AJINOMOTO®

# Ajinomoto Co., Inc.

## Consolidated Interim Results

Interim Period Ended September 30, 2014

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.

AJINOMOTO®

# SUMMARY OF FINANCIAL STATEMENTS (Consolidated)

For the interim period ended September 30, 2014

**Ajinomoto Co., Inc.** **November 6, 2014**

| | | | |
|---|---|---|---|
| Stock Code: | 2802 | Listed exchanges: | Tokyo |
| http://www.ajinomoto.com/en | | Inquiries: | Koichi Morita |
| President: | Masatoshi Ito | | General Manager |
| Scheduled date of submission of quarterly report: | November 11, 2014 | | Finance Department |
| Creation of supplementary quarterly results materials: | Yes | | Telephone: 813 5250-8161 |
| Quarterly results briefing: | Yes (for analysts) | | Scheduled date of payment of dividend: December 3, 2014 |

## 1. Consolidated Financial Results for the Interim Period Ended September 30, 2014

### 1) Consolidated Operating Results

*Millions of yen, rounded down*

| | Interim period ended September 30, 2014 | | Interim period ended September 30, 2013 | |
|---|---|---|---|---|
| | | Change % | | Change % |
| Net sales | 467,622 | (0.3) | 468,907 | -- |
| Operating income | 28,588 | (3.9) | 29,744 | -- |
| Ordinary income | 31,909 | (3.6) | 33,110 | -- |
| Net income | 20,747 | (7.1) | 22,342 | -- |
| Net income per share (¥) | ¥35.04 | -- | ¥36.06 | -- |
| Fully diluted earnings per share (¥) | -- | -- | -- | -- |

Notes: “Change %” indicates the percentage change compared to the same period of the previous fiscal year.

Comprehensive income:

Interim period ended September 30, 2014: ¥45,375 million (56.3%) Interim period ended September 30, 2013: ¥29,035 million (--%)

Note: Due to amounts being restated in accordance with a change in accounting policy, the YoY percentage change for the interim period ended September 30, 2013 has not been recorded.

### 2) Financial Position

*Millions of yen, rounded down*

| | As of September 30, 2014 | As of March 31, 2014 |
|---|---|---|
| **Total assets** | 1,111,771 | 1,093,165 |
| Net assets | 689,027 | 655,507 |
| Shareholders’ equity ratio (%) | 56.1% | 54.4% |
| Book value per share (¥) | ¥1,054.53 | ¥1,002.29 |

Reference: Shareholders’ equity As of September 30, 2014: ¥624,127 million. As of March 31, 2014: ¥594,950 million

Note: The impact of the retrospective restatement in accordance with a change in accounting policy has been reflected in the figures for the period ended March 31, 2014.

## 2. Dividends

| | FY ended March 31, 2014 | FY ending March 31, 2015 | FY ending March 31, 2015 (forecast) |
|---|---|---|---|
| Dividend per share | | | |
| Interim | ¥10.00 | ¥10.00 | ¥-- |
| Year-end | ¥10.00 | ¥-- | ¥12.00 |
| Annual | ¥20.00 | ¥-- | ¥22.00 |

Note: Revisions to dividend forecasts in the period under review: Yes

- The year-end dividend forecast announced on May 8, 2014, has been revised.

## 3. Forecast for the Fiscal Year Ending March 31, 2015

*Millions of yen, rounded down*

| | FY Ending March 31, 2015 | |
|---|---|---|
| | | Change % |
| Net sales | 1,008,000 | 6.0 |
| Operating income | 70,000 | 13.3 |
| Ordinary income | 75,000 | 9.0 |
| Net income | 44,000 | 4.4 |
| Net income per share | ¥74.32 | -- |

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

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

Note: Due to a change in accounting policy, comparisons with the same period of the previous fiscal year are based on amounts restated in accordance with this method.

### Notes:

1) **Transfer of important subsidiaries during the period** (transfer of specified subsidiaries resulting in changes in the scope of consolidation): None

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

   Note: For more information, see page 8, "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: Yes

   (4) Retrospective restatements: None

   Note: As of the first quarter period, a change has been made to the method for calculation of depreciation, which is categorized under "Changes in accounting policies for items that are difficult to categorize as changes in accounting estimates". For more information, see page 8, "2. SUMMARY INFORMATION (NOTES) (3) Changes in accounting policy, changes in accounting estimates, and retrospective restatements" for details.

4) **Number of shares outstanding (ordinary shares)**

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

   September 30, 2014: 594,470,654 shares; March 31, 2014: 614,115,654 shares

   (2) Number of treasury shares at end of period

   September 30, 2014: 2,615,969 shares; March 31, 2014: 20,523,658 shares

   (3) Average number of shares during period

   April 1, 2014 to September 30, 2014: 592,117,604 shares; April 1, 2013 to September 30, 2013: 619,660,696 shares

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

*Forward-looking statements, such as business forecasts, made in these financial statements are based on management's estimates, assumptions and projections at the time of publication. A number of factors could cause actual results to differ materially from expectations. For more information regarding our business forecasts, see page 8, "1. QUALITATIVE INFORMATION ON INTERIM PERIOD CONSOLIDATED RESULTS, (3) Explanation of consolidated earnings forecasts".

*Method of obtaining supplementary results materials
Supplementary results materials will be published on the website of Ajinomoto Co., Inc. ("the Company" ) on Thursday, November 6, 2014.

## Table of contents

1. QUALITATIVE INFORMATION ON INTERIM PERIOD CONSOLIDATED RESULTS .................................... 5
   (1) Explanation of operating results .................................... 5
   (2) Explanation of financial position .................................... 8
   (3) Explanation of consolidated earnings forecasts .................................... 8

2. SUMMARY INFORMATION (NOTES) .................................... 8
   (1) Transfer of important subsidiaries in the period under review .................................... 8
   (2) Adoption of special accounting methods for preparation of financial statements .................................... 8
   (3) Changes in accounting policy, changes in accounting estimates, and retrospective restatements .......... 8
3. CONSOLIDATED INTERIM PERIOD FINANCIAL STATEMENTS .................................... 9
   (1) Consolidated balance sheet .................................... 10
   (2) Consolidated statement of income and consolidated statement of comprehensive income .................................... 12
   Consolidated statement of income .................................... 12
   Consolidated statement of comprehensive income .................................... 13
   (3) Notes to the consolidated financial statements .................................... 14
   Notes regarding premise of a going concern .................................... 14
   Notes regarding marked changes in amount of shareholders' equity .................................... 14
   Segment information .................................... 14
   Important Post-Balance Sheet Events .................................... 17

## 1. QUALITATIVE INFORMATION ON INTERIM PERIOD CONSOLIDATED RESULTS

Starting from the first quarter period, the Ajinomoto Group ("the Group") has changed its accounting policy regarding standards for recording sales, and consequently, comparisons with the end of the previous fiscal year and the same period of the previous fiscal year are based on amounts restated in accordance with this method. For more information, please refer to page 8, "2. SUMMARY INFORMATION (NOTES), (3) Changes in accounting policy, changes in accounting estimates, and retrospective restatements.

### (1) Explanation of operating results

Note: All comparisons are with the interim period of the previous fiscal year, unless stated otherwise.

In the interim period under review (April 1, 2014 to September 30, 2014), U.S. economic conditions gradually improved and a trend towards recovery was also seen in Europe. However, a slowdown in growth among developing nations meant that overall there was only slight improvement in the global economy.

A tendency towards weakness in corporate earnings and capital expenditure was observed in Japan, but with ongoing improvement in the employment environment, the country's gradual economic recovery continued.

In the food industry, raw material costs remain at a high level and the pullback from a last-minute surge in demand that preceded the rise in consumption tax also had an impact.

Within this environment, in the 2014-2016 Medium-Term Management Plan, the Group will use the pursuit of specialization to engage in "Further Reinforcement of Business Structure" and "Growth Driver Enhancement". Specialization is the high added value that arises from combining the Group's proprietary technology with the ability to create value from the discovery of customer opportunities, and through this specialization the Group aims to become a "Genuine Global Specialty Company". The Group will pursue "Growth Driver Advancement" through global growth and R&D leadership and "Further Reinforcement of Business Structure", based on specializing in bulk operations and increasing capital efficiency, while working on "Evolution of the Management Foundation".

Although the overseas food products (consumer foods) and domestic food products segments grew, consolidated sales for the interim period decreased 0.3% (¥1.2 billion) to ¥467.6 billion, reflecting the exclusion of sales from the infusions and dialysis business units that were spun off into equity method affiliate AY Pharmaceuticals Co. on July 1, 2013, and other factors.

Operating income decreased 3.9% (¥1.1 billion) to ¥28.5 billion, strongly influenced by weaker results from feed-use amino acids, although profit levels are gradually improving. Ordinary income decreased 3.6% (¥1.2 billion) to ¥31.9 billion. Net income decreased 7.1% (¥1.5 billion) to ¥20.7 billion.

**Consolidated operating results by segment**

Note: All comparisons are with the interim period of the previous fiscal year, unless stated otherwise.

*Billions of yen, rounded down*

| | Net sales | YoY change –amount | YoY change - percent | Operating income | YoY change -amount | YoY change - percent |
|---|---|---|---|---|---|---|
| Domestic food products | 147.2 | 3.0 | 2.1% | 10.1 | (1.2) | (11.1%) |
| Overseas food products | 153.1 | 9.0 | 6.3% | 16.4 | 3.6 | 28.3% |
| Bioscience products and fine chemicals | 108.2 | (3.3) | (3.0%) | 2.5 | (1.3) | (33.7%) |
| Pharmaceuticals | 18.7 | (9.1) | (32.6%) | 0.2 | (1.2) | (84.6%) |
| Other business | 40.1 | (0.8) | (2.2%) | (0.7) | (0.9) | --% |
| Total | 467.6 | (1.2) | (0.3%) | 28.5 | (1.1) | (3.9%) |

Note: Domestic and overseas sales of *ACTIVA®* products to food processing companies, savory seasonings and frozen foods are included in domestic food products. Domestic and overseas sales of *AJI-NO-MOTO®* for the food processing industry and nucleotides are included in overseas food products.

**1) Domestic food products**

Domestic food product sales increased 2.1% (¥3.0 billion) to ¥147.2 billion, due to factors such as growth in sales of frozen foods, and a return to sales growth of seasonings and processed foods in July as the impact of the pullback from the last-minute surge in demand in the lead up to the consumption tax increase receded. Operating income decreased 11.1% (¥1.2 billion) to ¥10.1 billion, mainly due to an increase in costs associated with an increase in sales expenses and a rise in the price of raw ingredients for frozen foods.

**Seasonings and processed foods:** In seasonings and processed foods for the retail market, sales of *HON-DASHI®* and mayonnaise products decreased as a result of a pullback from a last-minute surge in demand in the lead up to the consumption tax increase. However this was offset by strong sales of Japanese and western-style menu seasoning *Cook Do® Kyo-no Ohzara* which was impacted by TV advertising and related marketing initiatives, and an increase in sales of tube-type Chinese seasoning paste *Cook Do®* Koumi Paste. As a result, overall sales were largely in line with the previous year.

In seasonings and processed foods for the commercial market, sales of seasoning products for restaurant use increased due to growth in functional food products used to enhance texture and quality and draw out the flavors of rice and meat, and sales of *ACTIVA®*, a food enzyme (transglutaminase), and savory seasonings products were in line with the previous period, reflecting strong overseas sales, resulting in an overall increase in commercial market sales. As a result, overall sales of seasonings and processed foods increased.

**Frozen foods:** In the retail market, sales of *Gudakusan Ebi Pilaf* grew significantly in response to product revisions, and sales of products such as *Yawaraka Wakadori Kara-Age* also improved steadily. However sales of *Gyoza* slowed, resulting in retail market sales largely in line with the previous year. Total sales of products for the commercial market increased with growth in sales to large-scale domestic customers. Overseas, sales of frozen rice products and frozen noodle products such as yakisoba noodles increased significantly in North America. As a result, overall sales of frozen food increased.

**2) Overseas food products**

Overseas food product sales increased 6.3%, or ¥9.0 billion, to ¥153.1 billion, due to growth in sales of consumer foods. Operating income increased significantly, up 28.3%, or ¥3.6 billion, to ¥16.4 billion, due to higher revenues from consumer foods, and other factors.

**Consumer foods:** In Asia, despite the negative effect of exchange rates, overall sales increased, benefitting from higher sales of umami seasoning *AJI-NO-MOTO®* in Vietnam, Indonesia and Thailand, higher sales of flavor seasonings *Masako®* in Indonesia, and *Ros Dee®* in Thailand, and instant noodles.

In the Americas, sales increased, reflecting higher sales of products such as flavor seasoning *Sazón®* in Brazil.

In Europe and Africa, sales decreased, reflecting a decline in sales of *AJI-NO-MOTO®* in Europe, which offset an increase in sales of products such as instant noodles in Poland.

As a result of the above, overall consumer foods sales increased.

**Umami seasonings for processed food manufacturers:** Sales of *AJI-NO-MOTO®* for the food processing industry increased, mainly due to the positive effect of exchange rates and an increase in sales volumes in Japan, despite a decline in unit prices in both Japan and overseas markets. Sales of nucleotides decreased, due to a decline in both sales volumes and unit prices in both Japan and overseas markets.

As a result, overall sales of umami seasonings for processed food manufacturers were largely in line with the previous year.

**3) Bioscience products and fine chemicals**

Bioscience products and fine chemicals sales decreased 3.0%, or ¥3.3 billion, to ¥108.2 billion, as growth in sales of pharmaceutical custom manufacturing, sweeteners and amino acids for pharmaceuticals and foods was offset by a decline in sales of feed-use amino acids. Operating income decreased 33.7%, or ¥1.3 billion, to ¥2.5 billion, reflecting a significant decline in income from a fall in unit prices for feed-use amino acids, despite an increase in income from amino acids for pharmaceuticals and foods, and specialty chemicals.

**Feed-use amino acids:** Sales of Threonine increased due to an increase in both sales volumes and unit prices. Sales of Tryptophan increased as unit prices increased while sales volumes remained largely in line with the previous year. Revenue from specialty products such as Valine also increased as a result of efforts to expand sales. Sales volumes of Lysine decreased and unit prices remained well below the previous year despite a recovery from around August, resulting in a significant decrease in sales.

As result of the above, overall feed-use amino acid revenues decreased.

**Amino acids:** Sales of amino acids for pharmaceuticals and foods increased, supported by sales growth in Japan, which offset a decline in sales in Europe, Asia and North America. Sales of sweeteners also increased, mainly due to higher sales in South America of powdered juice Refresco MID® which contains aspartame. In pharmaceutical custom manufacturing, sales increased due to growth in sales in North America and Europe.

As a result, overall revenues increased.

**Specialty chemicals:** Overall sales decreased despite growth in sales of higher value added products in insulation film for build-up printed wiring board used in computers, mainly due to a significant decline in amino acid-based cosmetics *Jino*® which was impacted by a pullback from a last-minute surge in demand in the lead-up to the consumption tax increase.

**4) Pharmaceuticals**

Pharmaceutical sales decreased 32.6%, or ¥9.1 billion, to ¥18.7 billion despite an increase in royalty income, reflecting the elimination of sales of infusion and dialysis business products from the consolidated results due to the spin-off of these operations into equity method affiliate AY Pharma Co., Ltd. from July 1, 2013, as well as the impact of NHI drug price revisions and generic drugs. Operating income decreased 84.6%, or ¥1.2 billion, to ¥0.2 billion.

In self-distributed products, sales fell significantly, impacted by the elimination of sales of infusion and dialysis business products, NHI drug price revisions, and generic drugs.

In products sold through business tie-ups, despite an increase in royalty income and contributions from new hypertension treatment *ATEDIO*® which was launched in May 2014, sales fell significantly due to a large decrease in sales of risedronate products such as *ACTONEL*® for osteoporosis and *ATELEC*®, an antihypertensive calcium channel blocker, due to the effects of competition.

**5) Other business**

Other business sales decreased 2.2%, or ¥0.8 billion, to ¥40.1 billion, with operating income decreasing ¥0.9 billion to an operating loss of ¥0.7 billion.

**(2) Explanation of financial position**

Total assets as of September 30, 2014 were ¥1,111.7 billion, ¥18.6 billion more than the ¥1,093.1 billion recorded at the end of the previous fiscal year. This was primarily due to a decrease in the yen values of the balance sheets of overseas subsidiaries after translation.

Total interest-bearing debt decreased ¥5.8 billion from the end of the previous fiscal year, to ¥137.1 billion.

Net assets increased ¥33.5 billion compared to the end of the previous fiscal year, due to an increase in foreign currency translation adjustments and retained earnings. Shareholders' equity, which is net assets minus minority interests, was ¥624.1 billion, and the shareholders' equity ratio was 56.1%.

**(3) Explanation of consolidated earnings forecasts**

No changes have been made to the full-year forecasts that the Company announced on May 8, 2014.

In consideration of the consolidated earnings forecasts and other factors, the year-end dividend forecast for the fiscal year ending March 31, 2015 has been revised upwards to ¥12 per share, an increase of ¥2 from the previous forecast. As a result, the total annual dividend is forecast to be ¥22 per share (including the interim dividend of ¥10 per share).

**2. SUMMARY INFORMATION (NOTES)**

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

No applicable items

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

Method of estimating tax expenses

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

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

**Changes in accounting policy**

**Changes to standards for recording sales**

Some discounts provided to customers for sales promotion purposes (hereafter "sales promotion discounts, etc.") mainly by the home-use business and restaurant-use business in the domestic food products segment, were previously recorded as sales commissions in selling, general and administrative expenses at the time that the payment amount was fixed. However, from the first quarter period, the Group has changed to the same method used in the overseas food products segment and bioscience products and fine chemicals segment, in which sales promotion discounts, etc., are subtracted from net sales at the time net sales are recorded.

Under the Group's management policy of further promoting global expansion, and amid an environment in which the ratio of overseas sales is increasing from year to year, this change has been implemented based on the recognition of a greater need to improve its ability to compare actual business conditions across each segment and each region, conduct more detailed business management practices, and present operating results more adequately. Based on this recognition, a factual investigation was conducted across the Group regarding the definition of sales promotion discounts, etc., their scope, the accounting methods used and other matters, with the aim of unifying standards for recording net sales—an important indicator of business performance across all segments. After making progress with regard to the consideration of necessary administrative processes and system development, as of the interim period under review, preparation for this change in the standards of recording sales has been completed.

This accounting method has been applied retrospectively and the consolidated financial statements for the previous consolidated fiscal year have been restated.

As a result, sales and gross profit for the previous interim period are ¥18,176 million lower than the figures prior to this change, selling, general and administrative expenses are ¥18,400 million lower, and operating income, ordinary income and income before income taxes are each ¥223 million higher. Additionally, in the consolidated balance sheets for the previous fiscal year, other current liabilities and deferred tax assets (current assets) are respectively ¥5,495 million, ¥1,515 million higher.

The impact on net assets at the beginning of the previous fiscal year has been reflected, resulting in a decrease of ¥3,339 million in the retained earnings balance.

Details regarding the impact of this change on segment information are stated in each of the relevant sections.

**Changes in accounting policies for items that are difficult to categorize as changes in accounting estimates**

**Changes in method for calculation of depreciation of tangible fixed assets, and revision of useful life**

Formerly, the Company and its domestic consolidated subsidiaries determined depreciation of tangible fixed assets principally using the declining-balance method. However, from the first quarter period, the Company and its domestic consolidated subsidiaries have changed to the straight-line method. At the same time, revisions have been made to the useful life of tangible fixed assets of the Company and its domestic and overseas consolidated subsidiaries, in accordance with their actual status of physical and functional use.

Under the Group's management policy of further promoting global expansion, and amid an environment in which the ratio of overseas sales is increasing each year, progress is being made to strengthen overseas production functions. In these circumstances, in the formulation of the 2014-2016 Medium-Term Management Plan we decided to revise the depreciation method based on the business conditions across all domestic and overseas businesses, with the objective of improving our ability to compare actual business conditions across each segment and each region.

As a result, with operations at both domestic and overseas production facilities expected to remain stable, we decided that allocating depreciation expenses equally over the course of the useful lifespan of tangible fixed assets using the straight-line method would be a more appropriate representation of the Group's actual situation.

With this change in accounting policy and revision of accounting estimates, operating income for the interim period under review is ¥1,280 million higher, and ordinary income and income before income taxes are each ¥1,436 million higher than under the previously used method.

Details regarding the impact of this change on segment information are stated in each of the relevant sections.

## 3. CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### (1) Consolidated balance sheet

*Millions of yen, rounded down*

| | As of end of interim period (September 30, 2014) | As of end of previous fiscal year (March 31, 2014) |
|---|---|---|
| **Assets** | | |
| **Current assets** | | |
| Cash on hand and in banks | 156,397 | 132,416 |
| Notes and accounts receivable | 179,149 | 200,115 |
| Marketable securities | 433 | 293 |
| Goods and products | 111,002 | 103,543 |
| Goods in process | 8,151 | 8,076 |
| Raw materials and supplies | 54,620 | 51,908 |
| Deferred tax assets | 11,098 | 8,919 |
| Other | 38,742 | 44,309 |
| Allowance for doubtful accounts | (1,416) | (1,375) |
| Total current assets | 558,180 | 548,209 |
| **Fixed assets** | | |
| **Tangible fixed assets** | | |
| Buildings and structures | 366,158 | 358,043 |
| Accumulated depreciation and accumulated impairment losses | (223,079) | (218,630) |
| Net buildings and structures | 143,079 | 139,412 |
| Machinery and vehicles | 577,743 | 562,769 |
| Accumulated depreciation and accumulated impairment losses | (432,741) | (420,605) |
| Net machinery and vehicles | 145,001 | 142,163 |
| Land | 47,268 | 47,068 |
| Construction in progress | 14,704 | 17,689 |
| Other | 73,709 | 71,614 |
| Accumulated depreciation and accumulated impairment losses | (59,743) | (58,578) |
| Net other | 13,965 | 13,036 |
| Total tangible fixed assets | 364,018 | 359,370 |
| **Intangible fixed assets** | | |
| Goodwill | 19,486 | 19,327 |
| Other | 31,422 | 32,994 |
| Total intangible fixed assets | 50,909 | 52,322 |
| **Investments and other assets** | | |
| Investment in securities | 114,922 | 107,621 |
| Long-term loans receivable | 3,180 | 3,559 |
| Deferred tax assets | 9,914 | 11,671 |
| Other | 11,043 | 10,866 |
| Allowance for doubtful accounts | (316) | (303) |
| Allowance for investment losses | (80) | (152) |
| Total investment and other assets | 138,663 | 133,263 |
| Total fixed assets | 553,590 | 544,956 |
| **Total Assets** | **1,111,771** | **1,093,165** |

(Continued)

| | Millions of yen, rounded down | |
|---|---|---|
| | As of end of interim period (September 30, 2014) | As of end of previous fiscal year (March 31, 2014) |
| **Liabilities** | | |
| **Current liabilities** | | |
| Notes and accounts payable | 105,920 | 104,711 |
| Short-term borrowings | 12,399 | 14,641 |
| Commercial paper | 15,000 | -- |
| Current portion of bonds | 15,000 | 14,999 |
| Current portion of long-term debt | 5,376 | 7,011 |
| Accrued income taxes | 8,385 | 8,497 |
| Bonus reserve | 5,914 | 5,953 |
| Bonus reserve for directors and others | 180 | 319 |
| Other | 71,665 | 79,394 |
| Total current liabilities | 239,843 | 235,529 |
| **Long-term liabilities** | | |
| Bonds | 19,994 | 34,993 |
| Long-term debt | 67,657 | 69,435 |
| Deferred tax liabilities | 13,384 | 13,423 |
| Accrued officers' severance benefits | 414 | 415 |
| Allowance for environmental measures | 742 | 342 |
| Liability for retirement benefits | 59,834 | 61,845 |
| Asset retirement obligations | 514 | 555 |
| Other | 20,358 | 21,117 |
| Total long-term liabilities | 182,900 | 202,128 |
| **Total liabilities** | 422,743 | 437,657 |
| **Net assets** | | |
| **Shareholders' equity** | | |
| Common stock | 79,863 | 79,863 |
| Capital surplus | 53,725 | 83,443 |
| Retained earnings | 516,399 | 501,945 |
| Treasury stock | (3,960) | (31,085) |
| Total shareholders' equity | 646,027 | 634,168 |
| **Accumulated other comprehensive income (loss)** | | |
| Unrealized holding gain on securities | 16,860 | 13,043 |
| Unrealized gain from hedging instruments | 513 | (26) |
| Translation adjustments | (20,351) | (31,668) |
| Accumulated adjustment for retirement benefit liabilities or assets | (18,923) | (20,567) |
| Total accumulated other comprehensive income (loss) | (21,899) | (39,218) |
| **Minority interests** | 64,899 | 60,557 |
| **Total net assets** | 689,027 | 655,507 |
| **Total Liabilities and Net Assets** | **1,111,771** | **1,093,165** |

## (2) Consolidated statement of income and consolidated statement of comprehensive income

### Consolidated statement of income

*Millions of yen, rounded down*

| | Interim period ended September 30, 2014 | Interim period ended September 30, 2013 |
|---|---|---|
| Net sales | 467,622 | 468,907 |
| Cost of sales | 309,700 | 313,640 |
| Gross profit | 157,921 | 155,267 |
| Selling, general and administrative expenses | 129,332 | 125,522 |
| Operating income | 28,588 | 29,744 |
| **Non-operating income** | | |
| Interest income | 1,383 | 991 |
| Dividend income | 700 | 644 |
| Equity in earnings of non-consolidated subsidiaries and affiliates | 2,128 | 1,865 |
| Other | 1,840 | 2,349 |
| Total non-operating income | 6,053 | 5,850 |
| **Non-operating expenses** | | |
| Interest expense | 1,061 | 1,080 |
| Commission paid | 581 | 104 |
| Other | 1,089 | 1,299 |
| Total non-operating expenses | 2,732 | 2,484 |
| Ordinary income | 31,909 | 33,110 |
| **Extraordinary gains** | | |
| Insurance proceeds | 10 | 1,190 |
| Gain on bad debts recovered | 581 | -- |
| Gain on sales of shares of subsidiaries and associates | -- | 2,267 |
| Other | 316 | 250 |
| Total extraordinary income | 908 | 3,708 |
| **Extraordinary losses** | | |
| Loss on retirement of fixed assets | 505 | 662 |
| Loss on liquidation of subsidiaries | -- | 702 |
| Other | 838 | 670 |
| Total extraordinary losses | 1,343 | 2,036 |
| Net income before income taxes | 31,473 | 34,782 |
| Income taxes | 6,593 | 10,152 |
| Refund of income taxes for prior periods | -- | (1,576) |
| Net income before minority interests | 24,880 | 26,205 |
| Minority interests | 4,133 | 3,863 |
| **Net income** | **20,747** | **22,342** |

## Consolidated Statement of Comprehensive Income

| | Interim period ended September 30, 2014 | Interim period ended September 30, 2013 |
|---|---|---|
| | *Millions of yen, rounded down* | |
| Net income before minority interests | 24,880 | 26,205 |
| **Other comprehensive income** | | |
| Unrealized holding gain on securities | 3,586 | 2,818 |
| Unrealized gain from hedging instruments | 458 | 175 |
| Translation adjustments | 14,038 | (1,822) |
| Adjustments for retirement benefits | 1,831 | 1,452 |
| Share of other comprehensive income of equity-method affiliates | 580 | 205 |
| Total other comprehensive income | 20,495 | 2,829 |
| **Comprehensive income** | 45,375 | 29,035 |
| (Breakdown) | | |
| Comprehensive income attributable to parent company | 38,365 | 27,311 |
| Comprehensive income attributable to minority interests | 7,010 | 1,723 |

## (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 a Board of Directors meeting on May 27, 2014 on matters pertaining to the retirement of shares based on Article 178 of the Companies Act. Subsequently, on June 6, 2014 the Company retired 19,645,000 shares of common stock. As a result, capital surplus and treasury shares each decreased by ¥29,718 million respectively. The total number of outstanding shares became 594,470,654.

As of the first quarter of the fiscal year ending March 31, 2015, the Group has changed its accounting standards for recording sales. For details on the impact of this change, please refer to page 8, "Summary Information (NOTES), (3) Changes in accounting policy, changes in accounting estimates, and retrospective restatements."

### Segment information

### I. Interim period of the fiscal year ending March 31, 2015 (April 1, 2014 – September 30, 2014)

#### 1. Information on sales and income or loss by reporting segment

*Millions of yen, rounded down*

| | Reporting segment | | | | Other Business * | Adjustment amount | Consolidated |
|---|---|---|---|---|---|---|---|
| | Domestic Food Products | Overseas Food Products | Bioscience Products and Fine Chemicals | Pharma-ceuticals | | | |
| Sales | | | | | | | |
| (1) Sales to third parties ...... | 147,298 | 153,135 | 108,265 | 18,793 | 40,129 | -- | 467,622 |
| (2) Intra-group sales and transfers........................ | 424 | 2,595 | 1,468 | 38 | 22,606 | (27,133) | -- |
| Total sales................. | 147,722 | 155,731 | 109,733 | 18,832 | 62,736 | (27,133) | 467,622 |
| Segment income (loss) (Operating income (loss))... | 10,107 | 16,421 | 2,573 | 235 | (750) | -- | 28,588 |

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

#### 2. Changes to reporting segments

As stated on page 8, "2. SUMMARY INFORMATION (NOTES) (3) Changes in accounting policy, changes in accounting estimates, and retrospective restatements", a change to accounting standards for recording sales has been applied retrospectively and the quarterly financial statements for the previous consolidated fiscal year have been restated. As a result of this change, domestic food products sales for the previous interim period are ¥16,894 million lower and operating income is ¥407 million higher than the figures prior to this change, overseas food products sales are ¥427 million lower and operating income is ¥75 million lower, bioscience products and fine chemicals sales are ¥186 million lower and operating income is ¥43 million lower, pharmaceuticals operating income is ¥15 million lower, and other net sales are ¥667 million lower and operating income is ¥49 million lower.

Additionally, as a result of the change in method for calculation of depreciation of tangible fixed assets, and revision of useful life, domestic food products operating income for the interim period under review is ¥461 million higher than the figures prior to this change, overseas food products operating income is ¥457 million higher, bioscience products and fine chemicals operating income is ¥147 million higher, pharmaceuticals operating income is ¥129 million higher, other operating income is ¥82 million higher.

### 3. Information by region

*Millions of yen, rounded down*

| | "Japan" | "Asia" | "Americas" | "Europe" | Total |
|---|---|---|---|---|---|
| Sales | 214,206 | 128,995 | 75,333 | 49,087 | 467,622 |
| Percentage of total consolidated sales | 45.8% | 27.6% | 16.1% | 10.5% | 100.0% |

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

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

No significant impairment losses for the interim period under review

## II. Interim period of the fiscal year ended March 31, 2014 (April 1, 2013 – September 30, 2013)

### 1. Information on sales and income or loss by reporting segment

*Millions of yen, rounded down*

| | Reporting segment | | | | Other Business * | Adjustment amount | Consolidated |
|---|---|---|---|---|---|---|---|
| | Domestic Food Products | Overseas Food Products | Bioscience Products and Fine Chemicals | Pharma-ceuticals | | | |
| Sales | | | | | | | |
| (1) Sales to third parties ...... | 144,282 | 144,073 | 111,629 | 27,899 | 41,022 | -- | 468,907 |
| (2) Intra-group sales and transfers ........................ | 867 | 2,894 | 2,949 | 39 | 22,421 | (29,173) | -- |
| Total sales................. | 145,150 | 146,968 | 114,579 | 27,938 | 63,444 | (29,173) | 468,907 |
| Segment income (loss) (Operating income (loss))... | 11,368 | 12,801 | 3,879 | 1,531 | 163 | -- | 29,744 |

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

### 2. Information by region

*Millions of yen, rounded down*

| | "Japan" | "Asia" | "Americas" | "Europe" | Total |
|---|---|---|---|---|---|
| Sales ......................................................... | 222,236 | 123,710 | 71,572 | 51,387 | 468,907 |
| Percentage of total consolidated sales........ | 47.4% | 26.4% | 15.2% | 11.0% | 100.0% |

Note 1: Sales are based on the location of customers, and are classified by country or region.

Note 2: The impact of changes to standards for recording sales has been reflected in the figures for the interim period of the previous fiscal year. As a result, Japan sales are ¥17,747 million lower, Asia sales are ¥429 million lower, and the percentage of total consolidated sales is 1.9% lower for Japan, 0.9% higher for Asia, 0.6% higher for Americas, and 0.4% higher for Europe.

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

No significant impairment losses for the interim period under review

(Reference)

**Segment information by geographical area**

Interim period of the fiscal year ending March 31, 2015 (April 1, 2014 to September 30, 2014)

*Millions of yen, rounded down*

| | "Japan" | "Asia" | "Americas" | "Europe" | Consolidated |
|---|---|---|---|---|---|
| Sales to third parties | 225,339 | 120,334 | 72,043 | 49,904 | 467,622 |
| Percentage of consolidated sales | 48.2% | 25.7% | 15.4% | 10.7% | 100.0% |
| Operating income | 11,882 | 14,945 | 3,130 | (1,369) | 28,588 |
| Percentage of consolidated operating income | 41.6% | 52.3% | 11.0% | (4.8%) | 100.0% |

Interim period of the fiscal year ended March 31, 2014 (April 1, 2013 to September 30, 2013)

*Millions of yen, rounded down*

| | "Japan" | "Asia" | "Americas" | "Europe" | Consolidated |
|---|---|---|---|---|---|
| Sales to third parties | 235,602 | 115,236 | 68,078 | 49,990 | 468,907 |
| Percentage of consolidated sales | 50.2% | 24.6% | 14.5% | 10.7% | 100.0% |
| Operating income | 14,155 | 13,280 | 2,655 | (347) | 29,744 |
| Percentage of consolidated operating income | 47.6% | 44.6% | 8.9% | (1.2%) | 100.0% |

Notes
1. Geographical area segments are categorized on the basis of geographic proximity and indicated in inverted commas.
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
3. The impact of changes to standards for recording sales has been reflected in the figures for the interim period of the previous fiscal year.
   As a result, Japan sales to third parties are ¥17,747 million lower, and operating income is ¥604 million higher; Asia sales to third parties are ¥429 million lower, and operating income is ¥227 million lower; Americas operating income is ¥95 million lower; and Europe operating income is ¥57 million lower.
   Additionally, as a result of a change in the method for the calculation of depreciation of tangible fixed assets, and revision of useful life, Japan operating income for the interim period under review is ¥1,068 million higher than the figures prior to this change, Asia operating income is ¥410 million higher, and Europe operating income is ¥198 million lower.

## Important Post-Balance Sheet Events

1. Merger through acquisition

(1) Name of acquired company

Windsor Quality Holdings, LP ("Windsor")

(2) Reason for merger

Led by management skilled in the frozen food business, Windsor has developed a broad distribution network in the US, with about 80,000 stores selling its products, including major retailers. It also has a strong food service operation with approximately 120,000 restaurants purchasing its products. In addition, Windsor has seven production facilities throughout the U.S. and strong brands/positions in Asian, Mexican, Italian and appetizer segments, holding the top share for Asian products.

With this acquisition, the Company aims to become the clear No. 1 manufacturer of Asian/Ethnic food products in the surging Asian category of the North American frozen food market. By using Windsor's strong distribution network, the Company plans to increase US retail channel sales of Gyoza, noodle and rice products, which are specialties of the company, and to strengthen its sales platform in food service channels.

(3) Date of merger
November 5, 2014

(4) Legal form of merger
Acquisition of shares with cash compensation

(5) Post-merger company name
Windsor Quality Holdings, LP.

(6) Percentage of voting shares acquired
100%

(7) Primary basis of decision to acquire the company
The Company's consolidated subsidiary Ajinomoto North America Inc. acquired propriety interest in Windsor with cash compensation

(8) Cost of acquisition and cost breakdown
$800 million

(9) Amount of goodwill, reason for its occurrence, and amortization method and period
(1) Amount of goodwill, reason for its occurrence
As the allotment of the acquisition price is not yet complete, the value is pending at the present time.
(2) Amortization method and period
Undetermined at the present time.

(10) Amount of assets and liabilities assumed at the time of the merger and their breakdown
Undetermined at the present time.