



Ajinomoto Co., Inc.

Consolidated Results

Fiscal Year Ended March 31, 2017

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 beliefs made by management in light of information currently available. Actual financial results may differ materially 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 (Consolidated)

For the fiscal year ended March 31, 2017

Ajinomoto Co., Inc.

May 15, 2017

Stock Code:	2802	Listed exchanges:	Tokyo
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President:	Takaaki Nishii		General Manager
Scheduled date of the general meeting of shareholders:	June 27, 2017		Finance and Accounting
Scheduled date of starting payment of dividend:	June 28, 2017		Department
Scheduled date of submission of securities report:	June 27, 2017		
Creation of supplementary results materials:	Yes	Telephone:	813 5250-8161
Results briefing:	Yes(for analysts)		

1. Consolidated Financial Results for the Fiscal year Ended March 31, 2017

1) Consolidated Operating Results

Millions of yen, rounded down

	FY ended March 31, 2017		FY ended March 31, 2016	
		Change %		Change %
Net sales	1,091,414	(7.8)	1,184,100	-
Operating income	85,339	(6.1)	90,880	-
Ordinary income	90,270	(4.1)	94,168	-
Profit attributable to owners of parent	52,595	(17.1)	63,427	-
Earnings per share (¥)	¥91.99	-	¥107.86	-
Fully diluted earnings per share (¥)	-	-	-	-
Return on equity	8.5%	-	9.8%	-
Ratio of ordinary income to total assets	6.9%	-	7.5%	-
Ratio of operating income to net sales	7.8%	-	7.7%	-

Comprehensive income:

FY ended March 31, 2017: ¥ 61,968 million (- %) FY ended March 31, 2016: ¥ 380 million (- %)

Gain from investments in subsidiaries and affiliates accounted for by the equity method:

FY ended March 31, 2017: ¥ 4,345 million FY ended March 31, 2016: ¥ 1,558 million

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

2) Financial Position

Millions of yen, rounded down

	As of March 31, 2017	As of March 31, 2016
Total assets	1,336,931	1,262,113
Net assets	697,773	691,928
Shareholders' equity ratio (%)	46.6%	49.1%
Net assets per share (¥)	¥1,094.83	¥1,066.84

Note: Shareholders' equity: As of March 31, 2017: ¥ 623,106 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.

3) Cash Flows

	Millions of yen, rounded down	
	FY ended March 31, 2017	FY ended March 31, 2016
Net cash provided by operating activities	108,024	125,219
Net cash used in investing activities	(141,749)	(53,824)
Net cash provided (used) in financing activities	16,175	(3,288)
Cash and cash equivalents at end of year	181,144	217,791

2. Dividends

	FY ended March 31, 2016	FY ended March 31, 2017	FY ending March 31, 2018 (forecast)
Dividend per share			
Interim	¥13.00	¥15.00	¥15.00
Year-end	¥15.00	¥15.00	¥15.00
Annual	¥28.00	¥30.00	¥30.00
Total annual dividend amount	¥16,408	¥17,074	
Dividend payout ratio	26.0%	32.6%	30.0%
Ratio of dividends to net assets	2.5%	2.8%	

3. Forecast for the Fiscal Year Ending March 31, 2018

	Millions of yen rounded down	
	FY ending March 31, 2018 (IFRS)	
		Change (%)
Sales	1,187,000	-
Business profit	102,000	-
Profit attributable to owners of the parent company	57,000	-
Earnings per share	¥100.00	-

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

Note1: As for the consolidated earnings forecast for the fiscal year ending March 31, 2018, as the Company has decided to apply International Financial Reporting Standard (hereafter IFRS) non-mandatorily from the consolidated financial statements in the Securities Report in the fiscal year ended March 31, 2017, the Company calculates the figures based on IFRS. Accordingly increase-decrease rate to the actual record in the year ended March 31, 2017, adopting Japanese standards, has not stated.

Note2: 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 Council. "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."

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.)

2) 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 24, "3. CONSOLIDATED FINANCIAL STATEMENTS (5) Note to the Consolidated Financial Statements (Changes in Accounting Policy)."



3) Number of shares outstanding (ordinary shares)

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

March 31, 2017: 571,863,354 shares March 31, 2016: 583,762,654 shares

(2) Number of treasury shares at end of period

March 31, 2017: 2,729,750 shares March 31, 2016: 2,724,205 shares

(3) Average number of shares during period

April 1, 2016 to March 31, 2017: 571,779,249 shares April 1, 2015 to March 31, 2016: 588,064,906 shares

Note: See "Per Share Information" on page 36 for details on the number of outstanding shares used as the basis of calculation of earnings per share.

*Status of implementation of audit procedures

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

* Appropriate Use of Earnings Forecast and Other Important Information

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 10, "1. QUALITATIVE INFORMATION YEAR END CONSOLIDATES RESULTS / Explanation of Operating Results 2. Outlook for the Fiscal Year Ending March 31, 2018."

Method of obtaining supplementary results materials

Supplementary results materials will be published on the website of Ajinomoto Co., Inc. ("the Company") on Monday, May 15, 2017.

Table of contents

1.	Qualitative Information Year End Consolidates Results	6
I	Explanation of Operating Results	6
II	Explanation of Financial Position	11
III	Basic Policy Regarding Allocation of Profits and Dividends for Fiscal Year Ended March 31, 2017 and Fiscal Year Ending March 31, 2018	12
2.	Basic Rationale For the Selection Of Accounting Standards	12
3.	Consolidated Financial Statements	13
(1)	Consolidated Balance Sheet	13
(2)	Consolidated Statement of Income and Consolidated Statement of Comprehensive Income	15
	Consolidated Statement of Income	15
	Consolidated Statement of Comprehensive Income.....	16
(3)	Consolidated Statement of Changes in Net Assets	17
(4)	Consolidated Statement of Cash Flows	19
(5)	Notes to the Consolidated Financial Statements	21
	Notes Regarding Premise of a Going Concern.....	21
	Significant Items for the Preparation of Consolidated Financial Statements	21
	Changes in Accounting Policy.....	24
	Changes in Presentation	25
	Additional Information.....	26
	Consolidated Statement of Income	26
	Business Combinations, etc.	27
	Segment Information	29
	Per Share Information	36
	Significant Subsequent Events.....	37

1. QUALITATIVE INFORMATION YEAR END CONSOLIDATES RESULTS

I. Explanation of Operating Results

Owing to a change in accounting policy at Ajinomoto equity-method affiliate EA Pharma Co., Ltd. (hereafter “EA Pharma,” formerly Ajinomoto Pharmaceuticals Co., Ltd.) effective from the fiscal year under review (April 1, 2016 to March 31, 2017), comparisons with results of the previous fiscal year are based on retroactively revised figures for that period. For details, please refer to page 24, “3. Consolidated Financial Statements (5) Notes to the Consolidated Financial Statements (Changes in Accounting Policy).”

1. Consolidated results outline

Billions of yen, rounded down

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent
FY ended March 31, 2017	1,091.4	85.3	90.2	52.5
FY ended March 31, 2016	1,184.1	90.8	94.1	63.4
Change	92.2%	93.9%	95.9%	82.9%

Overview of results for the fiscal year under review

In the fiscal year under review, the global economy as a whole remained in a moderate recovery, with improving conditions in the United States and Europe offsetting weakness in the economies of some emerging countries.

The Japanese economy remained in a moderate recovery, and the employment environment continued to improve despite the strong yen’s impact on corporate earnings and signs that the recovery in capital investment was stagnating.

In this environment, Ajinomoto is implemented 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 net sales for fiscal year ended March 31, 2017, declined 7.8% year on year, or ¥92.6 billion, to ¥1,091.4 billion. The decline was mainly due to 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 large drop in sales of animal nutrition products and a forex-related decline in sales of seasonings and processed foods (international). Operating income fell 6.1%, or ¥5.5 billion, to ¥85.3 billion, mainly reflecting a large decline in profits on animal nutrition products and the forex impact. Ordinary income declined 4.1%, or ¥3.8 billion, to ¥90.2 billion.

Profit attributable to owners of parent fell 17.1%, or ¥10.8 billion, to ¥52.5 billion, with the decline largely reflecting the absence of the gain on the sale of the Company’s entire equity stake in Nissin-Ajinomoto Alimentos Ltda. that was posted as an extraordinary gain in the Company’s consolidated accounts for the previous fiscal year.

Changes to main accounting items during the fiscal year under review

1) Net sales

Net sales fell 7.8% year on year, or ¥92.6 billion, to ¥1,091.4 billion. Sales in Japan decreased 6.3% year on year, or ¥34.9 billion, to ¥519.7 billion, primarily owing to the impact of shifting EA Pharma from consolidated subsidiary status to an equity-method affiliate upon restructuring of the Company’s pharmaceuticals business. Overseas sales fell 9.2%, or

¥57.7 billion, to ¥571.6 billion, primarily owing to lower sales of seasonings and processed foods and a big drop in sales of animal nutrition products. By specific overseas geographic region, sales declined 7.2% to ¥254.7 billion in Asia, 7.7% to ¥226.9 billion in the Americas, and 17.4% to ¥89.9 billion in Europe. The foreign sales ratio was 52.4%, compared with 53.1% in the previous year.

2) Cost of sales / Selling, general and administrative expenses

Cost of sales decreased 8.4%, or ¥64.8 billion, to ¥704.3 billion, in line with the decline in net sales. The ratio of the cost of sales to net sales improved by 0.5 percentage point to 64.5%, mainly due to cost reductions. Selling, general and administrative expenses fell 6.9%, or ¥22.2 billion, to ¥301.7 billion, reflecting reductions in sales promotion expenses and the forex impact.

3) Operating income

Operating income fell 6.1%, or ¥5.5 billion, to ¥85.3 billion. By region, operating income in Japan increased 6.3% to ¥40.6 billion, while operating income from overseas operations fell 15.1% to ¥44.6 billion. Overall profit from Japan operations increased on contributions from frozen foods, and seasonings and processed foods. Overseas profits, however, fell sharply owing to lower profits on seasonings and processed foods and a sharp decline in profits at the animal nutrition business. By specific overseas geographic region, operating income declined 6.9% to ¥34.8 billion in Asia, 37.1% to ¥7.3 billion in the Americas, and 29.5% to ¥2.4 billion in Europe. The overseas operating income ratio was 52.3%, compared to 57.9% in the previous fiscal year.

4) Non-operating income (expenses)

The difference between non-operating income and non-operating expenses was a positive ¥4.9 billion, an increase of ¥1.6 billion from the ¥3.2 billion net non-operating income recorded in the previous fiscal year. The main factor behind this positive result was an increase in earnings of non-consolidated subsidiaries and affiliates.

5) Ordinary income

Ordinary income declined 4.1%, or ¥3.8 billion, to ¥90.2 billion.

6) Extraordinary gains

Extraordinary gains in the year under review totaled ¥13.1 billion, compared with ¥45.3 billion in the previous fiscal year. The main extraordinary gains recorded in the fiscal year under review were a ¥5.6 billion gain on the sale of investment securities and a ¥5.3 billion gain on the sale of fixed assets.

7) Extraordinary losses

Extraordinary losses in the year under review totaled ¥18.2 billion, down from ¥39.3 billion in the previous fiscal year. The main extraordinary loss was a ¥6.4 billion related to contractual performance on contract manufacturing of pharmaceuticals.

8) Profit attributable to owners of parent

Profit attributable to owners of parent decreased 17.1%, or ¥10.8 billion, to ¥52.5 billion. Earnings per share was ¥91.99, compared with ¥107.86 in the previous fiscal year.

Consolidated operating results by segment

Results for individual business segments are summarized below.

Reporting segments were changed from the year under review, and results for the previous fiscal year have been restated to match the new segment classifications.

Billions of yen, rounded down

	Net sales	YoY change - amount	YoY change - percent	Operating income	YoY change - amount	YoY change - percent
Japan food products	390.4	(6.6)	98.3%	38.2	7.6	124.9%
International food products	428.9	(34.9)	92.5%	36.5	(5.4)	87.0%
Life support	124.0	(18.3)	87.1%	5.6	(6.1)	47.9%
Healthcare	89.5	(0)	99.9%	6.5	0.9	116.4%
Other business	58.3	(32.7)	64.1%	(1.6)	(2.4)	-
Total	1,091.4	(92.6)	92.2%	85.3	(5.5)	93.9%

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 1.7%, or ¥6.6 billion, to ¥390.4 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 the sale of a subsidiary. Operating income, however, increased 24.9%, or ¥7.6 billion, to ¥38.2 billion, mainly owing to an increase in profits on sales of frozen foods and on sales of seasonings and processed foods in Japan.

Seasonings and processed foods: Sales of our home-use products increased year on year, as lower sales of our Chinese menu seasoning *Cook Do*® were offset by strong sales of other products, including *Knorr*® *Cup Soup* and tube-type Chinese seasoning paste *Cook Do*® *Koumi Paste*.

Sales of restaurant and industrial-use seasonings and processed foods declined year on year, owing to the impact of the sale of a subsidiary and the forex impact on overseas sales of *ACTIVA*®, a food enzyme (transglutaminase).

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

Frozen foods: Sales of home-use frozen foods expanded year on year, driven by strong growth in sales of Gyoza, which were boosted by strengthened sales campaigns, as well as higher sales of *THE ★CHA-HAN* (fried rice) and *Yawaraka Wakadori Kara-Age* (fried chicken).

Sales targeted at the restaurant and industrial-use market increased year on year on strong sales of processed chicken and dessert product offerings.

As a result, overall sales of frozen foods increased over the previous year's result.

Coffee products: Despite strong sales of our 3-in-1 stick products and stable sales of our instant coffee products, overall sales of our home-use coffee product declined owing to weak sales of bottled coffee products and gift-packaged products, with lower sales of the latter reflecting reductions in the variety of product offerings.

Sales of restaurant and industrial-use coffee products also declined, owing to lower sales to major customers.

As a result, overall sales of coffee products fell below the previous year's result.

2) International Food Products Segment

International food products segment sales fell 7.5%, or ¥34.9 billion, to ¥428.9 billion, as the strong yen depressed yen-based sales of overseas seasonings and processed foods and umami seasonings and sweeteners, frozen foods for processed food manufacturers. The negative forex impact also depressed segment operating income, which fell 13.0%, or ¥5.4 billion, to ¥36.5 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 Indonesia and Vietnam; *RosDee*® flavor seasonings in Thailand, and *Masako*® flavor seasonings in Indonesia. On a yen-basis, however, sales of these products fell below previous-year levels owing to unfavorable forex trends.

In the Americas, region-wide sales increased on a local currency basis, led by strong sales of such products as the flavor seasoning *Sazón*® in Brazil.

Sales in Europe and Africa, however, declined primarily owing to a negative forex impact.

As a result of the above trends, overall sales of seasonings and processed foods in the International Food Products segment were lower than in the previous fiscal year.

Frozen foods: Ajinomoto Windsor, Inc., achieved year-on-year sales growth on a local-currency basis, but the negative impact of the strong yen pushed the segment's sales of frozen foods below the previous fiscal year's level.

Umami seasonings for processed food manufacturers and sweeteners: Sales of *AJI-NO-MOTO*® to the food processing industry declined year on year, as higher average sales prices in Japan were offset by 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 a year earlier, as strong increases in sales volumes in Japan and overseas offset the negative impact of lower average sales prices at home and abroad and from currency trends.

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

Overall, sales of umami seasonings and processed foods in the International Food Products segment were lower than in the previous fiscal year.

3) Life Support Segment

Life Support segment sales declined 12.9%, or ¥18.3 billion, to ¥124.0 billion, as a large decline in sales of animal nutrition products offset increased sales of specialty chemicals. Segment operating income declined 52.1%, falling ¥6.1 billion to ¥5.6 billion, owing to lower profits on sales of specialty chemicals and a large drop in income from animal nutrition.

Animal nutrition: Lysine sales fell below the previous fiscal year's level on a lower sales volume. Threonine sales were down sharply, as sharply lower sales prices offset an increase in sales volume. Similarly, tryptophan volumes increased sharply but sales value declined owing to a large decrease in sales prices. Sales of specialty products, such as Valine, were up year on year.

Overall, sales of animal nutrition products were sharply lower than in the previous fiscal year.

Specialty chemicals: Sales of specialty chemicals increased year on year. Sales of cosmetics ingredient were flat but sales of insulation film for build-up printed wiring board used in semiconductor packaging were strong.

4) Healthcare segment

Healthcare segment sales were largely in line with the previous year, at ¥89.5 billion (−0.1% year on year), despite declines in sales of pharmaceutical custom manufacturing services and of amino acids for pharmaceuticals and foods. Segment operating income increased 16.4%, or ¥0.9 billion, to ¥6.5 billion, on a sharp increase in the profitability of our pharmaceutical custom manufacturing service and stable profits on sales of amino acids for pharmaceuticals and foods.

Amino acids: Sales of our amino acids for pharmaceuticals and foods declined year on year, as unfavorable forex rates depressed overseas sales, offsetting sales growth in Japan. Revenues from our pharmaceutical custom manufacturing service also declined as forex rates negatively affected sales in Europe.

As a result, overall sales of amino acids fell short of the previous fiscal year's result.

5) Other Business

Other business sales fell 35.9%, or ¥32.7 billion, to ¥58.3 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 ¥1.6 billion, representing a ¥2.4 billion deterioration from the profit achieved a year earlier.

2. Outlook for the Fiscal Year Ending March 31, 2018

The Company has decided to apply International Financial Reporting Standards (IFRS) to its consolidated financial statements for the fiscal year ended March 2017. Consequently, Company forecasts for the year ending March 31, 2018, as shown below, are on an IFRS basis.

	Billions of yen, rounded down		
	Sales	Business profit*	Profit attributable to owners of the parent company
FY ending March 31, 2018	1,187.0	102.0	57.0

* 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 Council. "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."

Despite a steady recovery in the U.S. economy and signs of rebounds in the economies of European and Asian nations, earnings forecasts are complicated by the potential effects of changes in the economic policies of the United States and European countries.

In this environment, the Ajinomoto Group enters the first year of its new 2017-2019 (for FY2020) Medium-Term Management Plan. Under this new management plan, we will seek to achieve global growth in our Food Products business by strengthening our regional portfolio as well as build a stronger amino science business portfolio by establishing specialty businesses.

We expect concerted efforts to realize these goals will enable us to achieve consolidated sales in the fiscal year ending March 31, 2018, of ¥1,187.0 billion and business profit of ¥102.0 billion. We also forecast profit attributable to owners of parent will reach ¥57.0 billion.

These forecasts are based on an assumed exchange rate of ¥108.0 to the U.S. dollar.

II. Explanation of Financial Position

1. Overview of year under review

Consolidated financial position as of March 31, 2017

Total assets as of March 31, 2017 were ¥1,336.9 billion, ¥74.8 billion more than the ¥1,262.1 billion recorded on March 31, 2016. Assets increased due to the acquisition of an equity stake in Promasidor Holdings Limited in the third quarter and Ajinomoto General Foods, Inc.'s acquisition of previously licensed trademarks from Koninklijke Douwe Egberts B.V.

Total liabilities were ¥639.1 billion, ¥68.9 billion more than the ¥570.1 billion recorded on March 31, 2016. Interest-bearing debt increased ¥68.8 billion from the end of the previous fiscal year to ¥333.5 billion.

Net assets increased ¥5.8 billion compared to March 31, 2016 due mainly to a change in foreign exchange translation adjustments. Shareholders' equity, which is net assets minus non-controlling interests, was ¥623.1 billion, and the shareholders' equity ratio was 46.6%.

Summary of consolidated cash flow

Billions of yen, rounded down

	FY ended March 31, 2017	FY ended March 31, 2016	Change
Net cash provided by operating activities	108.0	125.2	(17.1)
Net cash provided by (used in) investing activities	(141.7)	(53.8)	(87.9)
Net cash provided by (used in) financing activities	16.1	(3.2)	19.4
Effect of exchange rate changes on cash and cash equivalents	0.2	(14.1)	14.4
Increase (decrease) in cash and cash equivalents	(17.3)	53.9	(71.2)
Increase (decrease) in initial balance due to change in scope of consolidation	(19.3)	(1.2)	(18.0)
Cash and cash equivalents at end of period	181.1	217.7	(36.6)

Net cash provided by operating activities was ¥108.0 billion compared to ¥125.2 billion in the previous year. This was mainly attributable to ¥85.1 billion in net income before taxes, ¥46.9 billion in depreciation and amortization, and ¥27.6 billion in income taxes paid.

Net cash used in investing activities was an outflow of ¥141.7 billion compared to an outflow of ¥53.8 billion in the previous fiscal year. This was mainly attributable to outflows from the acquisition of an equity stake in Promasidor Holdings Limited and the acquisition of tangible fixed assets.

Net cash provided by financing activities was an inflow of ¥16.1 billion compared to an outflow of ¥3.2 billion in the previous period. This reflected an inflow from the issuance of corporate bonds and an outflow from acquisition of treasury stock.

As a result of the foregoing, cash and cash equivalents at March 31, 2017 totaled ¥181.1 billion, a decrease of ¥36.6 billion compared to March 31, 2016.

2. Trends in cash flow-related indices

	FY ended March 31, 2017	FY ended March 31, 2016	FY ended March 31, 2015	FY ended March 31, 2014
Equity ratio (%)	46.6	49.1	53.3	54.4
Equity ratio based on market price (%)	93.5	116.9	124.2	80.1
Ratio of interest-bearing debt to cash flow (%)	319.8	220.8	204.4	246.0
Interest coverage ratio (times)	44.2	57.1	50.4	31.0

- Shareholders' equity ratio = (Net assets – non-controlling interests)/total assets
- Shareholders' equity ratio based on market price = Market capitalization/total assets
- Ratio of interest-bearing debt to cash flow = Interest-bearing debt (including customers' deposits received) /cash flow
- Interest coverage ratio = Cash flow/interest paid

Note 1: All indices are calculated from consolidated financial results figures.

Note 2: Market capitalization = market price on last trading day of March each year x total shares outstanding at end of period (excluding treasury stock)

Note 3: Cash flow is the net cash provided from operating activities figure in the consolidated statements of cash flows

Note 4: Interest paid is the interest paid figure in the consolidated statements of cash flows

III. Basic Policy Regarding Allocation of Profits and Dividends for Fiscal Year Ended March 31, 2017 and Fiscal Year Ending March 31, 2018

Under the FY2017-2019 (for FY2020) Medium-Term Management Plan, the Company utilized generated cash flows by prioritizing investments in growth fields based on the integrated management of capital investment, R&D, and M&A strategies. At the same time, the Company aimed to make stable, continuous dividend payments, with a target payout ratio of 30%, while striving to increase shareholder returns through flexible share repurchases.

For the fiscal year under review (ended March 31, 2017), the Company plans to pay a dividend of ¥30 per share (with an interim dividend of ¥15 per share), an increase of ¥2 per share compared with the previous year. For the next fiscal year (ending March 31, 2018), an annual dividend of ¥30 per share is planned (with an interim dividend payment of ¥15), the same as the fiscal year under review.

The Company's basic policy is to assess dividend payments twice a year, in the form of interim and year-end dividends. The year-end dividend is approved by the General Meeting of Shareholders and the interim dividend is decided by the Board of Directors. It is stipulated in the Articles of Incorporation that the Company can provide an interim dividend in accordance with the provisions of Article 454 paragraph 5 of the Companies Act in Japan.

The Company seeks to manage shareholders' equity efficiently, and in a way that continues to meet the expectations of its shareholders.

2. BASIC RATIONALE FOR THE SELECTION OF ACCOUNTING STANDARDS

The Ajinomoto Group voluntarily adopts International Financial Reporting Standards (IFRS) in replacement of the Japanese accounting standards beginning with the financial statements for the annual securities report for the fiscal year ended March 31, 2017. The purpose of adopting IFRS is to improve international comparability of financial information in and outside the Group, while enhancing communication with shareholders, investors, and other stakeholders.

3. CONSOLIDATED FINANCIAL STATEMENTS

(1) Consolidated Balance Sheet

	<i>Millions of yen, rounded down</i>	
	As of March 31, 2017	As of March 31, 2016
Assets		
Current assets		
Cash on hand and in banks.....	185,202	221,242
Notes and accounts receivable	177,841	181,860
Goods and products.....	107,035	116,303
Goods in process	9,290	8,270
Raw materials and supplies	52,806	54,833
Deferred tax assets	8,373	9,711
Other	38,768	33,034
Allowance for doubtful accounts.....	(1,215)	(1,191)
Total current assets	578,102	624,063
Fixed assets		
Tangible fixed assets		
Buildings and structures.....	366,241	362,650
Accumulated depreciation and accumulated impairment losses ..	(222,217)	(218,576)
Net buildings and structures	144,024	144,074
Machinery and vehicles.....	588,572	588,820
Accumulated depreciation and accumulated impairment losses ..	(437,189)	(438,207)
Net machinery and vehicles.....	151,382	150,613
Tools, furniture and fixtures.....	68,665	70,145
Accumulated depreciation and accumulated impairment losses	(54,215)	(56,383)
Net tools, furniture and fixtures	14,449	13,762
Land	52,245	53,772
Leased assets	3,556	3,579
Accumulated depreciation and accumulated impairment losses	(1,772)	(1,861)
Net leased assets.....	1,783	1,718
Construction in progress	31,705	22,260
Total tangible fixed assets	395,590	386,201
Intangible fixed assets		
Goodwill	82,412	89,450
Trademark rights	35,013	10,491
Other	28,880	36,068
Total intangible fixed assets.....	146,307	136,011
Investments and other assets		
Investments in securities	196,410	96,133
Long-term loans receivable	1,240	1,084
Deferred tax assets	6,780	4,930
Net defined benefit assets.....	1,986	964
Other	11,333	13,343
Allowance for doubtful accounts.....	(820)	(320)
Allowance for investment losses	-	(297)
Total investments and other assets	216,930	115,837
Total fixed assets.....	758,829	638,050
Total assets	1,336,931	1,262,113

(Continued)

	<i>Millions of yen, rounded down</i>	
	As of March 31, 2017	As of March 31, 2016
Liabilities		
Current liabilities		
Notes and accounts payable	89,131	90,459
Short-term borrowings	6,294	6,456
Current portion of long-term borrowings	24,125	11,189
Accrued income taxes	10,137	10,288
Bonus reserve	9,320	9,863
Bonus reserve for directors and others	240	427
Provision for shareholder benefit program	249	160
Losses related to contractual performance	692	-
Asset retirement obligations	9	27
Other	102,720	104,432
Total current liabilities	242,920	233,304
Long-term liabilities		
Corporate bonds	169,996	89,995
Long-term borrowings	131,191	155,211
Deferred tax liabilities	12,013	13,892
Accrued retirement benefits for directors and others	464	435
Provision for loss on guarantees	-	681
Allowance for environmental measures	562	585
Losses related to contractual performance	5,759	-
Liability for retirement benefit	55,268	52,325
Asset retirement obligations	556	594
Other	20,424	23,158
Total long-term liabilities	396,237	336,880
Total Liabilities	639,158	570,185
Net assets		
Shareholders' equity		
Common stock	79,863	79,863
Capital surplus	4,181	26,031
Retained earnings	605,887	578,451
Treasury stock	(6,895)	(6,944)
Total shareholders' equity	683,037	677,402
Accumulated other comprehensive income		
Unrealized holding gain on securities	17,936	17,804
Unrealized loss from hedging instruments	(1,063)	(1,578)
Translation adjustments	(46,230)	(47,746)
Accumulated adjustments for retirement benefits	(30,572)	(26,008)
Total accumulated other comprehensive income (loss)	(59,930)	(57,529)
Non-controlling interests	74,666	72,056
Total net assets	697,773	691,928
Total liabilities and net assets	1,336,931	1,262,113



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

Millions of yen, rounded down

	For the fiscal year ended March 31, 2017	For the fiscal year ended March 31, 2016
Net sales	1,091,414	1,184,100
Cost of sales.....	704,337	769,230
Gross profit	387,076	414,870
Selling, general and administrative expenses	301,736	323,989
Operating income	85,339	90,880
Non-operating income		
Interest income.....	3,131	2,847
Dividend income.....	1,217	1,317
Equity in earnings of non-consolidated subsidiaries and affiliates	4,345	1,558
Foreign exchange gain	-	583
Other	2,269	2,716
Total non-operating income	10,963	9,023
Non-operating expenses		
Interest expense.....	2,473	2,269
Commission fee	65	72
Litigation expenses	1,012	442
Other	2,480	2,952
Total non-operating expenses	6,033	5,736
Ordinary income	90,270	94,168
Extraordinary gains		
Gain on sale of investment securities.....	5,659	3
Gain on sale of fixed assets	5,312	879
Gain on sale of shares in affiliates companies	595	24,872
Gain on step acquisitions	-	18,027
Other	1,558	1,554
Total extraordinary gains	13,125	45,337
Extraordinary losses		
Losses related to contractual performance	*1 6,451	-
Loss on disposal of fixed assets.....	3,713	2,799
Impairment losses	*2 1,965	7,467
Loss on liquidation of subsidiaries.....	970	6,937
Pharmaceutical business restructuring charges	-	16,623
Other	5,169	5,525
Total extraordinary losses.....	18,270	39,352
Net income before taxes.....	85,125	100,153
Income, inhabitant and business taxes	21,561	24,907
Income and other tax adjustments	(771)	2,140
Income taxes – total	20,790	27,047
Net income	64,334	73,105
Profit attributable to non-controlling interests	11,739	9,678
Profit attributable to owners of parent	52,595	63,427



Consolidated Statement of Comprehensive Income

Millions of yen, rounded down

	For the fiscal year ended March 31, 2017	For the fiscal year ended March 31, 2016
Net income	64,334	73,105
Other comprehensive income		
Unrealized holding gain (loss) on securities	(170)	(4,688)
Unrealized gain (loss) from hedging instruments	454	(1,509)
Translation adjustments	1,881	(57,756)
Adjustment for retirement benefits	(5,227)	(11,159)
Share of other comprehensive income of equity method affiliates ...	697	2,387
Total other comprehensive income	(2,366)	(72,724)
Comprehensive income	61,968	380
(Breakdown)		
Comprehensive income attributable to owners of parent	49,870	(591)
Comprehensive income attributable to non-controlling interests	12,098	972



(3) Consolidated Statement of Changes in Net Assets
(Fiscal year ended March 31, 2017)

Millions of yen, rounded down

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balances as of April 1, 2016	79,863	26,031	578,451	(6,944)	677,402
Cumulative effects of changes in accounting policies					
Restated balance	79,863	26,031	578,451	(6,944)	677,402
Changes in fiscal year ended March 31, 2017					
Dividends from retained earnings			(17,252)		(17,252)
Profit attributable to owners of parent			52,595		52,595
Changes in the scope of consolidation			(1)		(1)
Changes in retained earnings at subsidiaries resulting from change in fiscal year end					
Purchase of treasury stock				(30,013)	(30,013)
Disposal of treasury stock		(0)		0	0
Retirement of treasury stock		(30,061)		30,061	-
Transfer of negative balance of other capital surplus		7,903	(7,903)		-
Changes in a parent's ownership interest due to transactions with non-controlling interests		309			309
Net changes of items other than those in shareholders' equity					
Total of changes in fiscal year ended March 31, 2017	-	(21,849)	27,436	48	5,635
Balances as of March 31, 2017	79,863	4,181	605,887	(6,895)	683,037

Millions of yen, rounded down

	Accumulated Other Comprehensive Income					Non-controlling interests	Total net assets
	Unrealized holding gain on securities	Unrealized gain (loss) from hedging instruments	Translation adjustments	Adjustment for retirement benefits	Total accumulated other comprehensive income		
Balances as of April 1, 2016	17,804	(1,578)	(47,746)	(26,008)	(57,529)	72,056	691,928
Cumulative effects of changes in accounting policies							
Restated balance	17,804	(1,578)	(47,746)	(26,008)	(57,529)	72,056	691,928
Changes in fiscal year ended March 31, 2017							
Dividends from retained earnings							(17,252)
Profit attributable to owners of parent							52,595
Changes in the scope of consolidation							(1)
Changes in retained earnings at subsidiaries resulting from change in fiscal year end							
Purchase of treasury stock							(30,013)
Disposal of treasury stock							0
Retirement of treasury stock							-
Transfer of negative balance of other capital surplus							-
Changes in a parent's ownership interest due to transactions with non-controlling interests							309
Net changes in items other than those in shareholders' equity	131	514	1,515	(4,564)	(2,401)	2,610	208
Total of changes in fiscal year ended March 31, 2017	131	514	1,515	(4,564)	(2,401)	2,610	5,844
Balances as of March 31, 2017	17,936	(1,063)	(46,230)	(30,572)	(59,930)	74,666	697,773



(Fiscal year ended March 31, 2016)

Millions of yen, rounded down

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balances as of April 1, 2015	79,863	53,725	536,170	(4,070)	665,689
Cumulative effects of changes in accounting policies			(4,208)		(4,208)
Restated balance	79,863	53,725	531,962	(4,070)	661,480
Changes in fiscal year ended March 31, 2016					
Dividends from retained earnings			(15,978)		(15,978)
Profit attributable to owners of parent			63,427		63,427
Changes in the scope of consolidation			(266)		(266)
Changes in retained earnings at subsidiaries resulting from change in fiscal year end			(693)		(693)
Purchase of treasury stock				(30,167)	(30,167)
Disposal of treasury stock		0		0	1
Retirement of treasury stock		(27,292)		27,292	-
Transfer of negative balance of other capital surplus					
Changes in a parent's ownership interest due to transactions with non-controlling interests		(402)			(402)
Net changes of items other than those in shareholders' equity					
Total of changes in fiscal year ended March 31, 2016	-	(27,694)	46,488	(2,873)	15,921
Balances as of March 31, 2016	79,863	26,031	578,451	(6,944)	677,402

Millions of yen, rounded down

	Accumulated Other Comprehensive Income					Non-controlling interests	Total net assets
	Unrealized holding gain on securities	Unrealized gain (loss) from hedging instruments	Translation adjustments	Adjustment for retirement benefits	Total accumulated other comprehensive income		
Balances as of April 1, 2015	22,783	223	(4,655)	(14,465)	3,886	73,913	743,489
Cumulative effects of changes in accounting policies					-	-	(4,208)
Restated balance							739,280
Changes in fiscal year ended March 31, 2016							
Dividends from retained earnings							(15,978)
Profit attributable to owners of parent							63,427
Changes in the scope of consolidation							(266)
Changes in retained earnings at subsidiaries resulting from change in fiscal year end							(693)
Purchase of treasury stock							(30,167)
Disposal of treasury stock							1
Retirement of treasury stock							-
Transfer of negative balance of other capital surplus							
Changes in a parent's ownership interest due to transactions with non-controlling interests							(402)
Net changes in items other than those in shareholders' equity	(4,979)	(1,802)	(43,090)	(11,543)	(61,416)	(1,856)	(63,273)
Total of changes in fiscal year ended March 31, 2016	(4,979)	(1,802)	(43,090)	(11,543)	(61,416)	(1,856)	(47,351)
Balances as of March 31, 2016	17,804	(1,578)	(47,746)	(26,008)	(57,529)	72,056	691,928

(4) Consolidated Statement of Cash Flows

Millions of yen, rounded down

	For the fiscal year ended March 31, 2017	For the fiscal year ended March 31, 2016
I. Cash flows from operating activities		
Income before income taxes	85,125	100,153
Depreciation and amortization.....	46,907	50,920
Loss on impairment of fixed assets	1,965	7,467
Amortization of goodwill and negative goodwill.....	6,620	7,093
Increase (decrease) in allowance for doubtful accounts	671	40
Increase (decrease) in bonus reserve.....	308	1,639
Increase (decrease) in bonus reserve for directors and others	(123)	7
Increase (decrease) in accrued employees' retirement benefits	(3,783)	(5,526)
Increase (decrease) in allowance for directors' retirement benefits	32	(280)
Increase (decrease) in allowance for environmental measures.....	(23)	(62)
Increase (decrease) in allowance for investment losses	-	217
Increase (decrease) in provision for loss on guarantees	(681)	116
Increase (decrease) in provision for losses related to contractual performance.....	6,451	-
Interest and dividend income	(4,348)	(4,164)
Interest expense	2,473	2,269
Equity in (earnings) loss of non-consolidated subsidiaries and affiliates	(4,345)	(1,558)
Loss (gain) on sale of investment securities	(5,659)	14
Loss (gain) on sale and disposal of tangible fixed assets	(1,321)	2,074
Loss (gain) on sale of shares in affiliates	205	(24,298)
Loss (gain) on liquidation of affiliates	970	6,937
Pharmaceutical business restructuring charges	-	16,623
Loss (gain) on step acquisitions	-	(18,027)
Decrease (increase) in notes and accounts receivable	(7,323)	12,494
Increase (decrease) in notes and accounts payable	1,315	(2,039)
Decrease (increase) in inventories.....	2,883	3,423
Decrease (increase) in other current assets	4,185	2,872
Increase (decrease) in other current liabilities	(123)	1,408
Other.....	(640)	(12,881)
Sub-total.....	131,743	146,935
Insurance fees received	1,532	356
Interest and dividends received	4,859	5,901
Cancellation of contracts paid	-	(3,835)
Interest paid.....	(2,446)	(2,191)
Income taxes paid	(27,665)	(21,947)
Net cash provided by operating activities	108,024	125,219



Millions of yen, rounded down

	For the fiscal year ended March 31, 2017	For the fiscal year ended March 31, 2016
II. Cash flows from investing activities		
Acquisition of tangible fixed assets	(56,090)	(51,396)
Proceeds from sale of tangible fixed assets.....	6,406	1,263
Acquisition of intangible assets	(30,131)	(4,430)
Acquisition of investment securities	(2,040)	(2,369)
Proceeds from sale of investment securities.....	8,262	13
Acquisition of investments in subsidiaries resulting in change in scope of consolidation.....	-	(26,553)
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	2,235	4,133
Acquisition of shares of affiliates.....	(63,979)	(6,616)
Proceeds from sales of shares in subsidiaries.....	916	32,500
Decrease (increase) in term deposits	(564)	(201)
Other.....	(6,763)	(166)
Net cash used in investing activities.....	(141,749)	(53,824)
III. Cash flows from financing activities		
Net change in short-term borrowings	70	(86,107)
Commercial paper	-	(15,000)
Proceeds from long-term debt.....	-	116,011
Repayment of long-term debt.....	(11,058)	(22,381)
Proceeds from issuance of bonds	80,000	70,000
Redemption of bonds	-	(15,000)
Cash dividends paid	(17,242)	(15,982)
Distribution of dividends to non-controlling interests.....	(3,927)	(3,693)
Acquisition of treasury stock.....	(30,034)	(30,187)
Sale of treasury stock.....	0	1
Acquisition of investments in subsidiaries not resulting in change in scope of consolidation.....	(1,017)	(644)
Other.....	(615)	(304)
Net cash provided by financing activities	16,175	(3,288)
IV. Effect of exchange rate changes on cash and cash equivalents.....	249	(14,180)
V. Increase (decrease) in cash and cash equivalents	(17,300)	53,925
VI. Cash and cash equivalents at the beginning of the year	217,791	165,160
Increase in cash and cash equivalents from newly consolidated subsidiaries.....	0	278
Decrease in cash and cash equivalents on exclusion from consolidation	(19,346)	(460)
Increase (decrease) in cash and cash equivalents resulting from change of fiscal year end of consolidated subsidiaries.....	-	(1,112)
VII. Cash and cash equivalents at the end of the year	181,144	217,791

(5) Notes to the Consolidated Financial Statements

Notes Regarding Premise of a Going Concern

No applicable items.

Significant Items for the Preparation of Consolidated Financial Statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 93

(2) Names of main non-consolidated subsidiaries

Ajinomoto Toyo Frozen Noodles, Inc.

(Reasons for exclusion from scope of consolidation)

Subsidiaries classified as non-consolidated are all small, and none has total assets, sales, current year net income (corresponding to the percentage of shares held), retained earnings (corresponding to the percentage of shares held), etc. that materially impact the consolidated financial statements.

(3) Ajinomoto Pharmaceuticals Co., Ltd. (hereafter "Ajinomoto Pharmaceuticals," currently called as 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% stake, hence being excluded from a consolidated subsidiary (specified subsidiary).

Furthermore, as a result of transferring their shares, GABAN Co., Ltd., GABAN Spice Manufacturing (M) SDN BHD, Hokkaido Ace Logistics Corporation (currently renamed as F-LINE Corporation, hereinafter "F-LINE Co.") have been removed from the Company's scope of consolidation.

2. Scope of application of the equity method

(1) Number of affiliated companies accounted for by the equity method: 7 companies

Names of main companies: PROMASIDOR HOLDINGS LIMITED, EA Pharma Co., Ltd., J-OIL MILLS, INC.

(2) One of the major non-consolidated affiliated companies not accounted for by the equity method is Kükre A.Ş. These companies are immaterial to the consolidated results (net income and retained earnings) and therefore they have immaterial impact as a whole. Hence, they are not included in the scope of the equity method.

(3) Following the acquisition of its stake, Promasidor Holdings Limited has been included in the scope of equity method. Likewise, the scope of equity method has been applied to F-LINE Co. due to the share transfer, and to EA Pharma as a result of restructuring of the pharmaceutical business. As the deemed acquisition date was set to December 31, 2016, and the fiscal year-end of Promasidor falling on December 31, 2016, their business results have not been reflected in the Company's consolidated statement of income for the fiscal year under review.

3. Fiscal year, etc., of consolidated subsidiaries and affiliated companies accounted for by the equity method

The fiscal year-end for 14 consolidated subsidiaries including Ajinomoto del Peru S.A., is December 31, but all of these subsidiaries prepare pro forma financial statements as of March 31 for consolidation purposes.

Of the companies accounted for by the equity method, the fiscal year-end of Promasidor Holdings Limited is December 31. In preparation for the consolidated statements, the Company used the financial statements of these subsidiaries and affiliates as of their own fiscal year-end.

4. Accounting policies

(1) Valuation standards and methods

1) Investment securities

Other securities:

Other securities for which market value is available are stated at market value at the fiscal year end and the changes in market value, net of applicable income taxes, are directly charged or credited to net assets. The cost of such securities sold is mainly determined by the moving-average method.

Other securities for which a price is not available are stated at cost, mainly determined by the moving average method.

2) Derivatives:

Derivatives are accounted for at fair value.

However, with respect to interest rate swaps for which criteria for special treatment are met, special treatment is, in principle, applied. Total treatment is applied with respect to interest rate and currency swaps, in cases where criteria for total treatment (special treatment, appropriated treatment) are met.

3) Inventories:

Inventories of the Company and its domestic consolidated subsidiaries are mainly stated at cost determined by the average method (in cases where the profitability has declined, the book value is reduced accordingly). Inventories of overseas consolidated subsidiaries are mainly stated at the lower of cost or market, cost being determined by the average method.

(2) Depreciation and amortization of significant depreciable assets

1) Tangible fixed assets (excluding leased assets):

The Company and its consolidated subsidiaries recognize their depreciation expense mainly by using the straight-line method. The range of useful life is from 3 to 50 years for buildings and structures and from 2 to 20 years for machinery and vehicles.

2) Intangible fixed assets (excluding leased assets):

Amortization of intangible fixed assets also is calculated mainly using the straight-line method.

Computer software held by the Company and its consolidated subsidiaries for internal use is amortized by the straight-line method over the estimated useful life (mainly 5 years). Trademark rights are also amortized by the straight-line method, in principle based on the effective duration of the trademarks (less than 20 years), while customer-related assets are amortized using the straight-line method over the period of future expected earnings generation (6–15 years).

3) Lease assets

The straight-line method is applied with the useful life of the asset being the lease term and the residual value being zero.

(3) Accounting for significant reserves

1) Allowance for doubtful accounts

An allowance for doubtful accounts is provided for possible bad debts at the amount estimated based on historical bad debt experience for normal receivables and by reference to the individual collectability of specific doubtful receivables.

2) Bonus reserve:

At certain consolidated subsidiaries, a bonus reserve for employees has been provided based on the estimated amount to be paid to employees.

3) Accrued retirement benefits for directors and others:

At the Company and certain domestic consolidated subsidiaries, accrued retirement benefits for directors and others are provided at the amount required to be paid in accordance with internal rules in order to provide for payment of severance benefits to those directors and others.

The Company abolished the system of payment of severance benefits to directors in June 2007, and has decided to pay severance benefits at the time of retirement with respect to the period in which the system was applied.

4) Bonus reserve for directors and others:

In preparation for the payment of bonuses to directors and others, a bonus reserve for directors and others has been provided for the amount of payment expected for the fiscal year ended March 31, 2017.

5) Allowance for environmental measures:

In preparation for payment relating to disposal of polychlorinated biphenyl (PCB) and other wastes, an allowance for environmental measures has been provided for the amount of costs expected to be incurred.

6) Provision for shareholder benefit program

In preparation for payment relating to the shareholder benefit program, a provision for shareholder benefit program has been provided for the amount of payment reasonably expected, based on past results, for the fiscal year ending March 31, 2018 and thereafter.

7) Provision for losses related to contractual performance

A provision for losses related to contractual performance has been provided for the amount of expenses reasonably expected to be incurred in the years to come

(4) Accounting for retirement benefits for employees

1) Method of attributing expected benefit to periods

In calculating retirement benefit obligations, the method for attributing expected benefits to the fiscal year under review is based on the benefit formula.

2) Method for processing actuarial gains and losses and prior service cost

Prior service cost is amortized by the straight-line method over a period within the average remaining service years for employees (mainly 10 years) at the time of recognition. Actuarial gain and loss is amortized by the straight-line method over a period within the average remaining service years for employees (mainly 10 years) at the time of recognition, and allocated proportionately from the fiscal year following the respective fiscal year of recognition.

(5) Translation of significant assets and liabilities denominated in foreign currencies into yen

Monetary assets and liabilities denominated in foreign currencies have been translated into yen at the rates of exchange in effect at the fiscal year end. The resulting exchange gain or loss is charged or credited to income. Assets and liabilities of overseas subsidiaries have been translated into yen at the exchange rates in effect as of the fiscal year-end, and revenues and expenses of overseas subsidiaries have been translated into yen at the average rates prevailing during the fiscal year. The resulting translation differences are included in non-controlling interests and translation adjustments in net assets.

(6) Hedge accounting

1) Hedge accounting method

The Company and its consolidated subsidiaries adopt deferred hedge accounting. Special treatment is, in principle, applied with respect to interest rate swaps, in cases where criteria for special treatment are met. Total treatment is applied with respect to interest rate and currency swaps, in cases where criteria for total treatment (special treatment, appropriated treatment) are met.

2) Means of hedging and transactions subject to hedging

Means of Hedging	Transactions Subject to Hedging
Foreign exchange forward contracts	Forecast transactions and sales transactions pertaining to the acquisition of stock of or investments in affiliated companies denominated in foreign currencies, forecast transactions pertaining to the purchase
Interest rate swaps	Interest paid on bond issues and other borrowings
Interest rate and currency swaps	Interest paid on borrowings, foreign currency borrowings

3) Hedging policy

The Company and some of its consolidated subsidiaries hedge foreign exchange rate risk and interest rate risk for certain transactions, mainly those that are financially significant and that can be recognized individually, based on internal rules for derivative transactions.

4) Methods for evaluating the effectiveness of hedges

Assessment of hedge effectiveness is not undertaken for forward exchange contracts, as the material conditions pertaining to the hedging instrument and the hedged item are identical. For interest rate swaps and interest rate and currency swaps for which special treatment is applied, evaluation of effectiveness is not conducted.

(7) Amortization of goodwill

As a general rule, goodwill is amortized on a straight-line basis over its estimated useful life. However, immaterial goodwill is charged or credited to expense or income at the time of acquisition.

(8) Scope of 'Cash' in the Consolidated Statement of Cash Flows

The category 'cash' covers cash on hand, deposits with immediate liquidity, and easily convertible short-term investments with low risk of price fluctuation that mature within three months of acquisition.

(9) Other significant items for the preparation of consolidated financial statements

1) Accounting for consumption taxes

Transactions of the Company and domestic consolidated subsidiaries subject to consumption tax and/or regional consumption tax are recorded at amounts exclusive of the consumption tax. Unearned consumption tax is included in 'Current assets – Other', while unpaid consumption tax is included in 'Current liabilities – Other.'

2) Adoption of consolidated tax accounting system

The Company and some of its consolidated subsidiaries adopt the consolidated taxation system, with Ajinomoto Co., Inc. as the consolidated taxable parent company.

Changes in Accounting Policy

Changes in accounting policy of equity-method affiliates

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

As mentioned above in "Significant Items for the Preparation of Consolidated Financial Statements, (5) Notes to the Consolidated Financial Statements, 3. Consolidated Financial Statements and Notes to the Consolidated Financial Statements," EA Pharma was established through the acquisition of a portion of the gastrointestinal disease treatment related business of Eisai. Ajinomoto Pharmaceuticals, the wholly owned subsidiary of the Company, 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 has changed the way of managing the business to the way applied by the new parent company. Therefore, change of accounting policy has been believed to be reasonable.

The major changes are described below:

Revenue recognition

To date, royalty revenue from licensing-out of pharmaceutical R&D and marketing has been recognized as a lump-sum income pursuant to the contract. Effective from the fiscal year under review, however, royalty revenue, prior to the approval of the product marketing, is to be treated as a reversal gain of R&D expenses, while, after the approval, it is to be recognized as income spread over the duration of the licensing contract.

This change in accounting policy has been applied retroactively, and thereby the consolidated financial statements for the previous fiscal year have been adjusted retroactively and accordingly.

Consequently, compared with the accounting policy before the retroactive adjustment, net sales of the previous fiscal year declined ¥1,880 million, while, operating income, ordinary income, and net income before taxes, respectively declined ¥164 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 and on per share information, are stated below in the sections of “(Segment information)” and “(Per share information).”

Changes in Presentation

Consolidated Balance Sheet

“Trademark rights,” which was included in “Other” in “Intangible fixed assets” in the previous fiscal year, is presented as a separate item in the fiscal year under review, as the amount has become material. Consolidated financial statements for the previous financial year have been restated in order to reflect this change in presentation.

As a result, ¥46,560 million presented as “Other” in “Intangible fixed assets” in the consolidated balance sheet for the previous fiscal year has been restated as ¥10,491 million for “Trademark rights” and ¥36,068 million for “Other”.

Consolidated Statement of Income

1. “Litigation expenses,” which was included in the item of “Other” of “Non-operating expenses” in the previous consolidated fiscal year, has exceeded 10% of the total non-operating expenses, and therefore has been stated separately as such, effective from the fiscal year under review. In order to reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been restated.

As a result, ¥442 million that was included in “Other” of “Non-operating expenses” in the consolidated statement of income for the previous fiscal year, has been restated as “litigation expenses.”

2. “Gain on sale of investment securities” and “Gain on sale of fixed assets” which were included in the item of “Other” of “Extraordinary gains” in the previous consolidated fiscal year, have exceeded 10% of the total extraordinary gains, and therefore have been stated separately as such, effective from the fiscal year under review. In order to reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been restated.

As a result, ¥883 million that was included in “Other” of “Extraordinary gains” in the consolidated statement of income for the previous fiscal year, has been restated as ¥3 million for “Gain on sale of investment securities,” and ¥879 million for “Gain on sale of fixed assets.”

Consolidated Statement of Cash Flows

1. “Increase (decrease) in accrued consumption tax,” used to be a separate item in “Cash flows from operating activities” in the previous fiscal year’s Consolidated Statement of Cash Flows. In the cash flow statement for the fiscal year under review, however, it is included in “Other”, as the amount has become insignificant. Consolidated financial statements for the previous fiscal year have been restated in order to reflect this change in presentation.

As a result, ¥727 million decrease in the item of “Increase (decrease) in accrued consumption tax” in the previous fiscal year’s Consolidated Statement of Cash Flows has been consolidated into “Other” in the statement for the fiscal year under review.

2. “Loss (gain) on sale of investment securities,” which was included in “Other” in “Cash flows from investing activities” in the previous fiscal year, is presented as a separate item in the fiscal year under review, as its amount has become more material. Consolidated financial statements for the previous fiscal year have been restated in order to reflect this change in presentation.

As a result, ¥14 million presented as “Other” in “Cash flows from investing activities” in the consolidated statement of cash flows for the previous fiscal year has been restated as “Loss (gain) on sale of investment securities.”

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” (Accounting Standards Board of Japan (ASBJ) Guidance No.26 of March 28, 2016), effective from the fiscal year under review.

Consolidated Statement of Income

※1. Provision for losses related to contractual performance

Fiscal year under review (April 1, 2016 – March 31, 2017)

In performing the contract development and manufacturing services for drugs, which the Company has been awarded, losses could possibly be incurred over the contract period, since a future amount of expenses to be incurred is expected to exceed the contractually estimated economic benefits. As allowance for such losses related to contractual performance, ¥6,451 million has been provisioned in the fiscal year under review.

※2. Impairment losses

Fiscal year under review (April 1, 2016 – March 31, 2017)

The main assets with respect to which impairment losses were recorded in the fiscal year under review are as follows. In addition to the losses detailed below, the Company recorded other impairment losses totaling ¥338 million.

Location	Use	Classification
Brazil	Manufacturing facilities	Buildings, structures, machinery and vehicles, etc.

The Ajinomoto Group mainly groups assets in accordance with management accounting business categories. Furthermore, important idle assets and assets leased to others are grouped according to each individual asset.

The Company recorded an impairment loss on manufacturing facilities at its animal nutrition business in Brazil, as falling unit sales prices caused by an oversupply of feed-use lysine in the global market and intense competition from rival companies have led to consecutive losses and diminished the business' future prospects. The Company has therefore reduced the book value of animal nutrition business in Brazil to the level deemed to be recoverable in the future and accordingly booked an impairment loss of ¥1,626 million as an extraordinary losses. This impairment loss includes write-downs of ¥1,062 million on buildings and structures, ¥302 million on machinery and vehicles, and ¥262 million on other assets. The recoverable amount, based on utility value, was determined to be zero owing to the expectation of negative future cash flow.

Business Combinations, etc.

Business combination by subsidiary

Ajinomoto Pharmaceuticals Co., Ltd. (hereafter “AJINOMOTO PHARMACEUTICALS,” and currently called as 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, effective from the first quarter (April 1 to June 30, 2016) of the fiscal year under review, the Company’s equity interest in EA Pharma has been reduced to 40%, making it an equity-method affiliate of the Company, instead of a consolidated subsidiary (specified subsidiary).

(1) Outline of business combination

- 1) Names of the target business and of the parties to the business combination, description of their businesses and the name of the combined company

Name of combining company: AJINOMOTO PHARMACEUTICALS CO., LTD.

Business description: Research & development, manufacturing, and marketing of pharmaceuticals

Name of splitting company: Eisai Co., Ltd.

Business description: Research & development and marketing (domestic) of pharmaceuticals in the field of gastrointestinal diseases

Name of the company after combination: EA Pharma Co. Ltd.

2) Purpose of business combination

Eisai has a long history of drug discovery and information provision activities in the field of gastrointestinal diseases spanning more than 60 years, over which it has accumulated a wealth of experience, knowledge and networks that have enabled it to create a robust development pipeline that has generated numerous superior pharmaceutical products.

AJINOMOTO PHARMACEUTICALS, as a member of the Ajinomoto Group which endeavors to contribute to human health globally based on amino acid technology founded upon the discovery of umami, possesses a unique pipeline and products unmatched by other companies, especially in the field of gastrointestinal diseases. The integration of Eisai’s gastrointestinal disease business and AJINOMOTO PHARMACEUTICALS’ business has resulted in the establishment of EA Pharma Co. Ltd., one of Japan’s largest gastrointestinal specialty pharmaceutical companies.

While population aging has been accompanied by an increase in the incidence of gastrointestinal diseases, lifestyle changes and increasing social stress have caused a sharp increase in the incidence of intractable autoimmune diseases, such as Crohn’s disease and ulcerative colitis, among younger people. The combined result has been an expansion in unmet medical needs in the field of gastrointestinal disease. By combining the products of its forming entities, the new integrated company will have a broad product lineup that will cover the upper and lower digestive tract as well as the liver and pancreas, enabling it to provide a wider range of solutions and specialized information for healthcare professionals in the field of gastrointestinal disease. In addition, the formation of the integrated company will bring together researchers with extensive expertise and know-how on gastrointestinal diseases and result in an even more robust product development pipeline capable of launching a steady stream of new treatments that will help fulfill the aforementioned unmet medical needs in the field of gastrointestinal disease. Furthermore, the future marketing of newly developed products through Eisai’s global business network will provide greater access to markets and patients, thereby maximizing the benefit of the company’s efforts for patients around the globe.

In addition to marketing synergies made possible by this business combination, the new company will endeavor to increase profitability through the pursuit of greater efficiency by, for example, eliminating redundant functions. It also will endeavor to secure the resources required to achieve development of new drugs and realize sustained growth. As one of Japan’s largest gastrointestinal specialty pharmaceutical companies, the new integrated company will have a firm grasp of the needs of gastrointestinal disease patients, which it will use to address those needs and provide more qualitative benefits for patients and their families as well as healthcare professionals.

3) Date of business combination

April 1, 2016

4) Overview of transaction, including legal form

Eisai is the splitting company and AJINOMOTO PHARMACEUTICALS the succeeding company in an absorption-type company split.

(2) Accounting treatment applied

Accounting treatment of the said business combination has been done in accordance with Accounting Standard for Business Divestitures (ASBJ Statement No. 7, September 13, 2013) and Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, September 13, 2013).

Loss on change in equity, recognized by the above accounting treatment:

Loss on change in equity: ¥1,139 million:

(3) Reporting segment to which the said combined business used to belong in Segment

Information:

Other business

Segment Information

a. Segment information

Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

1. Overview of reporting segments

The Group's reporting segment is mainly consists of segments by product, and as to the food business, it is additionally separated into domestic and overseas. As a result, the Company's reporting segments are four segments, "Japan Food Products", "International Food Products", "Life support", and "Healthcare".

From this consolidated fiscal year Pharmaceuticals and Nutrition care business that were included in "Healthcare" segment have been included in "Other" and "Japan Food Products" respectively.

The segment results for the previous fiscal year have been restated to reflect changes in the classification of business segments (see 3. Information on sales, income or loss, assets and other items by reporting segment).

Among the Group's units, separate financial information is also obtainable for each reporting segment, and the Board of Directors and the Management Committee regularly consider these segments in order to decide on allocation of business resources and evaluate business performance.

The product categories and products belonging to each reporting segment are as follows.

Business Segments	Details	Main Products
Japan Food Products	Seasonings and Processed Foods	Umami seasoning <i>AJI-NO-MOTO</i> [®] , <i>HON-DASHI</i> [®] , <i>Cook Do</i> [®] , <i>Knorr</i> [®] Cup Soup, <i>Ajinomoto KK Consommé</i> , <i>Pure Select</i> [®] Mayonnaise, Seasonings and processed foods for restaurant use Seasonings for processed food manufacturers (savory seasonings, enzyme <i>ACTIVA</i> [®]), Lunchboxes and delicatessen products, Bakery products, etc
	Frozen Foods	<i>Gyoza</i> , <i>Yawaraka Wakadori Kara-Age</i> , <i>Puripuri-no-Ebi Shumai</i> , <i>EbiYose Fry</i> , <i>Ebi Pilaf</i> , <i>Yoshokutei Hamburg</i> , <i>THE ★CHA-HAN</i> , etc
	Coffee Products	<i>Blendy</i> [®] (Stick coffee, etc.) <i>MAXIM</i> [®] (<i>Chyotto Zeitakuna Kohiten</i> [®] , etc.), Various gift sets, Office drink (Cup Vending Machine, Tea Dispenser), Food Service, Industrial Use Material, etc
International Food Products	Seasonings and Processed Foods	Umami seasoning <i>AJI-NO-MOTO</i> [®] , <i>Ros Dee</i> [®] (flavor seasoning), <i>Masako</i> [®] (flavor seasoning), <i>Aji-ngon</i> [®] (flavor seasoning), <i>Sazón</i> [®] (flavor seasoning), <i>AMOY</i> [®] (Chinese ethnic sauce), <i>YumYum</i> [®] (instant noodles), <i>Birdy</i> [®] (coffee beverage), <i>Birdy</i> [®] 3in1 (powdered drink), <i>SAJIKU</i> [®] (menu-specific seasonings), <i>CRISPY FRY</i> [®] (menu-specific seasonings), etc
	Frozen Foods	<i>Gyoza</i> (POT STICKERS), Cooked rice (CHICKEN FRIED RICE, YAKITORI CHICKEN FRIED RICE etc.), Noodles (YAKISOBA, RAMEN etc.), etc
	Umami Seasonings for Processed Food Manufacturers and Sweeteners	Umami Seasoning <i>AJI-NO-MOTO</i> [®] for the food processing industry, Nucleotides, Aspartame, <i>PAL SWEET</i> [®] , etc
Life Support	Animal Nutrition	Lysine, Threonine, Tryptophan, etc
	Specialty Chemicals	<i>Amisoft</i> [®] , <i>Amilite</i> [®] (mild surfactant), <i>Ajidew</i> [®] (humectant), <i>JINO</i> [®] , <i>ABF</i> (insulation film for build-up printed wiring board used in semiconductor packaging), etc

Healthcare	Amino Acids	Amino acids (for intravenous drip etc.), Pharmaceutical intermediates and Active ingredients, etc
	Others	Fundamental Foods (<i>Glyna</i> [®] , <i>Amino Aile</i> [®]) Functional foods (<i>amino VITAL</i> [®]), etc

2. Methods of calculating amounts for net sales, income or loss, assets and other items by reporting segment

The accounting treatment methods for each reporting business segment are broadly similar to those outlined in “Significant Items for the Preparation of Consolidated Financial Statements”.

Reporting segment income figures are on an operating income basis.

Internal sales between segments are mainly based on prices for third-party transactions.

As stated in “3. Consolidated Financial Statements (Notes) (5) Notes to the Consolidated Financial Statements (Changes in Accounting Policy), the impact of the retrospective restatement in accordance with a change in accounting policy of EA Pharma, which is an equity-method affiliate of the Company, has been reflected. As a result, Sales to third parties in “Other” and segment profit in the previous consolidated fiscal year decreased by ¥1,880 million and ¥164 million respectively.

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

Fiscal year ended March 31, 2017

Millions of yen, rounded down

	Reporting segment				Other Business *1	Adjustment amount*2	Consolidated
	Japan Food Products	International Food Products	Life Support	Healthcare			
Sales							
(1) Sales to third parties.....	390,441	428,988	124,095	89,504	58,384	-	1,091,414
(2) Intra-group sales and transfers.....	3,970	5,583	3,069	2,225	58,310	(73,160)	-
Total sales.....	394,412	434,572	127,165	91,729	116,695	(73,160)	1,091,414
Segment income (loss) (Operating income (loss)).....	38,269	36,504	5,653	6,532	(1,619)	-	85,339
Segment assets.....	297,832	402,480	116,468	122,507	129,482	268,160	1,336,931
Other							
Depreciation	11,346	17,570	5,923	5,855	2,164	4,047	46,907
Increase in tangible and intangible fixed assets.....	44,893	21,468	8,772	8,812	2,470	3,275	89,692

Note 1. Other business includes the business tie-ups, the packaging business, the logistics business and other service businesses.

Note 2. Adjustments are as follows:

- (1) Adjustments of ¥268,160 million for segment assets mainly includes, 'Corporate' assets of ¥313,659 million and intersegment offsetting of receivables against payables of minus ¥45,499 million. 'Corporate' assets primarily consist of the Group's cash and cash equivalents, long-term investments, land not used in operations, and certain assets associated with administrative divisions and research facilities.
- (2) Adjustments of ¥4,047 million for 'Depreciation' is depreciation related to 'Corporate' assets.
- (3) Adjustments of ¥3,275 million for 'Increase in tangible and intangible fixed assets' is the acquisition cost of tangible and intangible fixed assets related to 'Corporate' assets.

Fiscal year ended March 31, 2016

Millions of yen, rounded down

	Reporting segment				Other Business *1	Adjustment amount*2	Consolidated
	Japan Food Products	International Food Products	Life Support	Healthcare			
Sales							
(1) Sales to third parties.....	397,069	463,905	142,415	89,596	91,114	-	1,184,100
(2) Intra-group sales and transfers	3,002	5,734	3,412	3,974	56,295	(72,418)	-
Total sales	400,071	469,639	145,827	93,570	147,409	(72,418)	1,184,100
Segment income(loss) (Operating income (loss)).....							
Segment assets.....	279,371	336,583	113,532	111,398	129,203	292,024	1,262,113
Other							
Depreciation	10,544	17,808	7,453	6,186	3,259	5,667	50,920
Increase in tangible and intangible fixed assets	17,349	19,818	7,701	7,292	2,678	4,026	58,867

Note 1. Other business includes business tie-ups, the packaging business, the logistics business and other service businesses.

Note 2. Adjustments are as follows:

- (1) Adjustments of ¥292,024 million for segment assets mainly includes, 'Corporate' assets of ¥339,734 million and intersegment offsetting of receivables against payables of minus ¥47,710 million. 'Corporate' assets primarily consist of the Group's cash and cash equivalents, long-term investments, land not used in operations, and certain assets associated with administrative divisions and research facilities.
- (2) Adjustments of ¥5,667 million for 'Depreciation' is depreciation related to 'Corporate' assets.
- (3) Adjustments of ¥4,026 million for 'Increase in tangible and intangible fixed assets' is the acquisition cost of tangible and intangible fixed assets related to 'Corporate' assets.

b. Related information

Fiscal year ended March 31, 2017

1. Information by product and service

Information by product and service has been omitted as it contains the same information as Segment information.

2. Information by geographical area

(1) Sales

	<i>Millions of yen, rounded down</i>				
	"Japan"	"Asia"	"Americas"	"Europe"	Total
Sales	502,055	280,265	232,112	76,980	1,091,414
Percentage of total consolidated sales	46.0%	25.7%	21.3%	7.1%	100.0%

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

(2) Tangible fixed assets

	<i>Millions of yen, rounded down</i>				
	"Japan"	"Asia"	"Americas"	"Europe"	Total
Tangible fixed assets	169,847	104,455	77,619	43,669	395,590

Fiscal year ended March 31, 2016

1. Information by product and service

Information by product and service has been omitted as it contains the same information as Segment information.

2. Information by geographical area

(1) Sales

	<i>Millions of yen, rounded down</i>				
	"Japan"	"Asia"	"Americas"	"Europe"	Total
Sales	554,219	282,268	240,436	107,176	1,184,100
Percentage of total consolidated sales	46.8%	23.8%	20.3%	9.1%	100.0%

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

(2) Tangible fixed assets

	<i>Millions of yen, rounded down</i>				
	"Japan"	"Asia"	"Americas"	"Europe"	Total
Tangible fixed assets	170,178	100,311	68,194	47,517	386,201

c. Impairment losses on fixed assets by reporting segment

Fiscal year ended March 31, 2017

Millions of yen, rounded down

	Reporting segment					Other Business	Adjustment amount	Total
	Japan Food Products	International Food Products	Life Support	Healthcare				
Impairment losses	31	34	1,626	-	272	-	1,965	

Fiscal year ended March 31, 2016

Millions of yen, rounded down

	Reporting segment					Other Business	Adjustment amount	Total
	Japan Food Products	International Food Products	Life Support	Healthcare				
Impairment losses	719	2,446	3,325	38	5,775	-	12,306	

Note: Impairment losses posted in "Other" segment include ¥4,839 million as an extraordinary loss related to pharmaceutical business restructuring charges.

d. Depreciation of goodwill and remaining amounts by reporting segment

Fiscal year ended March 31, 2017

Millions of yen, rounded down

	Reporting segment					Other Business	Adjustment amount	Total
	Japan Food Products	International Food Products	Life Support	Healthcare				
Depreciation	2,280	3,279	-	1,060	-	-	6,620	
Remaining amounts	26,499	42,730	-	13,183	-	-	82,412	

Fiscal year ended March 31, 2016

Millions of yen, rounded down

	Reporting segment					Other Business	Adjustment amount	Total
	Japan Food Products	International Food Products	Life Support	Healthcare				
Depreciation	2,280	3,636	-	1,176	-	-	7,093	
Remaining amounts	28,779	46,327	-	14,344	-	-	89,450	

e. Gains on negative goodwill by reporting segment

Fiscal year ended March 31, 2017

No applicable items.

Fiscal year ended March 31, 2016

No applicable items.

f. Segment information by location

Fiscal year ended March 31, 2017

Millions of yen, rounded down

	"Japan"	"Asia"	"Americas"	"Europe"	Total
Sales to third parties	519,774	254,729	226,936	89,974	1,091,414
Percentage of total consolidated sales	47.6%	23.3%	20.8%	8.2%	100.0%
Operating income	40,669	34,852	7,376	2,440	85,339
Percentage of total consolidated operating income	47.7%	40.8%	8.6%	2.9%	100.0%

Fiscal year ended March 31, 2016

Millions of yen, rounded down

	"Japan"	"Asia"	"Americas"	"Europe"	Total
Sales to third parties	554,757	274,559	245,912	108,871	1,184,100
Percentage of total consolidated sales	46.9%	23.2%	20.8%	9.2%	100.0%
Operating income	38,243	37,441	11,734	3,460	90,880
Percentage of total consolidated operating income	42.1%	41.2%	12.9%	3.8%	100.0%

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

Notes 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

Per Share Information

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2016
Net assets per share	¥1,094.83	¥1,066.84
Earnings per share	¥91.99	¥107.86

Note 1: Fully diluted earnings per share is not stated for either year, since the Company does not have residual securities.

Note 2: The basis for calculation of net assets per share is as follows

	<i>Millions of yen, rounded down</i>	
	As of March 31, 2017	As of March 31, 2016
Total net assets on balance sheet	697,773	691,928
Deductions from net assets	74,666	72,056
Non-controlling interests	(74,666)	(72,056)
Net assets attributable to common stock	623,106	619,872
Number of shares of common stock used for the calculation of net assets per share (thousand shares)	569,133	581,038

Note 3: The basis for calculation of earnings per share is as follows

	<i>Millions of yen, rounded down</i>	
	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2016
Profit attributable to owners of parent	52,595	63,427
Net income not attributable to common stock	-	-
Profit attributable to common stock owners of parent	52,595	63,427
Average number of shares of common stock outstanding during the year (thousand shares)	571,779	588,064

Note 4: The impact of the retrospective restatement in accordance with the change in accounting policy of EA Pharma, which is an equity-method affiliate of the Company, has been reflected in the previous fiscal year. Due to amounts being restated, "Profit attributable to owners of parent" and "Profit attributable to common stock owners of parent" decreased ¥164 million each, "Earnings per share" and "Net assets per share" decreased by ¥0.28 and ¥7.52 respectively in the previous year.

Significant Subsequent Events

Business combination by way of acquisition

The Company agreed on November 15, 2016, to acquire all the shares of Örgen Gıda Sanayi ve Ticaret A.Ş. ("Örgen"), a food company in Turkey, and the trademark rights for their brand for powdered seasoning, "Bizim Mutfak," which is extensively penetrated in Turkey, and on April 3, 2017 completed the acquisition procedures.

(1) Outline of business combination

1) Name of the acquired company and business description

Name of acquired company: Örgen Gıda Sanayi ve Ticaret A.Ş.

Business description: manufacture and sale of bouillon, powdered soups, menu-specific seasonings and powdered desserts

2) Main reason for the business combination

In its FY2017-2019 (for FY2020) Medium-Term Management Plan, the Company has made it one of its key strategies to accelerate regional expansion for food business growth with a stronger regional portfolio. Positioning Turkey as its starting point for business expansion in the Middle East, the Company intends to use the business foundation and brands of Örgen and Kükre A.Ş., a food company in which the Company acquired a 50% stake in 2013, to strengthen its business portfolio in Turkey and accelerate business expansion in the Middle East, thus contributing to richness in food in the region.

3) Date of business combination

April 3, 2017

4) Legal form of business combination

Share acquisition via cash transaction

5) Name of combined company:

Örgen Gıda Sanayi ve Ticaret A.Ş.

6) Percentage of voting shares acquired:

100%

7) Primary basis for decision of the acquiring company:

The Company acquired shares through a cash transaction.

(2) Cost of acquisition and price breakdown:

Acquisition Price	in Cash	TRY196 million (approx. ¥6,108 million)*1,*2
Acquisition Cost		TRY196 million

*1. Acquisition cost for the trademark rights for Örgen's brand *Bizim Mutfak* is included.

*2. Valuation (TRY1=¥31.01) after price adjustment at the time of the share acquisition.

Please note that the acquisition value is not yet fixed at this moment, because a price adjustment will also be made after the share acquisition.

(3) Main acquisition-related expenses:

Still to be determined.

(4) Amount of goodwill, reason for the goodwill, method and period of amortization:

Still to be determined.

(5) Amount and breakdown of assets and liabilities received on the date of business combination:

Still to be determined.