Ajinomoto Co., Inc.

Consolidated Interim Results

Interim Period Ended September 30, 2016

AJINOMOTO®

SUMMARY OF FINANCIAL STATEMENTS (Consolidated)

For the interim period results for the year ending March 31,2017

Ajinomoto Co., Inc. **November 8, 2016**

Stock Code:	2802		Listed exchanges:	Tokyo
URL: www.ajinomoto.com/en			Inquiries:	Koichi Morita
President:	Takaaki Nishii			General Manager
Scheduled date of submission of quarterly report:		November 14, 2016		Finance and Accounting
Scheduled date of starting payment of dividend:		December 5, 2016		Department
Creation of supplementary quarterly results materials:		Yes	Telephone:	813 5250-8161
Quarterly results briefing:		Yes (for analysts)		

1. Consolidated Financial Results for the Interim Period Ended September 30, 2016

1) Consolidated Operating Results

Millions of yen, rounded down

	Interim period ended September 30, 2016		Interim period ended September 30, 2015	
		Change %		Change %
Net sales	522,559	(11.4)	589,583	-
Operating income	39,157	(17.1)	47,244	-
Ordinary income	42,438	(14.7)	49,754	-
Quarterly profit attributable to owners of parent	25,036	(40.3)	41,957	-
Quarterly earnings per share (¥)	¥43.61	-	¥70.90	-
Fully diluted quarterly earnings per share (¥)	-	-	-	-

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

Comprehensive income:

Interim period ended September 30,2016: ¥ - 20,747 million (- %) Interim period ended September 30,2015: ¥8,209 million (- %)

Note1: At the end of the fiscal year ended March 31, 2016, the Company finalized a provisional accounting treatment related to the business combination. The impact of the finalization of the provisional accounting treatment has been reflected in the interim period consolidated financial statements for the fiscal year ended March 31, 2016.

Note2: The impact of the retrospective restatement in accordance with the change in accounting policy has been reflected in the figures for the interim period of the fiscal year ended March 31, 2016. Due to amounts being restated, the year-on-year change % for the quarter of the fiscal year has not been recorded.

2) Financial Position

Millions of yen, rounded down

	As of September 30, 2016	As of September 30, 2015
Total assets	1,153,168	1,262,113
Net assets	624,817	691,928
Shareholders' equity ratio (%)	48.7%	49.1%
Book value per share (¥)	¥987.32	¥1,066.84

Note: Shareholders' equity as of: As of September 30, 2016: ¥561,918 million

As of March 31, 2016: ¥619,872 million

Note: The impact of the retrospective restatement in accordance with a change in accounting policy has been reflected in the figures for the fiscal year ended March 31, 2016

2. Dividends

	FY ended March 31, 2016	FY ending March 31, 2017	FY ending March 31, 2017 (forecast)
Dividend per share			
Interim	¥13.00	¥15.00	¥-
Year-end	¥15.00	¥-	¥15.00
Annual	¥28.00	¥-	¥30.00

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

3. Forecast for the Fiscal Year Ending March 31, 2017

Millions of yen

	FY ending March 31, 2017	
		Change (%)
Net sales	1,095,000	(7.5)
Operating income	81,500	(10.3)
Ordinary income	83,700	(11.1)
Profit attributable to owners of parent	44,500	(29.8)
Earnings per share	¥77.83	-

Note1: Revisions to consolidated earnings forecasts in the period under review: Yes

Note2: Due to retrospective restatement in accordance with a changing accounting policy has been reflected, the changes represent comparisons of the previous fiscal year after adjusted.

Note3: We have revised our consolidated performance forecasts for the fiscal year ending March 31 2017, which were initially announced on May 10, 2016. Please refer to "Revision to Consolidated Performance Forecast for the Fiscal Year Ending March 31, 2017" released today.

Notes:

1) Transfer of important subsidiaries during the period (Transfers of certain subsidiaries resulting in changes in the scope of consolidation): Yes

Newly consolidated: -

Removed from scope of consolidation: 1 company (Ajinomoto Pharmaceuticals Co., Ltd.) (Currently EA Pharma Co., Ltd.)

Note: For more information, see page 10, *“2.SUMMARY INFORMATION (NOTES) (1) Transfer of important subsidiaries in the interim period under review.”*

2) Adoption of special accounting methods for preparation of quarterly financial statements: Yes

Note: For more information, see page 10, *“2. SUMMARY INFORMATION (NOTES) (2) Adoption of special accounting methods for preparation of quarterly financial statements.”*

3) Changes in accounting policy, changes in accounting estimates, and retrospective restatements

(1) Changes in line with revision to accounting standards: None

(2) Other changes: Yes

(3) Changes in accounting estimates: None

(4) Retrospective restatements: None

Note: For more information, see page 10, *“2. SUMMARY INFORMATION (NOTES) (3) Changes in accounting policy, changes in accounting estimates, and retrospective restatements”.*

4) Number of shares outstanding (ordinary shares)

(1) Number of shares outstanding at end of period (including treasury shares):

September 30, 2016: 571,863,354 shares   March 31, 2016: 583,762,654 shares

(2) Number of treasury shares at end of period

September 30, 2016: 2,726,829 shares March 31, 2016: 2,724,205 shares

(3) Average number of shares during period

April 1,2016 to September 30,2016: 574,045,921 shares

April 1,2015 to September 30,2015: 591,793,907 shares

*Status of implementation of quarterly review procedures
This quarterly *kessan tanshin* document is outside the scope of quarterly review procedures based on the Financial Instruments and Exchange Act. As of the time of its disclosure, quarterly review procedures with respect to the quarterly financial statements were in the process of being implemented.

*Forward-looking statements, such as business forecasts, made in these financial statements are based on management's estimates, assumptions and projections at the time of publication. A number of factors could cause actual results to differ materially from expectations. For more information regarding our business forecasts, see supplementary results materials page 9, "*1. QUALITATIVE INFORMATION ON INTERIM PERIOD CONSOLIDATED RESULTS (3) Explanation of consolidated earnings forecasts*"

*Method of obtaining supplementary results materials
Supplementary results materials will be published on the website of Ajinomoto Co., Inc. ("the Company") on Tuesday, November 8, 2016

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1. QUALITATIVE INFORMATION ON INTERIM PERIOD CONSOLIDATED RESULTS

Owing to a change in accounting policy of EA Pharma Co., Ltd. (hereafter "EA Pharma," formerly Ajinomoto Pharmaceuticals Co., Ltd.), an equity-method affiliate of Ajinomoto, effective from at the first quarter of the fiscal year under review (April 1, 2016 to June 30, 2016), comparisons with previous fiscal-year and interim period results are based on retroactively revised figures for those periods. For details, please refer to page 10, "*2. SUMMARY INFORMATION (NOTES) (3) Changes in accounting policy, changes in accounting estimates, and retrospective restatements*."

Also, at the end of the previous fiscal year, the Company decided on a provisional accounting treatment related to the business combination of Ajinomoto General Foods, Inc. (hereafter "AGF"). Consolidated results for the interim period of the previous fiscal year have been revised to reflect a significant change in the initial distribution of the acquisition cost of AGF. For details, please refer to page 19, "*3. Consolidated Interim Period Financial Statements (3) Notes to the consolidated financial statements (Business mergers, etc.)*."

(1) Explanation of operating results

In the interim period under review, the global economy as a whole remained in a moderate recovery, led by improving conditions in the United States and Europe, while economic growth in China and other emerging countries continued to slow slightly.

The Japanese economy remained in a moderate recovery, with an improving employment environment countering lingering concerns about the strong yen's impact on corporate earnings and signs that some companies were holding off on capital investments.

In this environment, Ajinomoto is implementing its 2014–2016 Medium-Term Management Plan with the aim of becoming a "Genuine Global Specialty Company". Under this plan, the Company is striving to "Advance New Growth Drivers" and "Reinforce the Business Structure" by pursuing specialty businesses, while also endeavoring to "Build a Stronger Management Foundation" to guide the Company over the longer term.

Consolidated sales in the interim period under review fell 11.4% year on year, or ¥67.0 billion, to ¥522.5 billion, mainly owing to a forex-related decline in sales of seasonings and processed foods (international) and the impact of shifting EA Pharma from consolidated subsidiary status to an equity-method affiliate upon restructuring of the Company's pharmaceuticals business, as well as a big decline in sales of animal nutrition products. Operating income fell 17.1%, or ¥8.0 billion, to ¥39.1 billion, mainly reflecting a large decline in profits on animal nutrition products and forex impact. Ordinary income declined 14.7%, or ¥7.3 billion, to ¥42.4 billion. Profit attributable to owners of parent decreased 40.3%, or ¥16.9 billion, to ¥25.0 billion, with the decline largely reflecting the absence of the gain on the step acquisition of AGF that was recorded in the first quarter of fiscal 2015.

Consolidated operating results by segment

Results for individual business segments are summarized below.

From the first quarter of the current fiscal year, reporting segments have been changed, and results for the same periods of the previous fiscal year have been restated to match the new segment classifications following this change.

Billions of yen, rounded down

	Net sales	YoY change - amount	YoY change - Percent	Operating income	YoY change - amount	YoY change - percent
Japan food products	188.9	(2.1)	98.9%	15.2	3.3	128.6%
International food products	202.7	(31.6)	86.5%	19.2	(3.9)	83.2%
Life support	59.9	(14.5)	80.4%	1.6	(6.6)	20.1%
Healthcare	42.1	(2.5)	94.2%	3.3	0.1	105.1%
Other business	28.8	(16.0)	64.2%	(0.4)	(1.0)	-
Total	522.5	(67.0)	88.6%	39.1	(8.0)	82.9%

Note: Domestic and overseas sales of *ACTIVA®* products to food processing companies, and savory seasonings are included in the Japan Food Products segment. Domestic and overseas sales of umami seasoning *AJINO-MOTO®* for the food processing industry and nucleotides and sweeteners are included in the International Food Products segment.

1) Japan Food Products Segment

Japan Food Products segment sales decreased 1.1%, or ¥2.1 billion, to ¥188.9 billion, as growth in sales of Japan frozen foods was offset by a decline in sales of coffee products and Japan seasonings and processed foods due to the effect of sale of a subsidiary. Operating income, however, expanded 28.6%, or ¥3.3 billion, to ¥15.2 billion, mainly owing to the increase in Japan sales of frozen foods, etc.

Seasonings and processed foods: Sales of our household-use products increased year on year. Although sales of Chinese menu seasoning *Cook Do®* were flat year on year, the category's overall sales gain was driven by a big year-on-year increase in sales of tube-type Chinese seasoning paste *Cook Do®* Koumi Paste, in addition to higher sales of other products, such as *Knorr® Cup Soup*.

Sales of commercial seasonings and processed foods declined year on year. Sales of seasoning products for restaurant use increased, driven by higher sales of functional food products that enhance texture and quality of rice and meat while drawing out their flavors. In addition to the impact of partial sale of a subsidiary, however, overseas sales of *ACTIVA®*, a food enzyme (transglutaminase), fell below previous year levels due to the negative forex and other impacts.

As a result of the above, overall sales of seasonings and processed foods in the Japan Food Products segment were lower than previous year's result.

Frozen foods: Sales of home-use frozen foods increased over the previous year's level. Sales of Gyoza increased sharply, supported by strengthening of sales campaigns ahead of the high-demand summer season. Sales of *THE CHA-HAN* (fried rice) also increased.

Sales of frozen foods targeted at the commercial market increased year on year on strong sales of chicken and dessert product offerings.

As a result, overall sales of frozen foods were higher than in the interim period of the previous year.

Coffee products: Sales of home-use coffee products declined year on year, as sales gains by 3-in-1 stick products and instant coffee were overweighed by a decline in sales of botted coffee products and gift-packaged products.

Sales of commercial-use coffee decreased, due to lower sales to major customers.

As a result, overall sales of coffee products in the interim period under review were lower than in the same period of the previous year.

2) International Food Products Segment

International food products segment sales decreased 13.5%, or ¥31.6 billion, to ¥202.7 billion, as the strong yen depressed yen-based sales of overseas seasonings and processed foods, frozen foods, and umami seasonings and sweeteners for processed food manufacturers. The negative forex impact also depressed segment operating income, which fell 16.8%, or ¥3.9 billion, to ¥19.2 billion.

Seasonings and processed foods: In Asia, many products posted year-on-year sales gains on a local-currency basis—including umami seasoning *AJI-NO-MOTO*® in the Philippines, Vietnam, and Thailand; *RosDee*® flavor seasonings and instant noodles in Thailand, and *Masako*® flavor seasonings in Indonesia. On a yen-basis, however, interim period sales of these products fell below previous-year levels owing to unfavorable forex rates.

In the Americas, region-wide sales decreased as the negative effect of exchange rate fluctuations offset growth in sales on a local currency basis of such products as the flavor seasoning *Sazón*® in Brazil.

Sales in Europe and Africa declined sharply on an overall basis, as sales of *AJI-NO-MOTO*® in Africa declined significantly from the interim period of the previous fiscal year.

As a result, overall sales of seasonings and processed foods were lower than in the interim period of the previous year.

Frozen foods: Overseas sales of frozen foods fell year on year, on a decline in sales at Ajinomoto Windsor, Inc., and the negative impact of the strong yen.

Umami seasonings for processed food manufacturers and sweeteners: Sales of *AJI-NO-MOTO*® to the food processing industry fell sharply year on year, as higher average sales prices in Japan and overseas were offset by the lower domestic and overseas sales volumes and the negative forex impact on overseas sales expressed in yen.
Sales of nucleotides were around the same level as the previous interim period, resulting from strong increases in overseas sales volumes, which offset the negative impact of domestic and overseas sales prices being lower than a year ago.

Sales of sweeteners fell sharply, adversely affected by lower sales volumes of aspartame for the processing industry and the adverse forex impact.

Overall, interim period sales of umami seasonings for processed food manufacturers and sweeteners were sharply lower than a year earlier.

3) Life Support Segment

Life Support segment sales fell 19.6%, or ¥14.5 billion, to ¥59.9 billion. Sales of specialty chemicals were flat year on year, but sales of animal nutrition products were sharply lower. Segment operating income declined 79.9%, falling ¥6.6 billion to ¥1.6 billion, owing to lower profits on sales of specialty chemicals and a large drop in income from animal nutrition.

Animal nutrition: Lysine sales fell sharply in the interim period, as both sales volume and prices were lower than a year earlier. Sales volumes for threonine were higher and tryptophan were significantly higher than a year earlier, with shipment volumes of the latter up sharply. However, sales for both products declined year on year owing to sharply lower prices. Sales of specialty products, such as Valine, decreased.

Overall, interim period sales of animal nutrition products were sharply lower than a year earlier.

Specialty chemicals: Overall interim period sales of specialty chemicals were in line with the previous year's result. Sales of cosmetics ingredients decreased owing to unfavorable forex rates, but sales of insulation film for build-up printed wiring board used in semiconductor packaging were higher than year earlier.

4) Healthcare Segment

Healthcare segment sales decreased 5.8%, or ¥2.5 billion to ¥42.1 billion, owing to declines in sales of amino acids for pharmaceuticals and foods as well as sales of pharmaceutical custom manufacturing services. Sales in both product categories were negatively affected by forex conditions. Segment operating income, however, rose 5.1%, or ¥0.1 billion, to ¥3.3 billion, on an increase in the profitability of our pharmaceutical custom manufacturing service and amino acids for pharmaceuticals and foods.

Amino acids: Sales of our amino acids for pharmaceuticals and foods declined year on year, as the unfavorable forex rates depressed overseas sales, offsetting a large gain in sales in Japan. The pharmaceutical custom manufacturing service also saw significant revenues fall as forex rates negatively affected sales in Europe.

As a result, overall sales of amino acids were below the previous-year level.

5) Other Business

Other business sales decreased 35.8%, or ¥16.0 billion, to ¥28.8 billion, reflecting the impact of shifting EA Pharma from consolidated subsidiary status to an equity-method affiliate upon restructuring of the Company's pharmaceuticals business. The segment posted an operating loss of ¥0.4 billion, representing a ¥1.0 billion deterioration from the previous year's result.

(2) Explanation of financial position

As of September 30, 2016, total assets amounted to ¥1,153.1 billion, ¥108.9 billion less than the ¥1,262.1 billion recorded at the end of the previous fiscal year. The decline in assets mainly reflects a decrease in the value of assets on the balance sheets of overseas subsidiaries when converted into Japanese yen, buybacks of the Company's shares, and EA Pharma being accounted for as an equity-method affiliate instead of a consolidated subsidiary.

Total liabilities totaled ¥528.3 billion, ¥41.8 billion less than the ¥570.1 billion on the balance sheet at the end of the previous fiscal year. Interest-bearing debt totaled ¥257.8 billion, ¥6.8 billion less than at the end of the previous fiscal year.

Net assets fell ¥67.1 billion from to the end of the previous fiscal year, owing to the use of cash for the buyback and retirement of Company shares and declines related to foreign currency translation adjustments. As of September 30, 2016, shareholders' equity, which is net assets minus non-controlling interests, totaled to ¥561.9 billion, for a shareholders' equity ratio of 48.7%.

(3) Explanation of consolidated earnings forecasts

Based on the Group's performance in the first six-months of the fiscal year and a review of its full-year earnings forecast, management has revised the full-year forecasts announced on May 10, 2016.

For details, please refer to "Revision to Consolidated Performance Forecast for the Fiscal Year Ending March 31, 2017" released today.

2. SUMMARY INFORMATION (NOTES)

(1) Transfer of important subsidiaries in the interim period under review:

(Other business)

Ajinomoto Pharmaceuticals Co., Ltd. (hereafter “Ajinomoto Pharmaceuticals”, currently EA Pharma Co., Ltd., hereafter “EA Pharma”), which is a wholly owned subsidiary of the Company, acquired a portion of the gastrointestinal disease treatment related business of Eisai Co., Ltd. (hereafter “Eisai”) through an absorption-type demerger as of April 1, 2016, shares of EA Pharma having been delivered to Eisai in compensation of such acquisition.

As a result, EA Pharma has become an equity-method affiliate with a 40% of stake in this first quarterly period, excluded from a consolidated subsidiary (specified subsidiary).

(2) Adoption of special accounting methods for preparation of quarterly financial statements:

Method of estimating tax expenses

The Company and its consolidated subsidiaries estimate tax expenses by making a reasonable estimation of the effective tax rate on net income before income taxes after the application of tax effect accounting for the fiscal year, including the interim period under review, and applying this rate to net income before income taxes for the interim period under review. However, for the Company and any subsidiaries for which calculating tax expenses using an estimation of the effective tax rate would significantly lack rationality, tax expenses are estimated by using the statutory effective tax rate and factoring in material additions or deductions.

(3) Changes in accounting policy, changes in accounting estimates, and retrospective restatements:

(Changes in accounting policy of equity-method affiliates)

The Group has changed accounting policy of EA Pharma about revenue recognition from the first quarter of the fiscal year under review.

As mentioned in “*(1) Transfer of important subsidiaries in the interim period under review*,“ EA Pharma was established through the acquisition of a portion of the gastrointestinal disease treatment related business of Eisai. The wholly owned subsidiary Ajinomoto Pharmaceuticals, which mainly conducts food products business, acquired the aforementioned business of Eisai, which mainly conducts pharmaceutical business. By this trans-industry integration, Eisai has become the parent company of EA Pharma, and EA Pharma changes the way of managing the business to the way applied by the new parent company. Therefore, change of accounting policy was believed to be reasonable.

The major changes are described below.

Revenue recognition

As to royalty revenue when the Company derives the treatment agent and sales related rights to external firms, in the past it was fully recognized at the time of acceptance based on the contract, however, from the first quarter of the fiscal year under review, the recognition method has been changed to the method where the royalty before gaining approval of product sales is posted in reverse of research and development, the royalty after gaining approval of product sales is separately recognized as revenue according to the contract period.

The change in accounting policy has been applied retrospectively to the consolidated financial statement. The interim period and full-year period of the previous fiscal year have been adjusted retrospectively.

Compared with the accounting policy before retrospective adjustment, sales in the interim period of the fiscal year declined ¥265 million, while, operating income, ordinary income, and net income before income taxes, respectively declined ¥155 million. Reflecting the cumulative impact on net assets at the beginning of the previous year, retained earnings at the beginning of previous year declined ¥4,208 million.

Details regarding the impact of this change on segment information are stated in page 16 "*(3) Notes to the consolidated financial statements (Segment information)*".

(4) Additional information

(Adoption of the Implementation Guidance on Recoverability of Deferred Tax Assets)

The Company has adopted "Implementation Guidance on Recoverability of Deferred Tax Assets" (Guideline of Financial Accounting Standard of Japan, March 28, 2016) in this first quarterly period.

3. CONSOLIDATED INTERIM PERIOD FINANCIAL STATEMENTS

(1) Consolidated Balance Sheet

Millions of yen, rounded down

	As of end of interim period (September 30, 2016)	As of end of previous fiscal year (March 31, 2016)
Assets		
Current assets		
Cash on hand and in banks	154,810	221,242
Notes and accounts receivable	159,002	181,860
Goods and products	112,373	116,303
Goods in process	8,793	8,270
Raw materials and supplies	50,970	54,833
Deferred tax assets	9,412	9,711
Other	35,570	33,034
Allowance for doubtful accounts	(1,121)	(1,191)
Total current assets	529,812	624,063
Fixed assets		
Tangible fixed assets		
Buildings and structures	345,247	362,650
Accumulated depreciation and accumulated impairment losses	(210,633)	(218,576)
Net buildings and structures	134,614	144,074
Machinery and vehicles	554,137	588,820
Accumulated depreciation and accumulated impairment losses	(415,584)	(438,207)
Net machinery and vehicles	138,553	150,613
Land	51,506	53,772
Construction in progress	18,687	22,260
Other	68,330	73,725
Accumulated depreciation and accumulated impairment losses	(53,546)	(58,245)
Net other assets	14,784	15,480
Total tangible fixed assets	358,146	386,201
Intangible fixed assets		
Goodwill	80,060	89,450
Other	38,105	46,560
Total intangible fixed assets	118,166	136,011
Investments and other assets		
Investments in securities	129,768	96,133
Long-term loans receivable	1,199	1,084
Deferred tax assets	5,045	4,930
Net defined benefit assets	1,135	964
Other	10,055	13,343
Allowance for doubtful accounts	(161)	(320)
Allowance for investment losses	-	(297)
Total investments and other assets	147,043	115,837
Total fixed assets	623,356	638,050
Total assets	1,153,168	1,262,113

(Continued)

	Millions of yen, rounded down	
	As of end of interim period (September 30, 2016)	As of end of previous fiscal year (March 31, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable	87,743	90,459
Short-term borrowings	5,418	6,456
Current portion of long-term borrowings	11,125	11,189
Accrued income taxes	9,520	10,288
Bonus reserve	7,380	9,863
Bonus reserve for directors and others	139	427
Provision for shareholder benefit program	22	160
Asset retirement obligations	-	27
Other	87,169	104,432
Total current liabilities	208,520	233,304
Long-term liabilities		
Corporate bonds	89,996	89,995
Long-term borrowings	149,394	155,211
Deferred tax liabilities	11,519	13,892
Accrued retirement benefits for directors and others	429	435
Provision for loss on guarantees	688	681
Allowance for environmental measures	560	585
Liability for retirement benefit	46,560	52,325
Asset retirement obligations	713	594
Other	19,969	23,158
Total long-term liabilities	319,830	336,880
Total Liabilities	528,351	570,185
Net assets		
Shareholders' equity		
Common stock	79,863	79,863
Capital surplus	3,872	26,031
Retained earnings	586,863	578,451
Treasury stock	(6,888)	(6,944)
Total shareholders' equity	663,711	677,402
Accumulated other comprehensive income		
Unrealized holding gain on securities	15,472	17,804
Unrealized gain (loss) from hedging instruments	(1,449)	(1,578)
Translation adjustments	(92,270)	(47,746)
Accumulated adjustments for retirement benefits	(23,545)	(26,008)
Total accumulated other comprehensive income (loss)	(101,793)	(57,529)
Non-controlling interests	62,899	72,056
Total net assets	624,817	691,928
Total liabilities and net assets	**1,153,168**	**1,262,113**

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

Consolidated Statement of Income

Millions of yen, rounded down

	Interim period (April 1, 2016 to September 30, 2016)	Interim period (April 1, 2015 to September 30, 2015)
Net sales	522,559	589,583
Cost of sales	338,531	385,025
Gross profit	184,027	204,558
Selling, general and administrative expenses	144,869	157,314
Operating income	39,157	47,244
Non-operating income		
Interest income	1,501	1,437
Dividend income	758	736
Equity in earnings of non-consolidated subsidiaries and affiliates	2,813	937
Other	1,112	2,339
Total non-operating income	6,186	5,451
Non-operating expenses		
Interest expense	1,199	1,105
Other	1,706	1,834
Total non-operating expenses	2,905	2,940
Ordinary income	42,438	49,754
Extraordinary gains		
Gain on sale of shares in affiliated companies	2,560	-
Gain on step acquisitions	-	18,027
Other	894	318
Total extraordinary gains	3,455	18,345
Extraordinary losses		
Loss on disposal of fixed assets	1,188	819
Loss on change in equity	1,139	-
Loss on liquidation of subsidiaries	-	6,587
Other	2,237	1,660
Total extraordinary losses	4,564	9,067
Net income before taxes	41,329	59,032
Income taxes – total	11,427	11,330
Net income	29,901	47,702
Profit attributable to non-controlling interests	4,865	5,745
Profit attributable to owners of parent	25,036	41,957

Consolidated Statement of Comprehensive Income

Millions of yen, rounded down

	Interim period (April 1, 2016 to September 30, 2016)	Interim period (April 1, 2015 to September 30, 2015)
Net income	29,901	47,702
Other comprehensive income		
Unrealized holding gain (loss) on securities	(2,351)	653
Unrealized gain (loss) from hedging instruments................	164	(326)
Translation adjustments..	(50,553)	(40,718)
Adjustment for retirement benefits..	1,829	1,669
Share of other comprehensive income of equity method affiliates ...	261	(770)
Total other comprehensive income	(50,649)	(39,493)
Comprehensive income	(20,747)	8,209
(Breakdown)		
Comprehensive income attributable to owners of parent	(19,551)	10,019
Comprehensive income attributable to non-controlling interests	(1,196)	(1,810)

(3) Notes to the consolidated financial statements

Notes regarding premise of a going concern

No applicable items.

Notes regarding marked changes in amount of shareholders' equity

The Company resolved at the meeting of its Board of Directors on May 10, 2016, to acquire its treasury stock under Article 156, as applied pursuant to paragraph 3, Article 165, of the Corporate Law. Accordingly, the Company buybacked 11,899,300 shares of common stock at ¥29,999 million in the market via a trust bank during the period from May 11, 2016 to July 15, 2016.

The Company, at its Board of Directors meeting held on July 28, 2016, determined retirement of treasury stock pursuant to Article 178 of the Corporate Law. The 11,899,300 shares of our common stock were retired on August 9, 2016. Accordingly, capital surplus, retained earnings, and treasury stock decreased ¥22,158 million, ¥7,903 million and ¥30,061 million respectively. After this, the number of shares outstanding is 571,863,354 shares.

Segment information

I. Interim period of the fiscal year ending March 31, 2017 (April 1, 2016 to September 30, 2016)

1. Information on sales, income or loss, assets and other items by reporting segment

Millions of yen, rounded down

	Reporting segment				Other Business*	Adjustment amount	Consolidated
	Japan Food Products	International Food Products	Life Support	Healthcare			
Sales							
(1) Sales to third parties	188,904	202,762	59,920	42,164	28,808	-	522,559
(2) Intra-group sales and transfers	1,885	2,933	1,248	1,131	27,697	(34,895)	-
Total sales	190,789	205,695	61,168	43,295	56,505	(34,895)	522,559
Segment income (loss) (Operating income (loss))	15,291	19,289	1,668	3,374	(466)	-	39,157

Note: Other business includes the business tie-ups, the packaging business, the logistics business and other service businesses.

2. Change in reporting segments

As mentioned in *"2. SUMMARY INFORMATION (NOTES), (3) Changes in accounting policy, changes in accounting estimates, and retrospective restatements"* , in accordance with the change in accounting policy of EA Pharma, an equity-method affiliate of the Company, the impact of the retrospective restatement has been reflected in the figures for the interim period of the previous fiscal year.

From this first quarter of period, pharmaceutical and nutrition care businesses used to belong to the "Healthcare" segment have been included respectively in the "Other Business" and the "Japan Food Products" segments.
Accordingly, the segment information for the interim period of the previous fiscal year has been adjusted and restated reflecting the segment change. As is described in the "*1. Information on sales, income or loss, assets and other items by reporting segment"* for the interim period of the previous fiscal year.

3. Information by region

Millions of yen, rounded down

	"Japan"	"Asia"	"Americas"	"Europe"	Total
Sales..	244,246	135,232	110,204	32,875	522,559
Percentage of total consolidated sales	46.7%	25.9%	21.1%	6.3%	100.0%

Note: Sales are based on the location of customers, and are classified by country or region.

4. Information on fixed assets, impairment losses and goodwill by reporting segment

No applicable items.

II. Interim period of the fiscal year ended March 31, 2016 (April 1, 2015 to September 30, 2015)

1. Information on sales, income or loss, assets and other items by reporting segment

Millions of yen, rounded down

	Reporting segment				Other Business	Adjustment amount	Consolidated
	Japan Food Products	International Food Products	Life Support	Healthcare			
Sales							
(1) Sales to third parties......................	191,059	234,416	74,498	44,757	44,851	-	589,583
(2) Intra-group sales and transfers............	823	2,895	1,364	1,207	27,207	(33,498)	-
Total sales............	191,882	237,312	75,863	45,964	72,058	(33,498)	589,583
Segment income(loss) (Operating income (loss))...........................	11,894	23,196	8,309	3,211	632	-	47,244

Note1: Other business includes the business tie-ups, the packaging business, the logistics business and other service businesses.

Note2: The segment results for the interim period of the previous fiscal year have been retrospectively restated to reflect changes in the classification of business segments. For more information on the change, see "*I. Interim period of the fiscal year ending March 31, 2017 (April 1, 2016 to September 30, 2016) 2. Change in reporting segments*".

Note3: Regarding AGF's business combination in the interim period of the previous fiscal year, the provisional accounting treatment was tentatively applied, as the allocation of acquisition costs had not yet been completed. However, the Company finalized the allocation of the acquisition costs at the end of previous fiscal year, and consolidated results for the interim period of the previous fiscal year have been revised to reflect it. As a result, segment income in "Japan Products" declined ¥682 million in the interim period of the previous fiscal year.

Note4: Along with the change in accounting policy of EA Pharma, an equity-method affiliate of the Company, the impact of the retrospective restatement has been reflected in the figures for the interim period of the previous fiscal year. Accordingly, sales to third parties in "others" and segment income decreased respectively ¥265 million and ¥155 million in the interim period of the previous fiscal year.

2. Information by region

Millions of yen, rounded down

	"Japan"	"Asia"	"Americas"	"Europe"	Total
Sales..	259,158	146,235	128,292	55,896	589,583
Percentage of total consolidated sales	44.0%	24.8%	21.8%	9.5%	100.0%

Note1: Sales are based on the location of customers, and are classified by country or region.

Note2: Along with the change in accounting policy of EA Pharma, an equity-method affiliate of the Company, the impact of the retrospective restatement has been reflected in the figures for the interim period of the previous fiscal year. Accordingly, in the interim period of the previous fiscal year, sales in "Japan" decreased ¥265 million, percentages of total consolidated sales has not changed.

3. Information on fixed assets, impairment losses and goodwill by reporting segment

Significant impairment losses in fixed assets

No applicable items.

Significant change in the amount of good will

The amount of goodwill that occurred from the business combination of AGF in the previous first quarter period was calculated tentatively because the allocation of acquisition cost had not been completed. At the end of the previous fiscal year, however, the allocation was completed and the provisional accounting treatment was finalized. As a result of it, the amount of goodwill has been modified. For the details, see *"3. CONSOLIDATED INTERIM PERIOD FINANCIAL STATEMENTS (Business mergers, etc.)".*

Significant gain on negative goodwill

No applicable items.

(Reference)

Segment information by geographical area

Interim period of the fiscal year ending March 31, 2017

Millions of yen, rounded down

	"Japan"	"Asia"	"Americas"	"Europe"	Total
Sales to third parties	253,507	122,487	106,747	39,817	522,559
Percentage of total consolidated sales	48.5%	23.4%	20.4%	7.6%	100.0%
Operating income......................................	16,089	18,802	3,875	391	39,157
Percentage of total consolidated operating income......................................	41.1%	48.0%	9.9%	1.0%	100.0%

Interim period of the fiscal year ended March 31, 2016

Millions of yen, rounded down

	"Japan"	"Asia"	"Americas"	"Europe"	Total
Sales to third parties	268,485	138,759	126,157	56,180	589,583
Percentage of total consolidated sales	45.5%	23.5%	21.4%	9.5%	100.0%
Operating income......................................	16,177	21,239	7,723	2,103	47,244

Percentage of total consolidated operating income..	34.2%	45.0%	16.3%	4.5%	100.0%

Note 1: Geographical area segments are categorized on the basis of geographic proximity and indicated in inverted commas.

Note 2: Main countries and regions in segments other than “Japan”:

“Asia”: Countries of East and Southeast Asia

“Americas”: Countries of North, Central and South America

“Europe”: Countries of Europe and Africa

Note3: Regarding business combination of AGF in the interim period of the previous fiscal year, the provisional accounting treatment was tentatively applied as the allocation of acquisition costs had not yet been completed. However, the Company finalized the allocation of the acquisition costs at the end of previous fiscal year, and consolidated results in the interim period of the previous fiscal year have been revised to reflect it. As a result, operating income in “Japan” declined ¥682 million.

Note4: Along with the change in accounting policy of EA Pharma, an equity-method affiliate of the Company, the impact of the retrospective restatement has been reflected in the figures in the interim period of the previous fiscal year. Accordingly, in the previous interim period, sales to third party and operating income in “Japan” declined respectively ¥265 million and ¥155 million.

Business mergers, etc.

Integration through acquisition

Significant change in the original allocation of the acquisition cost included in comparative data

In its consolidated accounts for the interim period of fiscal 2015, the Company used a provisional accounting treatment to account for the acquisition of shares that resulted in AGF becoming a consolidated subsidiary on April 23, 2015. However, the actual allocation the acquisition cost was determined at the end of the previous fiscal year.

In line with this final determination, the comparative data in the consolidated balance sheet for the interim period of the year under review reflect a significant change in the original allocation of the acquisition cost of AGF. The main change was the allocation of ¥5,704 million in customer-related assets accounted for as intangible fixed assets. As result, the provisional calculation of goodwill related to the AGF acquisition of ¥35,198 million was reduced by ¥4,937 million to ¥30,261 million.

Owing to a result of this change, mainly a decrease in amortization of goodwill and an increase in depreciation of intangible fixed assets, the consolidated statement of income for the interim period of the previous fiscal year has been adjusted as follows: operating income, ordinary income, and net income before taxes were each reduced by ¥682 million, net income was reduced by ¥401 million, and profit attributable to owners of the parent was reduced by ¥395 million.

Significant Subsequent Events

1. Acquisition of important intangible fixed assets

On October 31, 2016, Ajinomoto Co., Inc., entered into an agreement to acquire the trademarks that are currently licensed to Ajinomoto General Foods, Inc. ("AGF") and other rights from Koninklijke Douwe Egberts B.V. ("Koninklijke"), a group company of Jacobs Douwe Egberts B.V. ("Jacobs").

(1) Reason for the asset acquisition

In April 2015, Ajinomoto acquired additional 50% equity stake in AGF held by an affiliate of Mondelēz International, Inc. ("Mondelēz") for ¥27,000 million and made AGF a wholly owned consolidated subsidiary. However, the rights to the trademarks for AGF products, including *Blendy*® and *MAXIM*®, that were initially held by Mondelēz were later acquired by Jacobs' group company Koninklijke when it took over the coffee business from Mondelēz. AGF has since used the trademarks under licensing agreements. Ajinomoto has agreed to acquire the trademarks and other rights from Koninklijke on October 31, 2016.

The acquisition removes restrictions on Ajinomoto and AGF in such areas as new product development, brand logos, and licensing to other companies, thus enabling the Ajinomoto Group to conduct an autonomous brand strategy. It also eliminates the risk of the termination of trademark licenses.

(2) Name of company transferring trademark rights

1) Name: Koninklijke Douwe Egberts B.V. (group company of Jacobs Douwe Egberts B.V.)

2) Location: The Netherlands

(3) Type of assets being transferred

All trademarks licensed to AGF by Koninklijke and all trademarks held jointly by AGF and Koninklijke. For *MAXIM*®, the agreement covers only the trademark used in Japan.

1) Licensed trademarks

Blendy®, *MAXIM*®, *TRIPLESSO*®, *Chyotto Zeitakuna Kohiten*®, *Teaheart*®, *Shin-Chajin*® and others

2) Jointly held trademarks

Coffee Gift wa AGF® and others

(4) Acquisition date

October 31, 2016

(5) Acquisition price

€225 million (¥25,907 million)

2. Acquisition of equity interest in significant equity-method affiliate

The Company on November 8, 2016, entered into an agreement to acquire 33.33% of the outstanding shares of Promasidor Holdings Limited (“Promasidor”), a major processed food manufacturer with operations in 36 nations on the African continent. The total acquisition cost is US$532 million.

(1) Reason for the acquisition

Promasidor is a seasonings and processed foods maker with operations in 36 African nations. It manufactures and sells powdered milk, powdered beverages, flavor seasonings, cereals, and other products. The Promasidor brand has established a broad presence in markets throughout Africa.

The African continent has a population of around 1.2 billion, and it is expected Africa will continue to grow and form a huge economic region. The growth of the middle-income consumer segment that is essential to economic growth is expected to contribute to more diverse demand for food products and an increasing need for simplicity, especially among younger consumers, which in turn is expected to generate strong growth of the market for seasonings and processed foods.

Ajinomoto has been promoting its seasonings business, focused on the umami seasoning *AJI-NO-MOTO®,* in Africa through local subsidiaries, such as WEST AFRICAN SEASONING CO., LTD., established in Nigeria in 1991, Ajinomoto Foods Egypt S.A.E., established in 2011, and AJINOMOTO AFRIQUE DE L'OUEST S.A. established in Côte d'Ivoire in 2012. By taking an equity stake in Promasidor, Ajinomoto will be able to combine Promasidor’s powerful sales and distribution network with its own extensive product development capabilities and production technologies as it seeks to become a leading player in the region’s seasonings and processed foods industry together with Promasidor and contribute to the richness of local food culture.

Ajinomoto will actively participate in the management and business operations of Promasidor through representation on its board of directors and in other ways, and the two companies will also consider integrating their Nigerian subsidiaries.

(2) Name of the new equity-method affiliate, business content and scale

1) Company name: Promasidor Holdings Limited
2) Business description: Production and sale of powdered milk, powdered beverages, cereals, and flavor seasonings, etc.
3) Scale of operations: Has operations in 36 African nations, with a major presence in Nigeria, Algeria, Ghana, the Democratic Republic of the Congo, and Angola

(3) Date of equity acquisition

November 8, 2016

(4) Number of shares acquired, total acquisition cost, and post-acquisition ownership ratio

Number of shares acquired: 8,965
Total acquisition cost: US$532 million (about ¥55,800 million*)
(*USD 1 = JPY 104.86 (Exchange rate as of October 31, 2016))
Company’s ownership ratio: 33.33% (8.33% acquired from Plexus Investments Limited and 25.00% from Tana Promasidor Holdings Limited)
After the share acquisition, Promasidor Holdings Limited will become an equity-method affiliate of Ajinomoto.

(5) Procurement of acquisition funds

On November 1, 2016, the Company issued ¥50.0 billion in commercial paper as a short-term bridge financing to fund share acquisition. The CP interest rate has been determined with reference to short-term market interest rates and the company plans to fully redeem this CP issue on November 29, 2016.