	44,432	77,971
Financial income	5,709	4,927
Financial expenses	(5,722)	(3,528)
Profit before income taxes	44,418	79,370
Income taxes	(16,677)	(18,519)
Profit from continuing operations	27,740	60,850
Profit from discontinued operations	1,801	2,070
Profit	29,542	62,920
Attributable to:		
Owners of the parent company	22,351	55,457
Non-controlling interests	7,190	7,463
Profit from continuing operations attributable to owners of the parent company	20,611	53,459
Profit from discontinued operations attributable to owners of the parent company	1,740	1,998
Profit attributable to owners of the parent company	22,351	55,457

Earnings per share from continuing operations (yen):		
Basic	37.09	94.01
Diluted	-	-
Earnings per share from discontinued operations (yen):		
Basic	3.13	3.51
Diluted	-	-
Earnings per share (yen):		
Basic	40.23	97.53
Diluted	-	-

(3) Notes to Condensed Consolidated Financial Statements

Going Concern Assumption

No applicable items

Significant Accounting Policies

With the exception of the items explained below, the significant accounting policies used to prepare these condensed consolidated financial statements for the nine-month period are unchanged from the policies applied to the consolidated financial statements in the previous fiscal year.

Income taxes for the nine-month period are calculated based on an estimation of the effective tax rate for the fiscal year.

Impact of Applying New Accounting Policies

The Group has applied the following accounting standards from the first quarter of the fiscal year ending March 31, 2019:

IFRS		Overview of new standards or amendments
IFRIC 22	*Foreign Currency Transactions and Advance Consideration*	Clarified accounting for foreign currency transactions and advance consideration
IFRS 15	*Revenue from Contracts with Customers*	Amended accounting for revenue recognition and related disclosures

Note 1: IFRIC 22 Foreign Currency Transactions and Advance Consideration

This Interpretation provides guidance on how to determine the exchange rate used for initial recognition of the related asset, expense or income (or part of such) upon derecognizing a non-monetary asset or liability related to the payment or receipt of advance consideration, and clarifies that the transaction date is the date a nonmonetary asset or liability arising from the payment or receipt of advance consideration is initially recognized. If there are multiple payments or receipts of advance consideration, the transaction date is determined for each payment or receipt of advance consideration.

The Group currently estimates that the adoption of this standard does not have a material impact on the Company's Condensed Consolidated Financial Statements since such transactions denominated in foreign currencies are monetarily immaterial to the Company's operating results and financial position.

Note 2: IFRS 15 Revenue from Contracts with Customers

IFRS15 requires the Group to recognize revenue, excluding interest and dividend income recognized in accordance with IFRS 9 and insurance revenue recognized in accordance with IFRS 4, upon transfer of promised goods or services to customers in amounts that reflect the consideration to which the Group expects to be entitled in exchange for those goods or services based on the following five-step approach:

Step 1: Identify the contracts with customers
Step 2: Identify the performance obligations in each contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The Group mainly engages in selling seasonings, processed foods, frozen foods, amino acids, and other products. The sale of such goods meets the above requirements for revenue recognition when the Group satisfies its performance obligation by transferring control over the goods to the customer at the time of the delivery. Revenues from the sale of goods have been previously required to be recognized when the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership of the goods to the buyer;
- the Group does not retain continuing involvement nor effective control over the goods;
- it is probable that the economic benefits will flow to the Group; and

· the benefits and corresponding costs can be measured reliably.

The Group has previously recognized revenue at the time of the delivery of goods, and thus currently estimates that the adoption of this standard does not have a material impact on the Company's Condensed Consolidated Financial Statements.

EA Pharma Co., Ltd., an equity-method associate of the Company, has changed its revenue recognition policy on licensing of development and products (initial payments and milestones) due to applying this standard, but it has no material impact on the Group's operating results and financial position.

In accordance with the transition requirements, the Group applies IFRS 15 retrospectively to contracts with customers not completed on the date of initial application (April 1, 2018) by recognizing the cumulative effect of initially applying this standard as an adjustment to the beginning balance of retained earnings for the nine-month period of the fiscal year ending March 31, 2019.

Segment Information

(1) Overview of reportable segments

The Group's reportable segments are categorized primarily by product lines, with the food business further separated into domestic and overseas. Therefore, the Company has four reportable segments: “Japan Food Products,” “International Food Products,” “Life Support,” and “Healthcare.”

From the first quarter of the fiscal year ending March 31, 2019, the personal care business has been transferred from the Life Support segment to the Healthcare segment. The segment information for the nine-month period of the previous fiscal year has been restated accordingly to reflect this change.

Each reportable segment is a component of the Group for which separate financial information is available and evaluated regularly by the Executive Committee in determining the allocation of management resources and in assessing performance.

From the first quarter of the fiscal year ending March 31, 2019, the logistics business has been reclassified as a discontinued operation. Segment information in this document shows values for continuing operations only, which now excludes the logistics business.

Also, in the previous fiscal year and the second quarter of the current fiscal year, the Company finalized a provisional accounting treatment related to business combinations and jointly controlled companies. The consolidated results for the nine-month period of the previous fiscal year have been revised to reflect a significant change in the initial allocation of acquisition costs relating to the finalization of this provisional accounting treatment.

(2) Information by reportable segment

The Group's sales and earnings by reportable segments are as follows.

Inter-segment sales and transfers are primarily based on transaction prices between third-parties.

Nine-month period ended December 31, 2018 (April 1, 2018 to December 31, 2018)

Millions of yen

	Reportable segment				Other *	Total	Adjustments	As included in condensed consolidated financial statements
	Japan Food Products	International Food Products	Life Support	Healthcare				
Sales								
Sales to third parties	286,661	360,630	82,503	95,912	20,774	846,482	―	846,482
Inter-segment sales and transfers	3,263	3,839	2,297	2,008	21,575	32,984	(32,984)	―
Total sales	289,924	364,470	84,800	97,921	42,349	879,466	(32,984)	846,482
Share of profit of associates and joint ventures	314	(2,529)	61	(15)	2,297	128	―	128
Segment profit or loss (Business profit or loss)	25,696	33,125	7,663	7,431	369	74,286	―	74,286
					Other operating income			4,189
					Other operating expenses			(34,043)
					Operating profit			44,432
					Financial income			5,709
					Financial expenses			(5,722)
					Profit before income taxes			44,418

* Other includes the tie-up, packaging, logistics, and other service-related businesses.

Nine-month period ended December 31, 2017 (April 1, 2017 to December 31, 2017)

Millions of yen

	Reportable segment				Other *	Total	Adjustments	As included in condensed consolidated financial statements
	Japan Food Products	International Food Products	Life Support	Healthcare				
Sales								
Sales to third parties	292,629	348,358	87,821	83,727	19,807	832,344	―	832,344
Inter-segment sales and transfers	2,895	3,539	1,997	1,864	19,849	30,146	(30,146)	―
Total sales	295,525	351,898	89,818	85,591	39,657	862,491	(30,146)	832,344
Share of profit of associates and joint ventures	256	1,291	57	92	1,563	3,262	―	3,262
Segment profit or loss (Business profit or loss)	33,776	34,239	6,298	5,873	685	80,873	―	80,873
					Other operating income			4,807
					Other operating expenses			(7,709)
					Operating profit			77,971
					Financial income			4,927
					Financial expenses			(3,528)
					Profit before income taxes			79,370

* Other includes the tie-up, packaging, logistics, and other service-related businesses.