Ajinomoto Co., Inc.

Consolidated Results

First Quarter Ended June 30, 2016

AJINOMOTO®

SUMMARY OF FINANCIAL STATEMENTS (Consolidated)

First quarter results for the year ending March 31,2017

Ajinomoto Co., Inc. **July 28, 2016**

Stock Code:	2802		Listed exchanges:	Tokyo
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President:	Takaaki Nishii			General Manager
Scheduled date of submission of quarterly report:		August 10, 2016		Finance and Accounting
Scheduled date of starting payment of dividend:		N/A		Department
Creation of supplementary quarterly results materials:		Yes	Telephone:	813 5250-8161
Quarterly results briefing:		No		

1. Consolidated Financial Results for the Three Months Ended June 30, 2016

1) Consolidated Operating Results

Millions of yen, rounded down

	Three-month period ended June 30, 2016		Three-month period ended June 30, 2015	
		Change %		Change %
Net sales	262,918	(9.9)	291,883	-
Operating income	20,551	(11.4)	23,191	-
Ordinary income	23,055	(8.8)	25,271	-
Quarterly profit attributable to owners of parent	13,776	(57.1)	32,128	-
Quarterly earnings per share (¥)	¥23.85	-	¥54.29	-
Fully diluted quarterly earnings per share (¥)	-	-	-	-

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

Comprehensive income:

Three months ended June 30,2016: ¥ - 28,363 million (- %) Three months ended June 30,2015: ¥45,287 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 first quarter 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 first quarter 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 June 30, 2016	As of June 30, 2015
Total assets	1,177,952	1,262,113
Net assets	624,156	691,928
Shareholders' equity ratio (%)	47.7%	49.1%
Book value per share (¥)	¥982.70	¥1,066.84

Note: Shareholders' equity as of: As of June 30, 2016: ¥561,530 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

	Three months ended June 30, 2016	Six months ending September 30, 2016	Nine months ending December 31, 2016	FY ending March 31, 2017	Total
Dividend per share					
interim	-	¥13.00	-	¥15.00	¥28.00
Year-end................................	-				
Annual(forecast)		¥15.00	-	¥15.00	¥30.00

Note: Revisions to dividend forecasts in the period under review: No

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

Millions of yen

	FY ending March 31, 2017	
		Change (%)
Net sales..	1,186,000	0.2
Operating income..	91,000	0.1
Ordinary income..	91,600	(2.7)
Profit attributable to owners of parent	51,000	(19.6)
Earnings per share......................................	¥89.08	-

Note1: Revisions to consolidated earnings forecasts in the period under review: No

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.

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 three-month 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):

June 30, 2016: 583,762,654 shares March 31, 2016: 583,762,654 shares

(2) Number of treasury shares at end of period

June 30, 2016: 12,345,793 shares   March 31, 2016: 2,724,205 shares

(3) Average number of shares during period

April1,2016 to June 30,2016: 577,727,691 shares

April 1,2015 to June 30,2015: 591,800,492 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 qualitative information concerning the forecast, see supplementary results materials page 9 *"1. QUALITATIVE INFORMATION ON THREE-MONTH 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 Thursday, July 28, 2016

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1. QUALITATIVE INFORMATION ON THREE-MONTH 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, and 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 previous first-quarter 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 finalized a provisional accounting treatment related to the business combination of Ajinomoto General Foods, Inc. (hereafter "AGF"). Consolidated results for the first quarter of the previous fiscal year have been revised to reflect a significant change to the initial allocation of the acquisition cost, which resulted from the finalization of the provisional accounting treatment. For details, please refer to page 16, *3. Consolidated Three-month Period Financial Statements (3) Notes to the consolidated financial statements (Business mergers, etc.)*.

(1) Explanation of operating results

During the three-month period under review (April 1, 2016 to June 30, 2016), 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, as improvement in the employment environment and a rebound in corporate capital investment continued despite concerns about the strengthening yen's impact on corporate earnings.

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 for the three months of the fiscal year fell 9.9% year on year, or ¥28.9 billion, to ¥262.9 billion, mainly owing to a forex-related decline in sales of seasonings and processed foods (international), a big decline in sales of animal nutrition products, and the impact of shifting EA Pharma from consolidated subsidiary status to an equity-method affiliate upon restructuring of the Company's pharmaceuticals business . Operating income fell 11.4%, or ¥2.6 billion, to ¥20.5 billion, mainly reflecting a large decline in profits on animal nutrition products and forex impact. Ordinary income also reflects the forex impact, down 8.8%, or ¥2.2 billion, to ¥23.0 billion. Profit attributable to owners of parent declined 57.1%, or ¥18.3 billion, to ¥13.7 billion, with the decline largely reflecting the absence of the gain on the step acquisition of AGF shares that was recorded in the first quarter of the previous fiscal year.

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

Note: All comparisons are with first quarter period of the previous fiscal year, unless stated otherwise.
From the consolidated first quarter period under review, reporting segments have been changed, and the results for the previous first quarter period 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	94.5	1.7	101.9%	7.3	1.9	134.8%
International food products	102.3	(14.8)	87.3%	10.3	(0.3)	96.8%
Life support	30.5	(7.1)	81.1%	0.8	(3.7)	18.6%
Healthcare	21.3	(0.5)	97.3%	2.2	0.4	123.2%
Other business	14.0	(8.1)	63.3%	(0.3)	(0.8)	-
Total	262.9	(28.9)	90.1%	20.5	(2.6)	88.6%

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 increased 1.9%, or ¥1.7 billion, to ¥94.5 billion, supported by growth in sales of Japan frozen foods and in Japan seasonings and processed foods. Operating income expanded 34.8%, or ¥1.9 billion, to ¥7.3 billion, mainly owing to the increase in 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*® was 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 and steady gains by other products, including *Knorr® Cup Soup* and *HONDASHI*®.

Sales of commercial seasonings and processed foods also increased, led by growing sales of seasoning products for restaurant use, which were driven by increased sales of functional food products that enhance texture and quality of rice and meat while drawing out their flavors. Strong domestic sales of *ACTIVA*®, a food enzyme (transglutaminase), and of savory seasonings products also contributed to the overall increase in sales in this category.

As a result, overall first-quarter sales of the Japan business' seasonings and processed foods were greater than a year earlier.

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

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 first-quarter sales of frozen foods in Japan were up year on 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 bottled coffee products and gift-packaged products.

For commercial-use coffee products, sales to major customers were even with those in the first quarter of the previous year.

Overall, first-quarter sales of coffee products fell short of the previous fiscal year's result.

2) International Food Products Segment

International food products segment sales decreased 12.7%, or ¥14.8 billion, to ¥102.3 billion, as a stronger yen depressed the yen-based sales of overseas seasonings and processed foods, umami seasonings and sweeteners for processed food manufacturers, and overseas frozen foods The negative forex impact also depressed segment operating income, which fell 3.2%, or ¥0.3 billion, to ¥10.3 billion.

Seasonings and processed foods: In Asia, many products achieved year-on-year sales gains on a local-currency basis—including the umami seasoning *AJI-NO-MOTO*® sold 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, first-quarter 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 on an overall basis, as sales of *AJI-NO-MOTO*® in Africa declined significantly from the first quarter of the previous fiscal year.

As a result of the above, overall overseas sales of seasonings and processed foods were lower than a year earlier.

Frozen foods: Overseas sales of frozen foods fell year on year, as the strong yen negated solid gains in sales on a local-currency basis at Ajinomoto Windsor, Inc.

Umami seasonings for processed food manufacturers and sweeteners: Sales of *AJI-NO-MOTO*® to the food processing industry fell sharply despite higher sales prices in Japan and overseas than in the same period of the previous fiscal year. The decline reflects lower domestic and overseas sales volumes and the negative forex impact on overseas sales expressed in yen.

Sales of nucleotides increased, driven upwards by 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, however, fell sharply, adversely affected by lower sales volumes of aspartame for the processing industry and the adverse forex impact.

Overall, first-quarter sales of umami seasonings for processed food manufacturers and sweeteners were lower than a year earlier.

3) Life Support Segment

Life Support segment sales fell 18.9%, or ¥7.1 billion, to ¥30.5 billion. Sales of specialty chemicals increased year on year, but sales of animal nutrition products were sharply lower. Segment operating income declined 81.4%, falling ¥3.7 billion to ¥0.8 billion, owing to lower profits of specialty chemicals and a large drop in income from animal nutrition.

Animal nutrition: Lysine sales fell sharply in the first quarter, as both sales volume and prices were lower than a year earlier. Sales of threonine and tryptophan also fell significantly, as sharply lower sales prices offset higher sales volumes. Sales of specialty products, such as Valine, were up year on year.

Overall, first-quarter sales of animal nutrition products were sharply lower than a year earlier.

Specialty chemicals: Overall sales of specialty chemicals increased year on year, as strong sales of insulation film for build-up printed wiring board used in semiconductor packaging were supplemented by an increase in domestic sales of cosmetics ingredients.

4) Healthcare Segment

Healthcare segment sales decreased 2.7%, or ¥0.5 billion to ¥21.3 billion, as sales of amino acids for pharmaceuticals and foods as well as sales of pharmaceutical custom manufacturing services both declined year on year, in part owing to the adverse forex conditions. Segment operating income, however, rose 23.2%, or ¥0.4 billion, to ¥2.2 billion, on a big increase in the profitability of the pharmaceutical custom manufacturing service, supplemented by a year-on-year improvement in margins on amino acids for pharmaceuticals and foods.

Amino acids: First-quarter sales of amino acids for pharmaceuticals and foods declined year on year, as the unfavorable forex rates contributed to a sharp drop in overseas sales, which offset a large increase in sales in Japan. The pharmaceutical custom manufacturing service also saw revenues fall as forex rates negatively affected sales in Europe.

As a result of the above, overall sales of amino acid fell year on year.

5) Other Business

Other business sales decreased 36.7%, or ¥8.1 billion, to ¥14.0 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 ¥0.3 billion, representing a ¥0.8 billion decrease from the previous year's result.

(2) Explanation of Financial Position

As of June 30, 2016, total assets amounted to ¥1,177.9 billion, ¥84.1 billion less than the ¥1,262.1 billion recorded at the end of the previous fiscal year. The decline in assets is mainly attributed to 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 were ¥553.7 billion, ¥16.3 billion less than the ¥570.1 billion on the balance sheet at the end of the previous fiscal year. Interest-bearing debt totaled ¥274.4 billion, ¥9.7 billion more than at the end of the previous fiscal year.

Net assets decreased ¥67.7 billion from to the end of the previous fiscal year, as cash used for the buyback of Company shares and declines related to foreign currency translation adjustments outweighed the positive impact of an increase in retained earnings. As of June 30, 2016, shareholders' equity, which is net assets minus non-controlling interests, totaled to ¥561.5 billion, for a shareholders' equity ratio of 47.7%.

(3) Explanation of consolidated earnings forecasts

No changes have been made to the full-year forecasts that the Company announced on May 10, 2016.

2. SUMMARY INFORMATION (NOTES)

(1) Transfer of important subsidiaries in the three-month 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).

For more information, see page 20, *"3. Consolidated Three-month Period Financial Statements (3) Notes to the consolidated financial statements (Business mergers, etc.)*" for details.

(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 three-month period under review, and applying this rate to net income before income taxes for the three-month 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 three-month 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 according to the contract period.

The change in accounting policy has been applied retrospectively to the consolidated financial statement. The previous year financial statements for the first quarter and full year have been adjusted retrospectively.

Compared with the accounting policy before retrospective adjustment, sales for the first three-month period declined ¥382 million, while, operating income, ordinary income, and net income before income taxes, respectively declined ¥82 million each. 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 THREE-MONTH PERIOD FINANCIAL STATEMENTS

(1) Consolidated Balance Sheet

Millions of yen, rounded down

	As of end of first quarter (June 30, 2016)	As of end of fiscal year (March 31, 2016)
Assets		
Current assets		
Cash on hand and in banks	175,506	221,242
Notes and accounts receivable	155,961	181,860
Goods and products	109,748	116,303
Goods in process	8,965	8,270
Raw materials and supplies	51,062	54,833
Deferred tax assets	9,476	9,711
Other	42,753	33,034
Allowance for doubtful accounts	(1,140)	(1,191)
Total current assets	552,333	624,063
Fixed assets		
Tangible fixed assets		
Buildings and structures	346,115	362,650
Accumulated depreciation and accumulated impairment losses	(210,635)	(218,576)
Net buildings and structures	135,479	144,074
Machinery and vehicles	556,836	588,820
Accumulated depreciation and accumulated impairment losses	(416,051)	(438,207)
Net machinery and vehicles	140,785	150,613
Land	51,749	53,772
Construction in progress	16,675	22,260
Other	68,189	73,725
Accumulated depreciation and accumulated impairment losses	(53,313)	(58,245)
Net other assets	14,876	15,480
Total tangible fixed assets	359,565	386,201
Intangible fixed assets		
Goodwill	82,589	89,450
Other	39,230	46,560
Total intangible fixed assets	121,819	136,011
Investments and other assets		
Investments in securities	126,877	96,133
Long-term loans receivable	1,203	1,084
Deferred tax assets	5,822	4,930
Net defined benefit assets	877	964
Other	9,918	13,343
Allowance for doubtful accounts	(161)	(320)
Allowance for investment losses	(303)	(297)
Total investments and other assets	144,234	115,837
Total fixed assets	625,618	638,050
Total assets	1,177,952	1,262,113

(Continued)

	Millions of yen, rounded down	
	As of end of first quarter (June 30, 2016)	As of end of fiscal year (March 31, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable	86,034	90,459
Short-term borrowings	21,953	6,456
Current portion of long-term borrowings	11,171	11,189
Accrued income taxes	10,460	10,288
Bonus reserve	4,850	9,863
Bonus reserve for directors and others	63	427
Provision for shareholder benefit program	115	160
Asset retirement obligations	36	27
Other	96,776	104,432
Total current liabilities	231,462	233,304
Long-term liabilities		
Corporate bonds	89,995	89,995
Long-term borrowings	149,443	155,211
Deferred tax liabilities	12,090	13,892
Accrued retirement benefits for directors and others	403	435
Provision for loss on guarantees	681	681
Allowance for environmental measures	585	585
Liability for retirement benefit	48,414	52,325
Asset retirement obligations	580	594
Other	20,139	23,158
Total long-term liabilities	322,334	336,880
Total Liabilities	553,796	570,185
Net assets		
Shareholders' equity		
Common stock	79,863	79,863
Capital surplus	26,031	26,031
Retained earnings	583,527	578,451
Treasury stock	(31,186)	(6,944)
Total shareholders' equity	658,236	677,402
Accumulated other comprehensive income		
Unrealized holding gain on securities	14,204	17,804
Unrealized gain (loss) from hedging instruments	(1,661)	(1,578)
Translation adjustments	(85,087)	(47,746)
Accumulated adjustments for retirement benefits	(24,160)	(26,008)
Total accumulated other comprehensive income (loss)	(96,705)	(57,529)
Non-controlling interests	62,625	72,056
Total net assets	624,156	691,928
Total liabilities & net assets	**1,177,952**	**1,262,113**

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

Consolidated Statement of Income

Millions of yen, rounded down

	Three-month period (April 1, 2016 to June 30, 2016)	Three-month period (April 1, 2015 to June 30, 2015)
Net sales	262,918	291,883
Cost of sales	169,349	190,988
Gross profit	93,569	100,894
Selling, general and administrative expenses	73,017	77,702
Operating income	20,551	23,191
Non-operating income		
Interest income	741	721
Dividend income	691	632
Equity in earnings of non-consolidated subsidiaries and affiliates	2,346	634
Other	528	1,249
Total non-operating income	4,307	3,237
Non-operating expenses		
Interest expense	595	588
Exchange loss	627	-
Other	582	568
Total non-operating expenses	1,804	1,157
Ordinary income	23,055	25,271
Extraordinary gains		
Gain on sale of shares in affiliated companies	2,187	-
Gain on step acquisitions	-	18,027
Other	747	135
Total extraordinary gains	2,934	18,162
Extraordinary losses		
Loss on disposal of fixed assets	364	219
Loss on sale of shares in affiliated company	801	-
Loss on change in equity	1,139	-
Other	634	518
Total extraordinary losses	2,939	738
Net income before taxes	23,050	42,695
Income taxes – total	6,700	7,720
Net income	16,349	34,975
Profit attributable to non-controlling interests	2,572	2,846
Profit attributable to owners of parent	13,776	32,128

Consolidated Statement of Comprehensive Income

Millions of yen, rounded down

	Three-month period (April 1, 2016 to June 30, 2016)	Three-month period (April 1, 2015 to June 30, 2015)
Net income	16,349	34,975
Other comprehensive income		
Unrealized holding gain (loss) on securities	(3,691)	4,779
Unrealized gain (loss) from hedging instruments	(47)	(60)
Translation adjustments	(42,565)	5,190
Adjustment for retirement benefits	1,311	646
Share of other comprehensive income of equity method affiliates	280	(243)
Total other comprehensive income	(44,713)	10,312
Comprehensive income	(28,363)	45,287
(Breakdown)		
Comprehensive income attributable to owners of parent	(25,722)	42,991
Comprehensive income attributable to non-controlling interests	(2,641)	2,296

(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 9,620,000 shares of common stock at ¥24,238 million in the market via a trust bank during the period from May 11, 2016 to June 30, 2016.

Segment information

I. Three-month period of the fiscal year ending March 31, 2017 (April 1, 2016 to June 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	94,561	102,390	30,513	21,383	14,070	-	262,918
(2) Intra-group sales and transfers	1,024	1,473	679	493	13,228	(16,900)	-
Total sales	95,586	103,863	31,193	21,877	27,298	(16,900)	262,918
Segment income (loss) (Operating income (loss))	7,382	10,398	866	2,254	(349)	-	20,551

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 first quarter 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 three-month 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 three-month period of the previous fiscal year.*

3. Information by region

Millions of yen, rounded down

	"Japan"	"Asia"	"Americas"	"Europe"	Total
Sales..	121,255	68,940	55,347	17,375	262,918
Percentage of total consolidated sales	46.1%	26.2%	21.1%	6.6%	100.0%

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

No applicable items.

II. Three- month period of the fiscal year ended March 31, 2016 (April 1, 2015 to June 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.......................	92,809	117,240	37,624	21,981	22,226	-	291,883
(2) Intra-group sales and transfers............	487	1,487	476	585	12,737	(15,774)	-
Total sales............	93,296	118,728	38,101	22,567	34,964	(15,774)	291,883
Segment income(loss) (Operating income (loss))...........................	5,477	10,740	4,646	1,829	498	-	23,191

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

Note2: The segment results for the first quarter 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 page 16 "I. Three-month period of the fiscal year ending March 31, 2017 (April 1, 2016 to June 30, 2016) 2. Change in reporting segments".

Note3: Regarding AGF's business combination in the first quarter 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 first quarter of the previous fiscal year have been revised to reflect it. As a result, segment income in "Japan Products" declined ¥528 million in the three-month 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 first quarter of the previous fiscal year. Accordingly, sales to third parties in "others" and segment income decreased respectively ¥382 million and ¥82 million in the three-month period of the previous fiscal year.

2. Information by region

Millions of yen, rounded down

	"Japan"	"Asia"	"Americas"	"Europe"	Total
Sales..	126,143	73,753	63,783	28,202	291,883
Percentage of total consolidated sales	43.2%	25.3%	21.9%	9.7%	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 first quarter of the previous fiscal year. Accordingly, in the three-month period of the previous fiscal year, sales in “Japan” decreased ¥382 million, percentages of total consolidated sales in “Japan” decreased 0.1%, meanwhile, “Asia”, “Americas”, and “Europe” increased respectively 0.1%.

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 QUARTERLY PERIOD FINANCIAL STATEMENTS (Business mergers, etc.)”.*

(Reference)

Segment information by geographical area

Three-month period of the fiscal year ending March 31, 2017

Millions of yen, rounded down

	“Japan”	“Asia”	“Americas”	“Europe”	Total
Sales to third parties	125,760	62,248	53,506	21,403	262,918
Percentage of total consolidated sales	47.8%	23.7%	20.4%	8.1%	100.0%
Operating income	8,074	10,452	1,586	439	20,551
Percentage of total consolidated operating income	39.3%	50.9%	7.7%	2.1%	100.0%

Three-month period of the fiscal year ended March 31, 2016

Millions of yen, rounded down

	“Japan”	“Asia”	“Americas”	“Europe”	Total
Sales to third parties	130,793	70,019	63,036	28,033	291,883
Percentage of total consolidated sales	44.8%	24.0%	21.6%	9.6%	100.0%
Operating income	8,249	10,424	3,400	1,116	23,191
Percentage of total consolidated operating income	35.6%	45.0%	14.7%	4.8%	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 first quarter 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 first quarter of the previous fiscal year have been revised to reflect it. As a result, operating income in "Japan" declined ¥528 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 for the first quarter of the previous fiscal year. Accordingly, in the previous first quarterly period, sales to third party and operating income in "Japan" declined respectively ¥382 million and ¥82 million.

Business mergers, etc.

1. Integration through acquisition

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

In its consolidated accounts for the first quarter of the previous fiscal year, 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, it was determined at the end of the previous fiscal year.

In line with this final determination, the comparative data in the consolidated financial statements for the first quarter of the fiscal 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 a 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 this reduction in the amount of goodwill related to the AGF acquisition and to an increase in depreciation and amortization of intangible fixed assets, the consolidated statement of income for the first quarter of the previous fiscal year has been adjusted as follows: operating income, ordinary income, and net income before taxes were each reduced by ¥528 million, net income was reduced by ¥325 million, and profit attributable to owners of parent was reduced by ¥321 million.

2. Corporate integration by subsidiary

Ajinomoto Co.'s wholly owned subsidiary AJINOMOTO PHARMACEUTICALS CO., LTD. (hereafter "AJINOMOTO PHARMACEUTICALS") succeeded to a portion of Eisai's gastrointestinal disease treatment business via an absorption-type split on April 1, 2016 and was renamed EA Pharma Co., Ltd. (hereafter "EA Pharma"). As consideration for the absorption-type company split, shares of the resulting company were allotted to Eisai on that date.

Consequently, from the first quarter of the fiscal year under review, Ajinomoto holds a 40% equity interest in EA Pharma, making the company an equity-method affiliate of Ajinomoto, rather than the previous entity's status as a consolidated subsidiary (specified subsidiary).

(1) Outline of corporate integration

1) Name and business content of parties to the integration, and name of the company after integration

Name of integrating 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 integration: EA Pharma Co. Ltd.

2) Purpose of establishing the integrated company

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 for the disease filed.

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 will result 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, particularly 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 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 integration, 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 sufficient 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 establishment of integrated company

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 of the integration

The accounting treatment of the above corporate integration is 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).

Recognized loss on change in equity due to the accounting treatment

Loss on change in equity of ¥1,139 million

(3) Reporting business segment affected by the integration

Other Business segment

Significant Subsequent Events

Retirement of treasury stock

The Company authorized, at the Board of Directors' Meeting of July 28, 2016, the following retirement of treasury stock in accordance with the provision of Article 178 of the Companies Act:

1) Class of shares to be retired: Common stock
2) Total number of shares to be retired: 11,899,300 shares
3) Scheduled date of the retirement: August 9, 2016
(Reference) The total number of shares issued after the retirement: 571,863,354 shares