Notes: 1. This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.
2. Pictures, graphs and reference matters in the Japanese original have been omitted from this translated document.
3. The date and time referred in this document is based on Japan Standard Time.

To Our Shareholders

We thank your continuous support to our business. We are pleased to announce that the 140th Ordinary General Meeting of Shareholders of Ajinomoto Co., Inc. (hereinafter "We" or the "Company") is to be held as described below. We would highly appreciate your attendance at the meeting.

In the first year of the FY2017-2019 (for 2020) Medium-Term Management Plan, the Ajinomoto Group has simultaneously promoted growth strategies and structural reforms based on improvement of the added value of all products and services, and made efforts toward achieving its financial targets. Furthermore, through all its business activities, the Group has been advancing in resolving environmental, social and governance issues to achieve a sustainable society.

Although business profit, which was newly introduced as an indicator of profit, did not reach the target of ¥102.0 billion due to external factors such as a sharp rise in the cost of fermentation raw materials, ROE exceeded the target and achieved 9.7%. Businesses with issues within the Ajinomoto Group are apparent. In the fiscal year ending on March 31, 2019, the Group will complete the revitalization of businesses with issues, while continuing to expand businesses with good performance, and progress rapidly in the fiscal year ending on March 31, 2020.

The Ajinomoto Group will become a Genuine Global Specialty Company that can grow sustainably and contribute to a healthy future for humanity and the earth through the ASV (Ajinomoto Group Shared Value) cycle that reinvests the economic value created through the resolution of social issues to its business activities to realize growth.

We would like to ask our shareholders for their continued support

Yours sincerely,

June 4, 2018

Takaaki Nishii
Representative Director,
President & CEO
Ajinomoto Co., Inc.
15-1 Kyobashi 1-chome
Chuo-ku, Tokyo, Japan

Stock Code: 2802

NOTICE OF CONVOCATION OF THE 140th ORDINARY GENERAL MEETING OF SHAREHOLDERS

1. **<u>Date</u>: 10 a.m. (doors open at 8:30 a.m.), Tuesday, June 26, 2018**

2. **<u>Place</u>: Imperial Hotel Tokyo (Peacock Room, 2nd floor, main building)**
   1-1, Uchisaiwai-cho 1-chome, Chiyoda-ku, Tokyo
   (If the "Peacock Room" reaches capacity, we will direct you to a secondary venue. We appreciate your understanding.)

3. **<u>Agenda of the Meeting</u>:**

   <u>Matters to be Reported:</u>

   1. Report on contents of the Business Report, Consolidated Financial Statements, and Audit Reports of the Accounting Auditor and the Audit & Supervisory Board on the Consolidated Financial Statements, for the 140th Fiscal Year (from April 1, 2017 to March 31, 2018)

   2. Report on contents of Non-Consolidated Financial Statements for the 140th Fiscal Year (from April 1, 2017 to March 31, 2018)

   <u>Matters to be Resolved:</u>

   Proposal 1: Appropriation of Surplus
   Proposal 2: Election of 1 Audit & Supervisory Board Member

4. **<u>Exercising Your Voting Rights When You are Unable to Attend the Meeting</u>:**

   If you are unable to attend the meeting, you may exercise your voting rights in writing (by the Exercise of Voting Rights Form) or by an electronic method (via the Internet). In such case, please refer to the attached "Reference Documents for Shareholders' Meeting" and exercise your voting rights by 4:30 p.m., Monday June 25, 2018.

-If any changes are required in the Reference Documents for Shareholders' Meeting, Business Report, Consolidated Financial Statements and Non-Consolidated Financial Statements, the changes will be immediately posted on the Company's website, located at: http://www.ajinomoto.com/jp/ir/event/meeting.html.

<u>Exercising Your Voting Rights:</u>

If you are able to attend the Meeting:
Please present the Voting Form to the reception of the meeting place.

Date: 10 a.m., Tuesday, June 26, 2018
Place: Imperial Hotel Tokyo (Peacock Room, 2nd floor, main building)

If you are unable to attend the Meeting:

-To vote in writing:
Please indicate on the enclosed Voting Form, your votes for or against the proposals, and return the Form. In the event that your votes, for or against the proposals are not indicated on the Form for each of the proposals, your votes will be deemed as in favor of the proposals.

Deadline for voting: delivery no later than 4:30 p.m., Monday, June 25, 2018

-To vote via internet:
Please refer to "Exercising Your Voting Rights Via Internet" (below) and cast your votes for or against the proposals.

Deadline for voting: no later than 4:30 p.m., Monday, June 25, 2018

Exercising Your Voting Rights Via Internet:

1. Please access the website for exercise of voting rights designated by the Company (https://evote.tr.mufg.jp/) and cast your votes for or against the proposals by following the instructions on the screen.
   * Deadline for voting: no later than 4:30 p.m., Monday, June 25, 2018
     Please be informed that the website will not be accessible from 2:00 a.m. through 5:00 a.m., every day.

2. In the event that a voting right is exercised both by Voting Form and via internet, only the vote via internet shall be deemed as valid.

3. In the event that a voting right is exercised more than once via internet, only the last vote shall be deemed as valid.

Reference Documents for Shareholders' Meeting

Proposal 1	Appropriation of Surplus

The Company's basic policy with regard to the appropriation of surpluses in the 2017-2019 (for 2020) Medium-Term Management Plan is to manage generated cash flow through an integrated management approach of capital expenditure, R&D and M&A, concentrating resources in growth domains, while providing stable and sustainable dividend payments with a target consolidated payout ratio of 30%, exploring the possibility of flexibly implementing share repurchases, and enhancing the level of return to shareholders.

For the fiscal year under review (ended March 31, 2018) in accordance with this policy, we propose to provide a year-end dividend of ¥17 per share to shareholders, an increase of ¥2 from the previous year-end dividend, for a total annual dividend of ¥32 per share, which including the interim dividend of ¥15 per share is ¥2 more than the previous period.

If this proposal is approved, the consolidated dividend payout ratio for the fiscal year under review will be 30.0%. We will continue our efforts to utilize shareholders' equity efficiently and will strive to meet the expectations of our shareholders.

1. Matters related to year-end dividend

(1) Kind of dividend assets:

Cash

(2) Items relating to allocation of dividend assets to shareholders and total amount of the same:

¥17 per share of common stock / a total of ¥9,670,676,576

(3) Effective date of payment of dividend from surplus:

June 27, 2018

2. Other matters related to appropriation of surplus

There are no applicable matters.

Proposal 2 | Election of 1 Audit & Supervisory Board Member

As Audit & Supervisory Board Member Mr. Masami Hashimoto passed away on March 17, 2018, we propose the election of 1 Audit & Supervisory Board Member.
This Proposal is submitted in accordance with a request from the Audit & Supervisory Board, as provided for in Article 343, Paragraphs 2 and 3 of the Companies Act, and the candidate for Audit & Supervisory Board Member has been nominated by the Audit & Supervisory Board.
The basic policy of the Audit & Supervisory Board of the Company when selecting candidates for Audit & Supervisory Board Members is to ensure the sound and sustained growth of the Ajinomoto Group and to establish a high quality corporate governance system that can stand up to the trust placed in the Company by society, and the Audit & Supervisory Board must include at least 1 individual with considerable knowledge of finance and accounting. In addition, 3 candidates for Audit & Supervisory Board Members (External) are selected, and each must possess advanced expertise in laws or accounting or have advanced knowledge of corporate management.

New appointment
Candidate for Audit & Supervisory Board Member (External)
Candidate for independent officer

Hideki Amano

Date of birth: November 26, 1953
Number of Company shares held: 0 shares

Board of Directors meeting attendance: -
Audit & Supervisory Board meeting attendance: -

Biographical Outline, Position, and Important Positions Currently Held in Other Companies

September 1980	Registered as a Certified Public Accountant
September 1992	Representative employee, Inoue Saito Eiwa Audit Corporation (current KPMG AZSA LLC)
September 2011	Vice President (audit management), KPMG AZSA LLC.; Member of KPMG Global Audit Steering Group
July 2015	Executive Senior Partner, KPMG AZSA LLC
July 2016	External Director, TOPPAN FORMS CO., LTD. (present post)
March 2017	Outside Audit & Supervisory Board Member, Kao Corporation (present post)

(Important positions currently held in other companies)
Certified Public Accountant
External Director, TOPPAN FORMS CO., LTD.
Outside Audit & Supervisory Board Member, Kao Corporation

- Special items relating to candidate for Audit & Supervisory Board Member (External)
  Mr. Hideki Amano is a candidate for Audit & Supervisory Board Member (External) under Article 2, Paragraph 3, Item 8 of the Ordinance for Enforcement of the Companies Act.
- Reasons for nomination as a candidate for Audit & Supervisory Board Member (External)
  Mr. Hideki Amano has specialist knowledge as a Certified Public Accountant and abundant experience in Japan and abroad, and the Company intends for him to utilize his insight regarding finance and accounting to carry out his duties as an Audit & Supervisory Board Member (External). For these reasons, we have selected Mr. Amano as a new candidate for Audit & Supervisory Board Member (External). Furthermore, although Mr. Amano has not been involved in the management of companies except by becoming an External Director and Outside Audit & Supervisory Board Member, we deem that for the reasons mentioned above, he will be able to faithfully carry out his duties.
- The independence of this officer
  If the appointment of Mr. Hideki Amano is approved, the Company will designate him to be an independent officer under the stipulations of the Tokyo Stock Exchange and register this decision with the Exchange. For information on Company standards for determining the independence of outside officers, please refer to page 6.
- Summary of limited liability agreements
  If the appointment of Mr. Hideki Amano is approved, the Company will enter into an agreement with him to limit liability for damages under Article 427, Paragraph 1 of the Companies Act. Financial limitations on liability for damage based on this agreement is planned to be the aggregate amount as stipulated in the respective items of Article 425, Paragraph 1 of the Companies Act.

(Reference) Standards for Determining the Independence of Outside Officers

An outside director or Audit & Supervisory Board Member (External) is deemed to be independent in cases in which none of the following criteria apply.

(1) Said person regards the Company as a key customer, or is an executive officer for such a party.
(2) Said person is a key customer of the Company, or is an executive officer for such a party.
(3) Said person is a consultant, accounting specialist or legal specialist who has received substantial monetary or other assets (other than director compensation) from the Company (if the person receiving said assets is a corporate entity, association, or other such organization, this stipulation extends to members of that organization).
(4) Said person who fell under criteria (1), (2), or (3) above at any time within a one-year period before the proposed appointment.
(5) Said person is a relative (a relative up through the second degree of kinship) of any person (other than those deemed unimportant) falling under criteria ①, ②, or ③ below.
  ① A person falling under criteria (1), (2), (3), or (4) above.
  ② A person who is an executive officer in a subsidiary of the Company (with regards to a proposed appointment of an Audit & Supervisory Board Member (External) to a position as an independent officer, this criterion also includes a director who is not an executive officer).
  ③ A person who fell under criterion above or who was an executive officer in the Company (with regards to a proposed appointment of an Audit & Supervisory Board Member (External) to a position as independent director, this criterion also includes a director or Audit & Supervisory Board Member auditor who is not an executive officer), at any time within a one-year period before the proposed appointment.

(Notes)
1. A person who “regards the Company as a key customer,” refers to a person who, within the most recent business year, has received from the Company an amount corresponding to 2% of that party’s annual consolidated sales or ¥100 million, whichever is higher.
2. A person who is “a key customer of the Company,” refers to a person who, within the most recent business year, has paid to the Company an amount corresponding to 2% of our annual consolidated sales or ¥100 million, whichever is higher.
3. A person who “has received substantial monetary or other assets from the Company,” refers to a person who, within the most recent business year, has received from the Company monies/property in an amount corresponding to 2% of that party’s sales/total revenues or ¥10 million, whichever is higher.

End

(Attached Document)

Business Report (From April 1, 2017 to March 31, 2018)

Regarding the Application of International Financial Reporting Standards (IFRS)

The Ajinomoto Group made a decision to apply IFRS in place of Generally Accepted Accounting Principles in Japan ("J-GAAP") in order to increase the international comparability of its financial information inside and outside the Group, and to enhance communication with its shareholders, investors and other stakeholders from the fiscal year ended March 31, 2017.

Figures in the Business Report and Consolidated Financial Statements for the fiscal year ended March 31, 2017 were presented under J-GAAP, but in the Business Report and Consolidated Financial Statements for the fiscal year under review, figures are presented after the application of IFRS, including figures for the fiscal year ended March 31, 2017, and year-on-year comparisons have been made using figures after the application of IFRS.

(Business Profit)

Business profit is a level of profit that has been introduced to aid understanding of the ordinary financial performance and future outlook of each business, as well as continuous assessment of the business portfolio. It will serve as an indicator of profit, replacing the former operating profit.

Business profit is calculated by deducting the cost of sales, selling expenses, research and development expenses, and general and administrative expenses from sales and adding the share of profit or loss under equity method. Other operating income and other operating expenses are not included.

I. Matters regarding the Current Status of the Ajinomoto Group

1. Progress of Operations and Operating Results

In the fiscal year under review, the Ajinomoto Group's consolidated net sales totaled ¥1,150.2 billion (+5.4%) or ¥59.0 billion over the previous year's result. The gain was driven by strong sales of seasonings and processed foods (overseas) on a local-currency basis and a positive forex impact, which offset a decline in sales of coffee products. Business profit was largely flat year on year at ¥97.3 billion (+0.5%) largely owing to a sharp rise in the cost of fermentation raw materials and to lower profits on frozen foods (overseas) and coffee products.

Profit attributable to owners of the parent company totaled ¥60.7 billion, a year-on-year increase of 14.5% or ¥7.6 billion.

Consolidated operating results by segment

	Sales (Billions of yen)	YoY change –amount (Billions of yen)	YoY change - Percent	Business Profit (Billions of yen)	YoY change -amount (Billions of yen)	YoY change - percent
Japan Food Products	384.1	(6.2)	98.4%	39.1	(1.6)	95.9%
International Food Products	464.7	35.7	108.3%	41.6	(0.1)	99.7%
Life Support	134.2	10.1	108.2%	9.6	3.7	164.2%
Healthcare	104.2	14.7	116.5%	7.9	(0.1)	97.8%
Other business	62.7	4.5	107.9%	(1.0)	(1.3)	-
Total	1,150.2	59.0	105.4%	97.3	0.4	100.5%

Notes: 1. Figures in parenthesis indicate negative numbers.

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

Japan Food Products

Major products, etc. (as of March 31, 2018)

- **Seasonings and Processed Foods (Japan)**: [Home-use] Umami seasoning and various seasonings and processed food etc.
  [Commercial-use] Seasonings and processed foods for restaurant use, Seasonings for processed food manufacturers, lunchboxes and prepared dish products, bakery products, etc.
- **Frozen Foods (Japan)**
- **Coffee Products**: [Home-use] Various Coffee products, Various gift sets, etc.
  [Commercial-use] Office drink, Beverages for restaurant use, Industrial use material, etc.

Japan Food Products segment sales fell 1.6% year on year, or ¥6.2 billion, to ¥384.1 billion, and segment business profit fell 4.1%, or ¥1.6 billion, to ¥39.1 billion. Main factors affecting segment sales and segment profits are as follows.

Main factors affecting segment sales

Seasonings and Processed Foods (Japan)

Despite increase in sales primarily in soup in home-use products, overall sales were level with the previous period due to the negative effect of decreased sales in restaurant and industrial-use bakery products and the sale of a subsidiary, etc.

Frozen Foods (Japan)

Sales in home-use products increased due to expansion of major products such as *Gyoza* and *The★Chahan*, and contributions from new products. Sales in restaurant and industrial-use products were level with the previous period due to struggling sales of processed chicken meat products despite increased sales in the core categories such as desserts and gyoza. Overall sales increased.

Coffee Products

Decrease in overall sales due to decreased sales for CVS and the shrinking of the market and effect of stiff competition for home-use products and gift products, despite increased sales of stick-type coffee and restaurant and industrial-use coffee.

Main factors affecting segment profits

Seasonings and Processed Foods (Japan)

Even though there was an increase in profit for home-use products in seasonings & processed foods, overall profit decreased due to decreased profit in restaurant and industrial-use bakery products and the effect of increased raw material prices.

Frozen Foods (Japan)

Decrease in profit due to weakening yen and effect of increased raw material prices despite increased sales for frozen foods.

Coffee Products

Reduced overall profit from coffee products due to substantial decrease in profit from home-use products, and profit from restaurant and industrial-use products stopping at the level of the previous year, despite effect of elimination of royalty payments by obtaining the rights to trademarks.

International Food Products

Major products, etc. (as of March 31, 2018)

- **Seasonings and Processed Foods (Overseas):** Umami seasoning for home and restaurant use, flavor seasoning, liquid seasonings, menu-specific seasonings, instant noodles, canned coffee, powdered drink, etc.
- **Frozen Foods (Overseas):** Gyoza, Cooked rice, Noodles, etc.
- **Umami Seasonings for Processed Food Manufacturers and Sweeteners:** Umami seasoning for the food processing industry, nucleotides, Aspartame, etc.

International Food Products segment sales increased by 8.3%, or ¥35.7 billion, to ¥464.7 billion, and segment business profits were largely the same as a year earlier, at ¥41.6 billion (-0.3%). Main factors affecting segment sales and segment profits are as follows.

Main factors affecting segment sales

Seasonings and Processed Foods (Overseas)

Increase in sales due to effect of currency translation, an increase in consolidated subsidiaries and strong sales of umami seasoning *AJI-NO-MOTO*® and flavor seasonings, etc.

Frozen Foods (Overseas)

Increase in sales due to the effect of an increase in consolidated subsidiaries in Europe, effect of currency translation, and expansion of Asian food products in the United States.

Umami Seasonings for Processed Food Manufacturers and Sweeteners

Sales of umami seasonings for processed food mfrs. were level with the previous year primarily due to effect of lower prices overseas and trade, despite effect of increased sales from currency translation. Sales of sweeteners increased due to increased sales in Japan and effect of currency translation.

Main factors affecting segment profits

Seasonings and Processed Foods (Overseas)

Increase in profit in seasonings & processed foods due to significant increase in profit in flavor seasonings and effect of currency translation and new consolidation of a subsidiary, despite significant decrease in profit in canned coffee business in Thailand due to fierce competition.

Frozen Foods (Overseas)

Large decrease in profit in frozen foods due to effect of steep rise in raw material and fuel prices and effect of transport restrictions in the U.S and increase of costs accompanying the construction of a new production system.

Umami Seasonings for Processed Food Manufacturers and Sweeteners

Large decrease in profit in umami seasonings for processed food manufacturers due to effect of trade in addition to decrease in unit sales price. Increase in profit in sweeteners due to cost reductions through stable production and effective use of SGA in addition to effect of currency translation.

Life Support
Major products, etc. (as of March 31, 2018)
• **Animal Nutrition:** Feed-use amino acids • **Specialty Chemicals:** Personal care ingredients, Electronics industry material, etc.

Life Support segment sales rose 8.2%, or ¥10.1 billion, to ¥134.2 billion and segment business profit expanded by 64.2%, or ¥3.7 billion, to ¥9.6 billion. Main factors affecting segment sales and segment profits are as follows.

Main factors affecting segment sales

Animal Nutrition

Increase in overall sales due to effect of currency translation and large increase of sales of tryptophan and AjiPro®-L.

Specialty Chemicals

Increase in overall sales due to increase in sales of the materials of personal care products and chemicals.

Main factors affecting segment profits

Animal Nutrition

Large increase in profit primarily due to effect of increased sales of tryptophan.

Specialty Chemicals

Increase in unit sales price of chemicals, and favorable effect of currency translation on trade.

Healthcare

Major products, etc. (as of March 31, 2018)

- **Amino Acids:** Various amino acids, Custom pharmaceutical manufacturing (active pharmaceutical ingredients, intermediates for pharmaceuticals and contract development)
- **Others:** Fundamental foods, Functional foods, cosmetics, etc.

Healthcare segment sales expanded 16.5%, or ¥14.7 billion, to ¥104.2 billion, and segment business profit were largely the same as a year earlier at ¥7.9 billion (-2.2%). Main factors affecting segment sales and segment profits are as following.

<u>Main factors affecting segment sales</u>

Amino Acids

Overall increase in sales due to effect of currency translation and effect of an increase in consolidated subsidiaries in amino acids for pharmaceuticals and foods and pharmaceutical custom manufacturing.

Other Products

Increase in sales due to expanded sales of Foods with Function Claims.

<u>Main factors affecting segment profits</u>

Amino Acids

Significant decrease in profit due to inclusion of M&A related expenses in addition to major customers adjusting inventory of amino acids for pharmaceuticals and foods. Increase in profit in Pharmaceutical custom manufacturing due to effect of increased sales and effect of currency translation despite investment for the future.

Other Products

Increased profit accompanying increased sales.

Other Business

In the Other segment (contract manufacturing of pharmaceutical products, logistics, edible oils, various services, etc.), sales increased by 7.9%, or ¥4.5 billion, to ¥62.7 billion, and the segment posted a business loss of ¥1.0 billion, a ¥1.3 billion deterioration from the previous year, due to significant profit decline in the overseas wrapping business.

2. Assets and Income Status

	137th Fiscal Year (FY2014)	138th Fiscal Year (FY2015)	139th Fiscal Year (FY2016)		140th Fiscal Year (Fiscal Year Under Review) (FY2017)
	(J-GAAP)	(J-GAAP)	(J-GAAP)	(IFRS)	(IFRS)
Sales (Billions of yen)	1,006.6	1,184.1	1,091.4	1,091.1	1,150.2
Business profit (Billions of yen)	-	-	-	96.8	97.3
Operating income (J-GAAP) (Billions of yen)	74.5	90.8	85.3	-	-
Ordinary income (Billions of yen)	82.8	94.1	90.2	-	-
Profit attributable to owners of parent /Profit attributable to owners of the parent company (Billions of yen)	46.4	63.4	52.5	53.0	60.7
Net income per share/ Basic earnings per share (yen)	78.54	107.86	91.99	92.81	106.84
Total assets/ Total assets (Billions of yen)	1,255.0	1,262.1	1,336.9	1,350.1	1,425.8
Net assets/ Total equity (Billions of yen)	743.4	691.9	697.7	690.6	720.5
Net assets per share/ Equity per share (attributable to owners of the parent company) (Yen)	1,131.41	1,066.84	1,094.83	1,082.90	1,129.52
ROE (Return on equity/ Return on equity attributable to owners of the parent company (%)	7.4%	9.8%	8.5%	8.7%	9.7%

Notes: 1. Items with “ / ” (slash) are presented as “J-GAAP / IFRS.”
2. Net income per share/ Basic earnings per share is calculated based on the average number of shares outstanding during the fiscal year less the average number of shares of treasury stock during the fiscal year.
3. Net assets per share/ Equity per share (attributable to owners of the parent company) is calculated based on the number of shares outstanding at the end of the fiscal year less the number of shares of treasury stock at the end of the fiscal year.
4. From the 139th fiscal year, equity-method affiliate EA Pharma Co., Ltd. has changed its accounting policy, and figures for the 138th fiscal year have been retrospectively restated in accordance with this change.

3. Capital Expenditures of the Ajinomoto Group

Capital expenditures of the Ajinomoto Group for the fiscal year ended on March 31, 2018 amounted to a total of ¥79.4 billion, which was mainly for the following:

- Construction of manufacturing facilities (U.S.A.) (Completed in January 2018)
- Relocation of food packaging facilities (Japan) (Completed in March 2018)
- Enhancement of seasoning manufacturing facilities (Indonesia) (scheduled for completion in March 2019)
- Renewal of core system (Japan) (scheduled for completion in April 2021)

4. Company Reorganization

Not applicable.

5. Financing of the Ajinomoto Group

Not applicable.

6. Main lenders (as of March 31, 2018)

Name of lender	Balance of borrowings (Millions of yen)
The Dai-ichi Life Insurance Company, Limited	16,600
NIPPON LIFE INSURANCE COMPANY	14,500
Meiji Yasuda Life Insurance Company	9,700

Notes: Other than the above, the Company has borrowings in the form of syndicated loans. The lead bank of said loans is one of either The Bank of Tokyo-Mitsubishi UFJ, Ltd. or Mizuho Bank, Ltd., or both jointly (balance: ¥96,099 million). The Bank of Tokyo-Mitsubishi UFJ, Ltd. changed its trade name to MUFG Bank, Ltd. on April 1, 2018.

7. Major offices and plants of the Company (as of March 31, 2018)

Name of offices	Location
Headquarters	Chuo-ku, Tokyo
Tokyo Branch	Minato-ku, Tokyo
Osaka Branch	Kita-ku, Osaka-shi
Kyushu Branch	Hakata-ku, Fukuoka-shi
Nagoya Branch	Showa-ku, Nagoya-shi
Tohoku Branch	Aoba-ku, Sendai-shi

Name of plants	Location
Kawasaki Plant	Kawasaki-ku, Kawasaki-shi
Tokai Plant	Yokkaichi-shi
Kyushu Plant	Saga-shi

8. Important Subsidiaries and Affiliates (as of March 31, 2018)

The Company has 109 consolidated subsidiaries, including the 45 companies listed in “1) Important Subsidiaries” below, and 17 affiliates accounted for by the equity method, including the 3 companies listed in “2) Important Affiliates” below.

(1) Important Subsidiaries

Company name	Headquarters and major plants	Capital stock	Ratio of voting rights (%)	Main business
Ajinomoto Frozen Foods Co., Inc.	(Headquarters) Chuo-ku, Tokyo (Plant) Oizumi-machi, Oura-gun, Gunma	JPY 9,537 million	100	Manufacture and sale of frozen foods
Knorr Foods Co., Ltd.	(Headquarters/plant) Takatsu-ku, Kawasaki-shi	JPY 4,000 million	100	Manufacture and sale of soups, mayonnaise products, etc.
Ajinomoto AGF, Inc.	(Headquarters) Shibuya-ku, Tokyo	JPY 3,862 million	100*	Manufacture and sale of coffee, etc.
Ajinomoto Animal Nutrition Group, Inc.	(Headquarters) Chuo-ku, Tokyo	JPY 1,334 million	100	Holding company; Management and oversight of feed-use amino acids business and licensing of technology
Ajinomoto Bakery, Inc.	(Headquarters) Chuo-ku, Tokyo (Plant) Shimada-shi, Shizuoka	JPY 400 million	100	Manufacture and sale of frozen bread dough
Ace Bakery Corporation	(Headquarters/plant) Isogo-ku, Yokohama-shi	JPY 400 million	100*	Manufacture and sale of bread and confectionery
Ajinomoto Healthy Supply Co., Inc.	(Headquarters) Chuo-ku, Tokyo (Plant) Takasaki-shi, Gunma	JPY 380 million	100	Purchase and sale of raw materials for pharmaceuticals, food, personal care products, etc. and contract manufacture of quasi-drugs, etc.
AJINOMOTO ENGINEERING CORPORATION	(Headquarters) Ota-ku, Tokyo	JPY 324 million	100	Food product plant design, contract construction and consulting
Ajinomoto Fine-Techno Co., Inc.	(Headquarters/plant) Kawasaki-ku, Kawasaki-shi	JPY 315 million	100	Manufacture and sale of electronics industry material, functional chemicals, etc.
Ajinomoto Communications Corporation	(Headquarters) Chuo-ku, Tokyo	JPY 295 million	100	Comprehensive services
DELICA ACE Corporation	(Headquarters/plant) Ageo-shi, Saitama	JPY 200 million	100	Manufacture and sale of lunchboxes and prepared dish products
Saps ltd.	(Headquarters) Chuo-ku, Tokyo	JPY 50 million	100	Sale of liquid seasonings for commercial use, etc.
A-Direct Corporation	(Headquarters) Chuo-ku, Tokyo	JPY 10 million	100	Mail-order sales of fundamental foods, cosmetics, etc.
Ajinomoto Trading Co., Ltd.	(Headquarters) Minato-ku, Tokyo	JPY 200 million	96.7	Export and import, etc. of products, raw materials, machinery, etc. from Ajinomoto Group companies
AJINOMOTO LOGISTICS CORPORATION	(Headquarters) Chuo-ku, Tokyo	JPY 1,930 million	96.5*	Freight transportation, warehousing, etc.

Company name	Headquarters and major plants	Capital stock		Ratio of voting rights (%)	Main business
Ajinomoto SEA Regional Headquarters Co., Ltd.	(Headquarters) /Thailand	THB	2,125,000 thousand	100	Management and oversight of ASEAN and South Asia region; holding company
Ajinomoto Co., (Thailand) Ltd.	(Headquarters/plant) Thailand	THB	796,362 thousand	78.9*	Manufacture and sale of umami seasoning *AJI-NO-MOTO*®, flavor seasonings, etc.
AJINOMOTO SALES (THAILAND) COMPANY LIMITED	(Headquarters/plant) Thailand	THB	50,000 thousand	100*	Sale of umami seasoning *AJI-NO-MOTO*®, beverage, flavor seasonings, etc.
WAN THAI FOODS INDUSTRY CO.,LTD.	(Headquarters/plant) Thailand	THB	60,000 thousand	60.0*	Manufacture and sale of instant noodles, etc.
Fuji Ace Co., Ltd.	(Headquarters/plant) Thailand	THB	500,000 thousand	51.0*	Manufacture and sale of packaging material
PT Ajinomoto Indonesia	(Headquarters/plant) Indonesia	USD	8,000 thousand	51.0	Manufacture and sale of flavor seasonings, umami seasoning *AJI-NO-MOTO®*, etc.
P.T. AJINOMOTO SALES INDONESIA	(Headquarters) Indonesia	USD	250 thousand	100*	Sale of flavor seasonings, umami seasoning *AJI-NO-MOTO®*, etc.
Ajinomoto Vietnam Co., Ltd.	(Headquarters/plant) Vietnam	USD	50,255 thousand	100	Manufacture and sale of umami seasoning *AJI-NO-MOTO*®, flavor seasonings, etc.
Ajinomoto (Malaysia) Berhad	(Headquarters/plant) Malaysia	MYR	60,798 thousand	50.4	Manufacture and sale of umami seasoning *AJI-NO-MOTO*®, savory seasonings, etc.
AJINOMOTO PHILIPPINES CORPORATION	(Headquarters) The Philippines	PHP	665,444 thousand	95.0	Manufacture and sale of umami seasoning *AJI-NO-MOTO*®, menu seasonings, etc.
Ajinomoto (China) Co., Ltd.	(Headquarters) China	USD	104,108 thousand	100	Holding company; Sale of feed-use amino acids, etc.
Shanghai Ajinomoto Seasoning Co., Ltd.	(Headquarters/plant) China	USD	27,827 thousand	100*	Manufacture and sale of flavor seasonings, liquid seasonings and umami seasoning *AJI-NO-MOTO*®, etc.
Amoy Food Ltd.	(Headquarters/plant) Hong Kong	HKD	474,356 thousand	100*	Manufacture and sale of liquid seasonings and frozen foods, etc.
AJINOMOTO (HONG KONG) CO., LTD.	(Headquarters) Hong Kong	HKD	5,799 thousand	100	Sale of nucleotides and sweeteners, etc.
AJINOMOTO ANIMAL NUTRITION (SINGAPORE) PTE. LTD.	(Headquarters) Singapore	USD	8,955 thousand	100*	Sale of feed-use amino acids
AJINOMOTO (SINGAPORE) PRIVATE LTD.	(Headquarters) Singapore	SGD	1,999 thousand	100	Sale of umami seasoning *AJI-NO-MOTO*®, etc.
Ajinomoto Korea, Inc	(Headquarters) Republic of Korea	KRW	1,000,000 thousand	70.0	Sale of soup, flavor seasonings, umami seasoning *AJI-NO-MOTO*®, etc.
AJINOMOTO TAIWAN INC.	(Headquarters) Taiwan	NTD	250,000 thousand	100	Sale of flavor seasonings, umami seasoning *AJI-NO-MOTO*®, etc.

Company name	Headquarters and major plants	Capital stock	Ratio of voting rights (%)	Main business
Ajinomoto North America Holdings, Inc.	(Headquarters) U.S.A.	-	100*	Holding company
Ajinomoto Windsor, Inc.	(Headquarters/plant) U.S.A.	USD 15,030 thousand	100*	Manufacture and sale of frozen foods, etc.
Ajinomoto Heartland, Inc.	(Headquarters/plant) U.S.A.	USD 750 thousand	100*	Manufacture and sale of feed-use amino acids
Ajinomoto North America, Inc	(Headquarters/plant) U.S.A.	USD 0	100*	Manufacture and sale of umami seasoning *AJI-NO-MOTO*®, amino acids and sweeteners, etc.
Ajinomoto Althea, Inc.	(Headquarters/plant) U.S.A.	USD 0	100	Contract development and manufacture of active pharmaceutical ingredients and intermediates for pharmaceuticals
Ajinomoto do Brasil Indústria e Comércio de Alimentos Ltda.	(Headquarters/plant) Brazil	BRL 863,298 thousand	100	Manufacture and sale of umami seasoning *AJI-NO-MOTO*®, flavor seasonings, feed-use amino acids, etc.
Ajinomoto del Perú S.A.	(Headquarters/plant) Peru	PEN 45,282 thousand	99.6	Manufacture and sale of umami seasoning *AJI-NO-MOTO*®, instant noodles, flavor seasonings, etc.
AJINOMOTO FOODS EUROPE S.A.S.	(Headquarters/plant) France	EUR 106,909 thousand	100*	Manufacture and sale of umami seasoning *AJI-NO-MOTO*® and frozen foods, etc.
AJINOMOTO EUROLYSINE S.A.S.	(Headquarters/plant) France	EUR 26,865 thousand	100*	Manufacture and sale of feed-use amino acids
S.A. Ajinomoto OmniChem N.V.	(Headquarters/plant) Belgium	EUR 21,320 thousand	100*	Manufacture and sale of active pharmaceutical ingredients and intermediates for pharmaceuticals; Sale of amino acids for pharmaceuticals and foods, etc.
West African Seasoning Co., Ltd.	(Headquarters/plant) Nigeria	NGN 2,623,714 thousand	100	Manufacture and sale of umami seasoning *AJI-NO-MOTO*®, etc.
AJINOMOTO POLAND SP Z.O.O.	(Headquarters/plant) Poland	PLN 39,510 thousand	100*	Manufacture and sale of instant noodles, etc.

Notes: 1. In the fiscal year under review, Ajinomoto Bakery, Inc., Ace Bakery Corporation, Ajinomoto Healthy Supply Co., Inc., AJINOMOTO ENGINEERING CORPORATION, Ajinomoto Fine-Techno Co., Inc., Ajinomoto Communications Corporation, DELICA ACE Corporation, Saps ltd., A-Direct Corporation, Ajinomoto Trading Co., Ltd., AJINOMOTO SALES (THAILAND) COMPANY LIMITED, WAN THAI FOODS INDUSTRY CO.,LTD., Fuji Ace Co., Ltd., P.T. AJINOMOTO SALES INDONESIA, Shanghai Ajinomoto Seasoning Co., Ltd., AJINOMOTO (HONG KONG) CO., LTD., AJINOMOTO ANIMAL NUTRITION (SINGAPORE) PTE. LTD., AJINOMOTO (SINGAPORE) PRIVATE LTD., Ajinomoto Korea, Inc, Ajinomoto North America, Inc, and AJINOMOTO POLAND SP Z.O.O. were added to important subsidiaries to promote the integral disclosure with the securities report.

2. The Company's ratio of voting rights in companies indicated with an * (asterisk) mark are calculated including the voting rights held by the Company's subsidiaries.

3. In the fiscal year under review, ZAO "AJINOMOTO-GENETIKA Research Institute", Ajinomoto Treasury Management, Inc., PT Ajinex International, and Ajinomoto Genexine Co., Ltd. were removed from the scope of Important Subsidiaries.

4. Ajinomoto North America Holdings, Inc. capital stock amount is not shown because it transfers all capital stock to capital surplus.

(2) Important Affiliates

Company name	Capital stock	Ratio of voting rights (%)	Main business
EA Pharma Co., Ltd.	JPY 9,145 million	40.0	Manufacture and sale of pharmaceuticals, etc.
J-OIL MILLS, INC.	JPY 10,000 million	27.3	Manufacture and sale of edible oils, etc.
Promasidor Holdings Limited	USD 0	33.3	Manufacture and sale of processed foods etc.

9. Employees of the Ajinomoto Group (as of March 31, 2018)

(1) Employees of the Company and its consolidated subsidiaries

Number of employees	Change from the previous fiscal year end
34,452	Increase by 1,718

Note: The number of employees indicates full-time employees, excluding temporary employees.

(2) Employees of the Company

Number of employees	Change from the previous fiscal year end
3,464	Increase by 5

Note: The number of employees indicates full-time employees, excluding temporary employees.

10. Our Tasks Ahead

I. What the Ajinomoto Group Aims for:

The Ajinomoto Group aims to contribute to the world's food and wellness and to better lives for the future**,** becoming a genuine global food company group with specialties guided by our cutting-edge bioscience and fine chemical technologies.

II. Aiming to become a Genuine Global Specialty Company

1. Sustainable growth by evolving the ASV (Ajinomoto Group Shared Value)

Since its establishment, the Ajinomoto Group has sustained its ambition of making food more delicious and improving nutrition for people using Umami, and has continued to achieve growth with the creation of social and economic value through its business activities. The Group calls this the Ajinomoto Group Shared Value (ASV) and is striving to achieve sustainable growth by evolving ASV as means to address such 21st century global issues as "global sustainability", "food resources" and "healthy living", through its business.

2. Current issues – how we can become a global top 10 food company

We believe that from a financial perspective, compared to our global top 10 peer companies, our business scale and earning efficiency are areas that need to be addressed. Additionally, our environmental, social and governance (ESG) basic policies and non-financial targets need to be further clarified.

Our major strengths lie in our unique core technologies—our cutting-edge bioscience products and fine chemicals technology centered on amino acids; our 'deliciousness' technologies, which allow us to analyze and freely create deliciousness; and our specific solutions that allow us to adapt to local customer needs. We plan to leverage these unique strengths in our pursuit of becoming a global top 10 food company by 2020.

III. Target Management Indicators and Progress

In the 2017 – 2019 (for 2020) Medium-Term Management Plan, the economic value and social value we create has been designated as financial and non-financial indicators. We will manage the Ajinomoto Group with clear Group goals, designating corporate brand value as a new integrated indicator.

Financial and non-financial indicators and the status of progress toward them in FY2017 are as follows. In order to concentrate the value that has been enhanced by promoting integrated indicators, which combine financial and non-financial indicators, in our corporate brand value, we introduced the "Ajinomoto Group Global Brand Logo" for use throughout the Group in FY2017, and have launched initiatives to strengthen its utilization.

1. Financial targets (economic value)

	FY2016 Performance	FY2017 Target	FY2017 Performance	FY2018 Target (reference)	FY2019 Target
Business profit (Billion yen)	96.8	102.0	97.3	103.0	124.0
Business profit ratio (%)	8.9	8.6	8.5	8.7	9.4
ROE (%)	8.7	8.9	9.7	9.5	9.8
ROA[*1] (%)	7.4	7.4	7.0	7.2	8.8
EPS Growth Rate (%)	-	7.2	15.1	3.0	Double-digit annual growth
International sales growth rate[*2] (%)	-	12	5	7	Double-digit annual growth

Notes: 1. Ratio of business profit to total assets
2. Only for consumer foods. Based on the local currency.

2. Non-financial targets (Social value)

We have set quantitative targets for ESG with the aim of contributing through our business to global sustainability, food resources, and healthy living.

	Content of Non-financial Targets	
Social	Better nutritional balance by eating more protein and vegetables with umami	Meats and vegetables consumption through Ajinomoto Group products (Japan, Five Stars[Note 3])
	More eating together	Contribution to the number of occasions of eating together through Ajinomoto Group products (Japan, Five Stars[Note 3])
	Smart and delicious cooking	Spare time created through our Ajinomoto Group products (Japan)
	People's comfortable lifestyle	Contribution to comfortable lifestyles through our amino acid products (AminoScience)
Environmental	Reduce greenhouse gases: Overall product lifecycle to become carbon neutral	Greenhouse gas production volume vs. emission intensity
		Renewable energy use ratio
		CFC elimination
	Reduce food loss: Cut food loss within lifecycle by half by 2050	Reduce food loss from receipt of ingredients through to customer delivery
	Secure food resources and protect natural environment, including ecosystems and biodiversity: Secure food resources for the next generation, contribute to protection of natural environment incl. ecosystems and biodiversity, achieve sustainable procurement	Sustainable procurement
		Reduce natural raw materials used via resource-saving fermentation tech., usage of by-products & alternative material tech.
	Conserve water resources: Create an environment where water resources are sustained	Production volume vs. water usage in plant
	3R for waste material (Reduce, Reuse, Recycle): Zero emission of waste materials	Reduce waste generated via business activities/recycle ratio
Governance	Improved employee engagement	Percentage of employees with high job satisfaction

	FY2015 Actual	FY2016 Actual	FY2017 Actual
Social	Meats: 6.6 mil. tons Veg.: 3.8 mil. tons	Meats: 6.9 mil. tons Veg.: 4.1 mil. tons	Meats: 7.2 mil. tons Veg.: 4.4 mil. tons
	55 times	58 times	60 times
	31 mil. hrs	35 mil. hrs	37 mil. hrs
	18.2 mil. people	18.7 mil. people	19.8 mil. people
Environmental	33% reduction (vs. FY2005)	33% reduction (vs. FY2005)	35% reduction(Note 4) (vs. FY2005)
	18%	20%	22%(Note 4)
	——	——	——
	——	——	5% reduction(Note 4)
	——	Palm oil and paper: 9%	Palm oil and paper: 21%(Note 4)
	——	80%	80%+(Note 4)
	75% reduction (vs. FY2005)	77% reduction (vs. FY2005)	77% reduction(Note 4) (vs. FY2005)
	99.6%	99.3%	99.5%
Governance	——	——	79%

	FY2020 Targets ***Certain targets are for FY2020 or later.**	
Social	Meats: 8.6 mil. tons/yr; 19% (9.7kg/person/yr) <vs. FY2015 +3% (+2.0kg)> Veg.: 5.5 mil. tons/yr; 8% (6.2kg/person/yr) <vs. FY2015 +2% (+1.6kg)>	
	70 times / households / year <vs. FY2015 +20 times>	
	38 mil. hrs / yr (6 hrs / households) <vs. FY2015 +7 mil. hrs>	
	22 mil. people <vs. FY2015 +4 mil. people>	
Environmental	FY2020 5% reduction <vs. FY2015>	FY2030 50% reduction <vs. FY2005>
	FY2020 20%	FY2030 50%
	FY2025 100% for new	FY2030 HFCs (Note 5) extremely small
	FY2020 20% reduction <vs. FY2016>	FY2025 50% reduction <vs. FY2016>
	FY2020 Palm oil and paper: 100%	FY2030 Other ingredients: 100%
	FY2025 100%	
	FY2020 5% reduction <vs. FY2015>	FY2030 80% reduction <vs. FY2005>
	FY2020 FY2025 Maintain higher than 99%	
Governance	80%	

(Note 3) Thailand, Vietnam, Indonesia, the Philippines, and Brazil; (Note 4) Estimated data as of April 2018; (Note 5) Hydrofluorocarbon (substitute for CFCs)

IV. Our Tasks Ahead and Mid to Long term Management strategy

In the 2017 – 2019 (for 2020) Medium-Term Management Plan the Ajinomoto Group is continuing the pursuit of specialization with the aim of becoming a “Genuine Global Specialty Company”, by succeeding “FIT & GROW with Specialty” engaging in “Growth Driver Enhancement” and “Further Reinforcement of Business Structure”.

1. Further Business Structural Reform (FIT)

1) A Fundamental Shift from Commodities to Specialties.

- Accelerate the shift to specialties in the Animal Nutrition business by outsourcing manufacturing of commodity products.

Status of progress: Entered into a manufacturing subcontracting agreement with Meihua Holdings Group Co., Ltd. of China. We will promote the outsourcing of the production of commodities and conversion of Group production facilities to specialty products.

- Expand supplies for raw ingredients for the Company’s products in the Umami Seasonings for Processed Foods business, and cut costs through the use of resource-saving fermentation technologies.
- In Sweeteners, we will strengthen specialization of both retail and restaurant-use products.

2) Construction of Sustainable Value Chains across Businesses

- Reinforce the business structure by restructuring the overall domestic value chain, including Group companies (shifting to cutting-edge plants, restructuring joint logistics with other companies, strengthening proposition capabilities in growth channels across all businesses, reinforcing shared corporate functions, etc.)

Status of progress:

・ Decided to consolidate and restructure the production system in Japan in regard to some of the Company’s facilities, Knorr Foods Co., Ltd., and AJINOMOTO PACKAGING INC. The Group plans to launch a new company in April 2019, as we look to strengthen the seasonings and processed foods production system in Japan.

・ Entered into an agreement with four companies, Kagome Co., Ltd., The Nisshin OilliO Group, Ltd., Nisshin Foods Inc., and House Foods Group Inc. to integrate logistics businesses in April 2019, and launch a logistics company on a national scale. As the Group looks to resolve various food product logistics issues that are becoming more serious, we will further promote joint initiatives with food product manufacturers.

- Reduce use of resources across the entire global value chain (leverage ICT to achieve greater efficiency and automation in the fermentation process, reduce the environmental burden at the product consumption stage, etc.)

2. Growth driver advancement (GROW)

1) Ensuring Food Business Growth with Stronger Regional Portfolio

- Japan foods: Continue to enhance core brand products through the development of ‘deliciousness’ technology, leverage *Kachi-Meshi* and other products using the Company’s proprietary science, and digital and ICT resources to support customers’ physical and mental health through measures such as promoting food culture and the value of eating together.

Status of progress:

・ Expanded demand for *Knorr® Cup Soup* with the <Make It With Cold Milk> series of *Knorr® Cup Soup* products for breakfast in the summer, which are made by mixing with cold milk.

・ In the domestic coffee market, consumption for home-use declined, but consumption outside the home increased. In response to a decline in sales of home-use instant coffee, the Group will focus on expanding sales of stick products and products for commercial-use.

- Overseas foods: Enhance our regional portfolio by accelerating expansion into new regions, including partnerships with local top players, develop a strong business foundation that is not affected by market conditions and exchange rates.

Status of progress

- Although the seasonings business grew in the "Five Stars" markets, increasingly fierce competition is an issue in regard to *Birdy*® canned coffee in Thailand. The Group will focus on maintaining the top market share by strengthening quality and sales efforts.
- Although sales are growing in the Asian category of the frozen foods business in North America, rising costs in line with the rebuilding of production systems are an issue. The Group will focus on stable production and cost improvements.
- Acquired LABEYRIE TRAITEUR SURGELÉS S.A.S., a frozen food company in France. Also made Kükre A.Ş. in Turkey a wholly owned subsidiary, and decided to integrate it with two other local subsidiaries. The Group will thus expand its regional portfolio and build a foundation for the Food business in Europe.

2) Expansion of business portfolio with new business pillars

- Food business: Implement the global launch of the "Deliciousness Solution Business," which will offer deliciousness solutions for home-meal replacements, restaurants, and processed foods. Strengthen our flavor ingredients and technology and develop a Group-wide sales structure that is centered on customers.

Status of progress

Integrated the commercial-use (ingredients) business, including nature based seasonings and enzymes for processed food manufacturers, etc., and the home-meal replacement and restaurant format products business, effective April 1, 2018. In addition, the Company also decided to consolidate R&D bases related to the Japan food products businesses of Ajinomoto Frozen Foods Co., Inc., Knorr Foods Co., Ltd., and Ajinomoto AGF, Inc. at the Company's Kawasaki Plant. The Group will take steps to expand the "Deliciousness Solution Business" by using these measures to provide 'deliciousness technology' and strengthen the Ajinomoto Group unified sales structure that is centered on customers.

- AminoScience business: Shift towards a strong business structure by expanding specialty businesses, including transitioning to a downstream business in the amino acids ingredients business, and accelerating business growth in the area of cutting-edge bio medical technology.

Status of progress

- Decided to expand development and manufacturing facilities at GeneDesign, Inc. and Ajinomoto Althea, Inc., in order to expand the contract development and manufacture business in the area of cutting-edge bio medical technology (oligonucleotides, next-generation antibody pharmaceuticals, etc.).
- Entered the medical foods market in the U.S.A. with the acquisition of Cambrooke Therapeutics, Inc., a medical foods company in the U.S.A.
- Decided to establish a new "Client Innovation Center," a base for promoting open and linked innovation, in the Company's Kawasaki Plant. The Group will aim to jointly create new value and new businesses by introducing our technology and combining it with that of our business partners.

3. Reinforcement of Management Foundation

- We will further establish a foundation that is compatible with the corporate governance code, and work to achieve sustainable growth through innovation
- We will strengthen our global strategic corporate functions, and further optimize our corporate functions that support our businesses, including group companies.

$\boxed{\text{Status of progress}}$ Established the Global Corporate Division to manage global planning and supervisory functions, and the Corporate Service Division to manage business support functions, including those of Group companies, on April 1, 2018. The Group will make global strategy more unified and Group management more efficient.

- With the aim of diversifying our work force, we will promote the development of next-generation global personnel, and support the advancement of female managers
- Promote innovation through diversity of personnel and promote labor reform by promotion of employee health (reducing working hours in line with global standards, improving work efficiency through the application of ICT, strengthening childcare and nursing support, etc.).

$\boxed{\text{Status of progress}}$ We expect to achieve our target for labor reforms at Ajinomoto Co., Inc. of an average of 1,800 working hours per year in FY2018, and will take steps to further improve efficiency, and extend these measures to domestic Group companies.

- Strengthen organizational capabilities and improve financial performance by boosting work motivation for all 33,000 employees globally, through implementing the ASV (Ajinomoto Group Shared Value).

$\boxed{\text{Status of progress}}$ Based on the results of a survey conducted across the Ajinomoto Group, 79% of employees feel a “sustainable motivation to work,” thereby achieving the level of global food companies. While our “awareness of enhancing the ASV,” “displaying leadership,” and “customer-orientation” were praised, we will continue to focus on issues such as increasing diversity and enhancing career development.

II. Matters regarding Shares of the Company (as of March 31, 2018)

(1) Number of shares authorized to be issued by the Company: 1,000,000,000 shares

(2) Number of shares issued: 571,863,354 shares

(3) Number of shareholders: 134,668

(increased by 51,567 compared with the end of the previous fiscal year)

(4) Major shareholders

Shareholder	Number of shares held (thousand shares)	Ownership interest (%)
The Master Trust Bank of Japan, Ltd. (trust account)	52,135	9.16
Japan Trustee Services Bank, Ltd. (trust account)	28,163	4.95
The Dai-ichi Life Insurance Company, Limited	26,199	4.61
NIPPON LIFE INSURANCE COMPANY	25,706	4.52
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	20,149	3.54
Meiji Yasuda Life Insurance Company	12,624	2.22
Mitsubishi UFJ Trust and Banking Corporation	11,548	2.03
STATE STREET BANK WEST CLIENT – TREATY 505234	11,364	2.00
Mizuho Bank, Ltd.	10,045	1.77
Sompo Japan Nipponkoa Insurance Inc.	9,239	1.62

Notes: 1. Ownership interests are calculated after deduction of treasury stock (3,000 thousand shares).
2. The number of shares held by The Dai-ichi Life Insurance Company, Limited does not include 2,000 thousand shares of the Company contributed as a trust asset for a retirement benefit trust of The Dai-ichi Life Insurance Company, Limited. The Dai-ichi Life Insurance Company, Limited holds voting rights in respect of these shares.
3. Effective April 1, 2018, The Bank of Tokyo-Mitsubishi UFJ, Ltd. changed its name to MUFG Bank, Ltd.

(5) Other important matters regarding shares

Based on the resolution made at a board of directors meeting held on May 10, 2018, the Company will conduct the following share repurchase for the purpose of increasing the level of shareholder returns and improving capital efficiency.

Total number of shares to be repurchased	25 million shares of common stock (maximum)
Total amount to be paid for repurchase	¥40.0 billion (maximum)
Period of share repurchase	May 11, 2018 to September 20, 2018

III. Corporate Governance and Matters Regarding the Corporate Officers of the Company (as of March 31, 2018)

1. Matters Regarding Corporate Governance

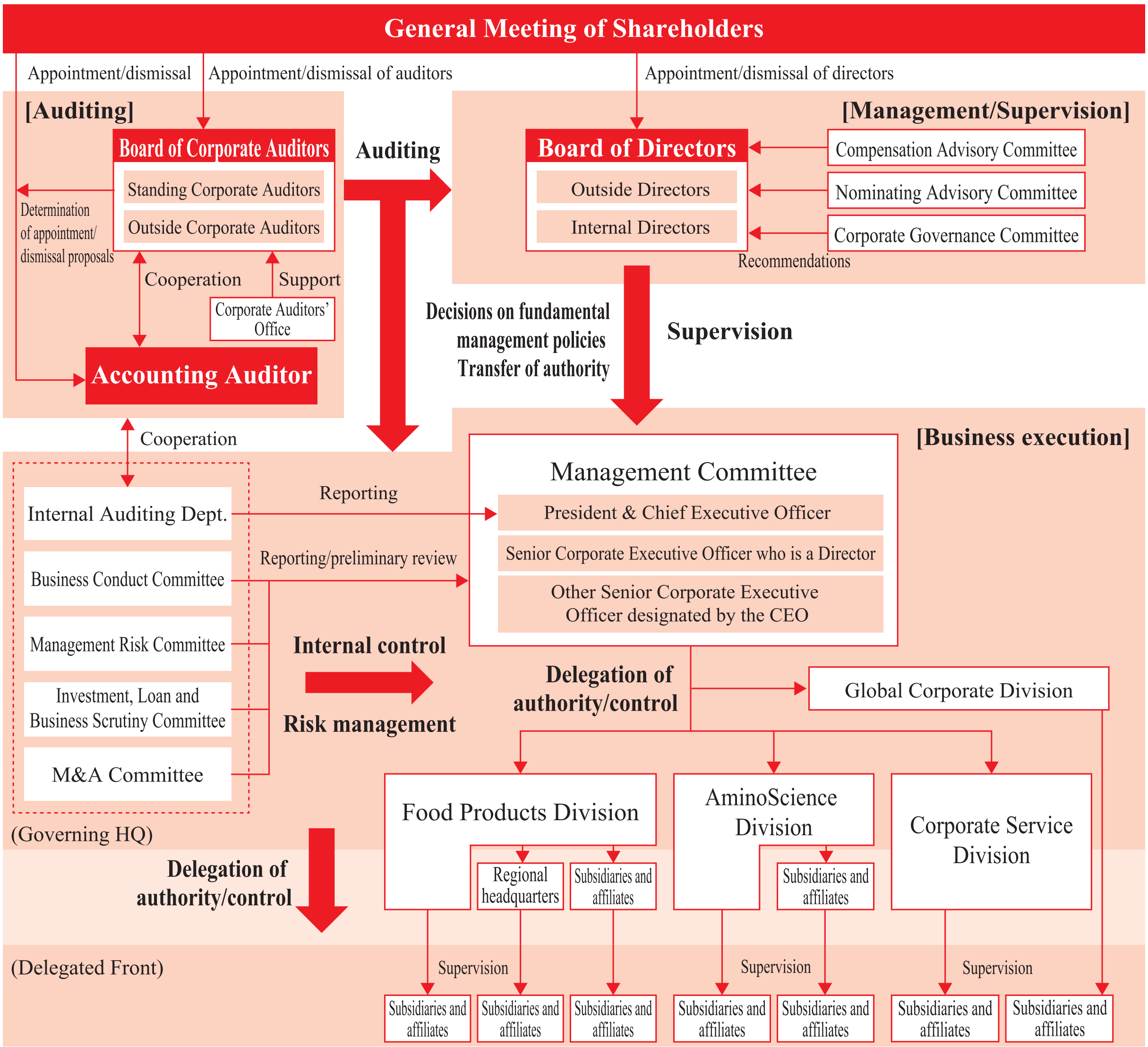
(1) Basic Approach to Corporate Governance

Since its establishment, the Ajinomoto Group has sustained its ambition of making food more delicious and improving nutrition for people using Umami, and has continued to achieve growth with the creation of social and economic value through its business activities. The Group calls this the Ajinomoto Group Shared Value (ASV) and is strivings to achieve sustainable growth by evolving ASV as means to address such 21st century global issues which are “global sustainability”, “food resources” and “healthy living”, through its business.

The Company recognizes that corporate governance is an important management foundation to accelerate the development of ASV and become what we regard as a "Genuine Global Specialty Company." The Group is working together in accordance with the Ajinomoto Group Standards of Business Conduct and to set up internal control systems and is continuously working to ensure that these function properly. The Company is working to strengthen and enhance corporate governance by building good relationships with stakeholders through dialogue and cooperation.

(2) Organizational Structure of the Corporate Governance System

The organizational structure of our corporate governance system is as follows.



(Voluntary Committees of the Board of Directors)

・Nominating Advisory Committee

Consisting of 3 Outside Directors and 1 Internal Director (a total of 4 members), the Committee discusses proposals for the nomination of Director candidates, and selection proposals for Chairman of the Board and President, in addition to selection proposals for Representative Directors, based on inquiries from the Board of Directors and reports the outcomes of its deliberations to the Board.

・Compensation Advisory Committee

Consisting of 3 Outside Directors, 1 Internal Director and 1 Corporate Executive Officer (a total of 5 members), the Committee discusses compensation for Directors, Corporate Executive Officers and others, based on inquiries from the Board of Directors, and reports the outcomes of its deliberations to the Board.

・Corporate Governance Committee

Consisting of 3 Outside Directors, 2 Internal Directors and 1 Audit & Supervisory Board Member (External) (a total of 6 members), the Committee discusses important matters related to the creation, maintenance, and implementation of the corporate governance system, based on inquiries from the Board of Directors, and reports the outcomes of its deliberations to the Board.

(Internal control and risk management)

・Business Conduct Committee

The Business Conduct Committee works to ensure that the Ajinomoto Group Standards of Business Conduct are thoroughly understood. It checks whether management and corporate activities are conducted in accordance with these Standards or not, and it responds to issues arising, in addition to creating manuals, making operational management units create business continuity plans, and holding crisis management drills, etc., and thereby identifying and inspecting the status of preparations to respond to any risks other than risks at a company-wide management level and crises that materialize.

・Management Risk Committee

The Management Risk Committee selects and identifies risks at the company-wide management level from among the various risks that the Ajinomoto Group faces as it accelerates its global development, and formulates measures for responding to these risks.

・Investment, Loan and Business Scrutiny Committee

The Committee considers various aspects surrounding investments and loans, and the regeneration of or withdrawal from unprofitable businesses, prior to deliberations by the Management Committee.

・M&A Inquiry Commission

The Commission considers various aspects surrounding mergers and acquisitions, prior to deliberations by the Management Committee.

(3) Reasons for Selection of the Current Corporate Governance System

The Company has selected the current corporate governance system because it believes that its double-checking system ensures appropriate business operations. The Board of Directors is consisted of 9 Directors (including 3 Outside Directors) , and supervises important business decisions and the work conduct of the Directors and Corporate Executive Officers. The 5 Audit & Supervisory Board Members (including 3 Audit & Supervisory Board Member (External)) maintain their independence from the Corporate Executives and collaborate with the accounting auditors and the Company's Internal Auditing Dept. to audit the actions of Directors.

(4) Views on the Abilities and Diversity of the Board of Directors as a Whole

The Company is globally expanding into a wide range of business fields (within the scope of foods and aminoscience). To ensure that business decisions in these areas can be quickly and properly made and that the operations can be adequately supervised, it is our basic policy that the Board of Directors be composed of: a) Directors from within our Company who have expertise in the areas of each business, in corporate functions, in research and development, and in other areas; and b) several Outside Directors who can freely give their opinions about the adequacy of the Company's growth strategies and governance from an independent perspective and who will not hesitate to raise issues.

At present, the Board of Directors consists of 9 Directors, including 3 Outside Directors who are independent officers (including 1 female).

(5) Systems for Ensuring Appropriate Business Operations

1) Basic policy on Internal control system

The Company has resolved the following at a meeting of its Board of Directors with respect to the basic policy to consolidate the system for ensuring appropriate business operations.

1. Systems for ensuring compliance with laws and regulations and the Articles of Incorporation in the execution of the duties of directors and employees of the Company

(1) The Company appoints Independent Outside Directors, who are conversant with management, and supervise the execution of operations of the Company from an independent and fair position, thereby ensuring high supervisory functions of the Board of Directors and making decision-making on the execution of operations more adequate.

(2) As voluntary committees of the Board of Directors of the Company, the Company has established a Nominating Advisory Committee and a Compensation Advisory Committee, with Outside Directors comprising a majority of members, thereby ensuring high transparency and objectivity in the nomination and decision of compensation of Directors and Corporate Executive Officers, etc.

(3) The Company has established a Corporate Governance Committee, with Outside Directors and Audit & Supervisory Board Members (External) comprising a majority of members, which works to ensure the soundness of management, in addition to maintaining and enhancing corporate governance.

(4) The Company has established a Business Conduct Committee chaired by a member of the Management Committee designated by the Chief Executive Officer, which performs checks of management activities from a compliance perspective, and works to ensure that the Ajinomoto Group Standards of Business Conduct are thoroughly understood, including supporting and supervising activities to instill the values of the Ajinomoto Group Standards of Business Conduct in companies in the Ajinomoto Group.

(5) The Business Conduct Committee works to raise compliance awareness and instill the values of the Ajinomoto Group Standards of Business Conduct, and foster the development of an open corporate culture, through implementing education and training activities, etc. on an ongoing basis.

(6) The Company has established a hotline for receipt of information in the secretariat of the Business Conduct Committee. The secretariat acts promptly to respond to any such information, and reports its results to the Business Conduct Committee, thereby leading to the prevention of recurrence of the problem.

(7) The Internal Auditing Dept. implements operational audits of operational management units and Group companies, reports on its results to the President, requests correction of matters specified from the units subject to the audit, and confirms the status of their implementation. For the purpose of ensuring the credibility of financial statements, the Internal Auditing Dept. carries out evaluations of internal controls on financial reporting, and reports on its results to the President, and also reports to the subject units of evaluation and instructs corrections if any inadequacy exists.

2. Systems for preservation and management of information regarding the execution of duties of Directors

Information recorded on paper or recorded electronically relating to the performance of duties by Directors, such as minutes of meetings of the Board of Directors, decision making documents, and minutes of various meetings, is stored and managed in accordance with the laws and regulations and the internal rules and regulations.

3. Regulations regarding management of risk of losses and other systems

(1) The Company has established a Management Risk Committee, which selects and identifies risks at the company-wide management level from among the various risks that the Ajinomoto Group faces as it accelerates its global development, and formulates measure for responding to these risks.

(2) The Business Conduct Committee creates manuals, makes operational management units create business continuity plans, and holds crisis management drills, etc., thereby identifying and inspecting the status of preparations to respond promptly and appropriately to any risks other than risks at a company-wide management level and crises that materialize.

(3) Where a crisis occurs, headquarters will be established to respond to the crisis in a related unit, and the Company will endeavor to minimize the loss to the Ajinomoto Group, while placing the utmost priority on human life.

4. Systems for ensuring efficiency of the performance of the duties of directors

(1) The Board of Directors meets once per month, in principle, to deliberate and determine important matters provided for by laws and regulations, the Articles of Incorporation, the "Regulations of the Board of Directors," etc., and also supervise the Directors and Corporate Executive Officers in the execution of their duties.

(2) The Management Committee, comprised of all Senior Corporate Executive Officers who are Directors and other Senior Corporate Executive Officers designated by the Chief Executive Officer, meets three times per month, in principle, to deliberate and determine important matters regarding the Company and the Group as provided for in the "Regulations related to Global Governance."

(3) The Company makes clear the scope of decision-making of the Board of Directors, Management Committee, Corporate Executive Officers, and specific Group companies by creating, implementing and reviewing company rules, and promoting the delegation of authority.

(4) As a measure to ensure the efficient operation of the Board of Directors and the Management Committee, documents to be submitted at meetings of the Board of Directors and the Management Committee are electronic files.

5. Systems for ensuring appropriate business operations in Ajinomoto Group companies

(1) System for reporting matters concerning the performance of the duties of Directors of Group companies to our Company

Operational management units take responsibility for supervising the Group companies they are responsible for, in accordance with the "Regulations related to Global Governance," and require reports related to the execution of duties by Directors of Group companies, while obtaining the decision of Corporate Executive Officers of the Company, the Management Committee, or the Board of Directors for important matters.

(2) Regulations regarding management of risk of losses in Group companies, and other systems

1) Company rules which serve the same purpose as company rules applied across the Group are enforced at Group companies, depending on their businesses, management environments and other factors.

2) Where a crisis occurs at a Group company, headquarters will be established to respond to the crisis as necessary, and support shall be provided to minimize the loss to the Ajinomoto Group.

(3) System for ensuring efficiency of the performance of the duties of Directors of Group companies

1) The Company makes clear the basic policy concerning the supervision of Group companies, enforces company rules which serve the same purpose as company rules applied across the Group at Group companies, and provides the necessary instructions and support to ensure that these company rules are effectively implemented.

2) The Company appropriately delegates authority to specific Group companies, in accordance with the "Regulations related to Global Governance."

(4) System for ensuring compliance with laws and regulations and the Articles of Incorporation in the execution of the duties of Directors and employees of Group companies

1) We ensure that the Directors and employees of companies in the Ajinomoto Group shall practice the Ajinomoto Group Standards of Business Conduct and comply with laws, regulations and these Standards of Business Conduct.

2) The Company ensures thorough understanding of the fact that Directors and employees of Group companies are able to use the hotline that is established in the secretariat of the Business Conduct Committee of the Company.

3) Our Internal Auditing Dept. implements operational audits and management audits of Group companies, and assesses internal controls in financial reporting.

4) To ensure robust auditing functions in important Group companies, an Audit & Supervisory Board Member (Standing) shall be appointed, even if such company is not a "Large Company" as stated in the Companies Act.

6. Systems to ensure effective auditing by our Audit & Supervisory Board Members

(1) The involvement of employees to assist Audit & Supervisory Board Members with their duties

1) Necessary staff are assigned to assist with the duties of Audit & Supervisory Board Members, based on consultation with Audit & Supervisory Board Members.

2) Audit & Supervisory Board Member staff are dedicated staff under the direct control of the Audit & Supervisory Board, and the agreement of Audit & Supervisory Board Members is obtained with respect to the personnel evaluation of said staff, their transfer, any disciplinary measures, etc., to raise the level of independence of the staff from the Board of Directors and to ensure the effectiveness of instructions given by the Audit & Supervisory Board Members to Audit & Supervisory Board Members staff.

(2) Systems regarding reports to Audit & Supervisory Board Members

1) If facts associated with a notable risk of resulting loss to the Company or Group company are discovered, a Director immediately reports said facts to the Audit & Supervisory Board.

2) Company employees and Group company directors, corporate auditors or employees are available to make verbal reports to the Audit & Supervisory Board Members at regular intervals or as required, and in the event of discovery of facts mentioned in 1) above in emergencies, are able to report said facts directly to the Audit & Supervisory Board Members.
3) Persons reporting in 1) or 2) above are not subject to unfavorable treatment for reasons of having made the report, and we encourage this policy in our Group companies.

(3) Policies concerning the treatment of auditing expenses
1) The Company bears the costs (including any expenses related to obtaining necessary opinions from lawyers and other outside specialists, etc.) of expenses necessary in the execution of Audit & Supervisory Board Members' duties.
2) In principle, an annual budget is established for the expenses in the above item 1), and expenses incurred are paid based on this budget, but the Company also pays emergency or additional necessary expenses outside this budget.

(4) Other systems to ensure effective auditing by the Audit & Supervisory Board Members
1) Directors give consideration to ensuring the attendance by Audit & Supervisory Board Members at important meetings held in the operational management units, and provides the necessary cooperation to allow the Audit & Supervisory Board Members to perform their duties, such as through presenting them with minutes of meetings.
2) The President, other Directors and Audit & Supervisory Board Members, at regular intervals and as required, exchange information regarding the status of initiatives with respect to compliance, risk management and other management issues of the Company and Group companies, and strive to ensure communication between the Directors and Audit & Supervisory Board Members about such matters.

End

2) Overview of the Operation of Systems to Ensure Appropriate Business Operation

Based on our "Basic Policy of the System for internal control," we are setting up internal control systems and ensuring their appropriate operation. Our main endeavors in the period under review are as follows.

1. Compliance

(1) The Company, chiefly through the Business Conduct Committee, has continued to make efforts to raise the level of understanding of our Directors and employees (as well as directors and employees in Ajinomoto Group companies) of the Ajinomoto Group Principles ("AGP"), and to ensure compliance with laws, regulations and the Ajinomoto Group Standards of Business Conduct. In the period under review, we held a special meeting event for staff to help them become familiar with the AGP (total 46 times at the Company) and conducted a questionnaire survey about employee opinions about AGP. Issues raised were sorted into issues at the workplace, office and plant, and company-wide level, and measures for improvement were implemented. We also held bi-monthly compliance training and the Business Conduct Committee met 4 times to discuss these activities, and reported the outcomes of their deliberations to our Management Committee and Board of Directors.

(2) In the period under review, the Internal Auditing Dept. made on-site audits at 50 operational management units in our Company and our Group companies.

2. Risk management

(1) From the second half of 2017, the Company discontinued the Risk Management Committee, and gave control over matters related to management risk to the newly established Management Risk Committee, and matters related to crisis management to the Business Conduct Committee, and appropriately operated these Committees. In addition, in order to respond to any significant crisis, the Company formulated the Ajinomoto Group Crisis Management Regulations, and created a system for risk management.

(2) In the period under review, our Investment, Loan and Business Scrutiny Committee met 10 times, and our M&A Inquiry Commission met 19 times. They considered important investment and M&A projects. In addition, the Quality Assurance Committee, the Occupational Health and Safety Committee, and the Environmental Committee each met twice, and worked to identify risks and develop damage avoidance measures.

3. Global governance (a governance system with direction and efficiency)

(1) To ensure that the Board of Directors is able to focus on deliberating important proposals, the Company formulated Regulations of the Board of Directors, etc., clarified the matters about which the Board of Directors makes resolutions and reports, revised monetary standards, and made improvements including the aggregated submission of matters for discussion and aggregated voting, as we endeavored to increase the efficiency of the execution of duties by Directors.

(2) The Company conducted a regular revision of regulations related to the Global Governance Policy (GGP), thereby clarifying the scope of decision-making and delegating authority. In addition, the Company also clarified the matters about which Group companies are to make reports to the Company, and the schedule thereof.
(3) Our Board of Directors met 17 times, and as a measure to ensure efficient operation, documents for distribution were made electronic.

4. Audits by Audit & Supervisory Board Members

(1) Seven Dedicated staff members are posted directly under the Audit & Supervisory Board and support the duties of the Audit & Supervisory Board Members, and maintain an independent position from the Directors.
(2) The Audit & Supervisory Board Members, in addition to attending important meetings such as meeting of the Board of Directors, the Management Committee, and the Business Conduct Committee met quarterly with the President and Members of the Board & Corporate Senior Vice President in charge of corporate operation, to exchange opinions, and held an end of fiscal year meetings with the members of the Management Committee.
(3) Our Audit & Supervisory Board Members audited 14 of our operational management units and surveyed 22 Group companies (in Japan and overseas). In addition, meetings between Audit & Supervisory Board Members (Standing) of our domestic Group companies and our Audit & Supervisory Board Members to exchange opinions, etc., were held quarterly.
(4) Directors and employees gave explanations of M&A project proposals and other important matters to the appropriate Directors and responded promptly to requests from Audit & Supervisory Board Members for reports on these.
(5) Audit & Supervisory Board Members received a final audit report from our Internal Auditing Department on the completion of each audit by the Department, and met quarterly to exchange opinions. Periodic meetings were held with the Accounting Auditors a total of 12 times, and the Audit & Supervisory Board Members received an explanation of the audit plan, and reports on auditing activities from the Accounting Auditor, and exchanged opinions with them.

End

2. Matters regarding Corporate Officers

(1) Names, Positions and Assignment in the Company and Important Positions Currently Held in Other Companies, etc. of Directors and Audit & Supervisory Board Members

Position	Name	Assignment in the Company and Important Positions Currently Held in Other Companies, etc.
Chairman of the Board*1	Masatoshi Ito	(Important Positions Currently Held in Other Companies) Outside Director, Japan Airlines Outside Director, Yamaha Corporation
Director*1 President & Chief Executive Officer	Takaaki Nishii	
Director*1 Corporate Senior Vice President	Etsuhiro Takato	(Assignment in the Company) Food Products Division; Advertising Dept; Olympic & Paralympic Promotional Office (Important Positions Currently Held in Other Companies) Outside Director, TOKAI DENPUN CO., LTD.
Director*1 Corporate Senior Vice President	Hiroshi Fukushi	(Assignment in the Company) AminoScience Division
Director Corporate Senior Vice President	Masaya Tochio	(Assignment in the Company) Corporate Planning Dept.; Finance & Accounting Dept.; Legal Dept. (Important Positions Currently Held in Other Companies) Outside Director, J-OIL MILLS, INC.
Director Corporate Vice President	Takeshi Kimura	(Assignment in the Company) Quality Assurance & External Scientific Affairs Dept.; Manufacturing Strategy Dept.; R&D Planning Dept.; Intellectual Property Dept.; Nutrition Improvement Dept.; Institute for Innovation
Outside Director (Independent Officer)	Sakie T. Fukushima	(Important Positions Currently Held in Other Companies) President & Representative Director, G&S Global Advisors Inc. Outside Director, J. FRONT RETAILING Co., Ltd., Outside Director, USHIO INC.
Outside Director (Independent Officer)	Yasuo Saito	(Important Positions Currently Held in Other Companies) Vice President, Japanese Olympic Committee Executive Board Member, The Tokyo Organising Committee of the Olympic and Paralympic Games
Outside Director (Independent Officer)	Takashi Nawa	(Important Positions Currently Held in Other Companies) Professor of The Graduate School of International Corporate Strategy (ICS), Hitotsubashi University Representative Director, Genesis Partners Outside Director, NEC Capital Solutions Outside Director, FAST RETAILING CO., LTD. Outside Director, DENSO Corporation
Audit & Supervisory Board Member (Standing)	Yoichiro Togashi	
Audit & Supervisory Board Member (Standing)	Shizuo Tanaka	
Audit & Supervisory Board Member (External) (Independent Officer)	Atsushi Toki	(Important Positions Currently Held in Other Companies) Partner, Seiwa Meitetsu Law Office (Attorney-at-law) External Director/ audit and supervisory committee member, Maruyama Mfg. Co., Inc. External Director, Geostr Corp.
Audit & Supervisory Board Member (External) (Independent Officer)	Hiroshi Murakami	(Important Positions Currently Held in Other Companies) Affiliate Professor, Global Education Center, Sophia University

Notes: 1. "*1" designates Representative Director.

2. There are transactions between the Company and the Japanese Olympic Committee, at which Outside Director Yasuo Saito holds the position of Vice President, based on a contract relating to the use of the Ajinomoto National Training Center. However, Yasuo Saito meets the Company's Standards for Determining the Independence of Outside Officers, because the payment from the Company during the fiscal year under review is less than 0.5% of the Japanese Olympic Committee's net income and 0.01% of the Company's net income for the fiscal year under review. Furthermore, there are transactions between the Company and The Tokyo Organising Committee of the Olympic and Paralympic Games (the "Organising Committee"), at which Yasuo Saito holds the position of Executive Board

Member with no business execution responsibility, based on the Tokyo 2020 Official Partnership Program Agreement. However, Yasuo Saito meets the Company's Standards for Determining the Independence of Outside Officers, because the payment from the Company during the fiscal year under review is less than 2.0% of the Organising Committee's net income.

3. Other than the above, there are no significant transactions and/or other special relationships between the Company and the other companies at which the Outside Directors or Audit & Supervisory Board Members (External) hold important positions.
4. All Outside Directors and Audit & Supervisory Board Members (External) are designated as Independent Officers as specified by the Tokyo Stock Exchange and the Company has registered them at the Tokyo Stock Exchange.
5. Standing Corporate Auditor Shizuo Tanaka has previously worked as General Manager, Financial Affairs, Finance Dept., and possesses a respectable degree of knowledge with respect to finance and accounting.
6. Directors and Audit & Supervisory Board Members who changed positions during the period are as follows. Audit & Supervisory Board Member (External) Masami Hashimoto passed away and therefore resigned from his position on March 17, 2018.

Name	New Position	Former Position	Date of Change
Etsuhiro Takato	Representative Director Corporate Senior Vice President	Director Corporate Senior Vice President	June 27, 2017
Hiroshi Fukushi	Representative Director Corporate Senior Vice President	Director Corporate Senior Vice President	June 27, 2017
Masaya Tochio	Director Corporate Senior Vice President	Director Corporate Vice President	June 27, 2017
Makoto Murabayashi	Corporate Vice President	Director Corporate Vice President	June 27, 2017
Tamotsu Iwamoto	(Retired)	Representative Director Corporate Executive Deputy President	June 27, 2017
Koji Igarashi	(Retired)	Director Corporate Senior Vice President	June 27, 2017
Hiromichi Oono	(Retired)	Director Corporate Vice President	June 27, 2017
Masami Hashimoto	(Retired)	Audit & Supervisory Board Member (External)	March 17, 2018

(2) Amounts of Compensation, etc. Paid to Directors and Audit & Supervisory Board Members in the Fiscal Year under Review

1) Policy and process taken to decide the compensation paid to Directors and Audit & Supervisory Board Members

Compensation paid to Directors other than Outside Directors consists of monthly compensation, short-term company performance-linked compensation, and medium-term company performance-linked stock compensation. Short-term company performance-linked compensation is determined in accordance with assessments of performance for the company as a whole and on an individual sector basis in a single fiscal year. For medium-term company performance-linked stock compensation, in principle, Company shares are granted and cash in the amount equivalent to the conversion value of Company shares is paid from a stock ownership trust established by the Company, depending on the extent to which the targets of the 2017-2019 (for 2020) Medium-Term Management Plan starting on April 1, 2017 have been fulfilled, after the end of the period covered by the Medium-Term Management Plan.

Short-term company performance-linked compensation accounts for between approximately 0% and 50% of total compensation in fiscal years when medium-term company performance-linked stock compensation is not paid. In fiscal years when medium-term company performance-linked stock compensation is paid, short-term company performance-linked compensation and medium-term company performance-linked stock compensation (the cash conversion value of contributions to the trust) accounts for a minimum of 0% and a maximum of around 70% of total compensation. Additionally, Directors contribute approximately 2% of their monthly compensation to the Executives' Shareholding Association, to enable a structure in which compensation for Directors is linked to medium- to long-term trends in the Company's share price.

The Board of Directors decides the compensation of each of the Directors (except Outside Directors) based on advice received from the deliberations of the Compensation Advisory Committee, which comprises four Directors, three of which are Outside Directors and one of which is an Internal Director, and one Corporate Executive Officer, and consults on compensation standards and evaluation of company performance as a standard for compensation.

Regarding Outside Directors, the compensation is determined individually by the Board of Directors based on advice received from the deliberations of the Compensation Advisory Committee, and only monthly compensation is paid.

Regarding Audit & Supervisory Board Members, the Audit & Supervisory Board decides compensation standards, and only monthly compensation is paid.

2) Amounts of Compensation

Category	Number of persons to whom compensation, etc. was paid	Total amounts by type of compensation		Total amount of compensation (Millions of yen)
		Monthly compensation (Millions of yen)	Compensation based on business performance (Millions of yen)	
Directors (excluding Outside Directors)	10	324	208	532
Audit & Supervisory Board Members (excluding Audit & Supervisory Board Members (External))	2	82	--	82
Outside Directors	3	43	--	43
Audit & Supervisory Board Members (External)	3	44	--	44

Notes: 1. "Number of persons to whom compensation, etc. was paid" includes four Directors and one Audit & Supervisory Board Member who retired during the fiscal year under review.
2. "Total amount of compensation" includes provisions for bonus reserve for Directors and others in the fiscal year under review.
3. Aggregate compensation to Directors of the Company was limited to the total amount of ¥1.2 billion per year (excluding employee salaries to be paid to the Directors who concurrently serve as employees), and aggregate compensation to Outside Directors is limited to the total amount of ¥50 million per year, by the resolution of the 129th Ordinary General Meeting of Shareholders held on June 28, 2007.
4. It was resolved at the 139th Ordinary General Meeting of Shareholders held on June 27, 2017 that money up to a maximum amount of ¥2.2 billion will be contributed to a stock ownership trust, and medium-term company performance-linked stock compensation will be paid depending on the extent to which the targets of the 2017-2019 (for 2020) Medium-Term Management Plan are fulfilled, at the end of the three-year trust period. Furthermore, the persons entitled to payment are Directors (excluding Outside Directors), Corporate Executive Officers, and Corporate Fellows, and the maximum total number of Company shares to be granted to these persons is 1,100,000 shares.
5. Aggregate compensation to Audit & Supervisory Board Members is limited to the total amount of ¥190 million per year by the resolution of the 129th Ordinary General Meeting of Shareholders held on June 28, 2007.

(3) Main Activities of Outside Directors and Audit & Supervisory Board Members (External) in the Fiscal Year under Review

Position	Name	Attendance at meetings of Board of Directors (attendance rate)	Attendance at meetings of Audit & Supervisory Board (attendance rate)	Comments at meetings of Board of Directors and Audit & Supervisory Board
Outside Director	Sakie T. Fukushima	16 of 17 (94%)	--	Appropriately made comments based on her experience and knowledge of corporate management
	Yasuo Saito	17 of 17 (100%)	--	Appropriately made comments based on his experience and knowledge as a diplomat
	Takashi Nawa	16 of 17 (94%)	--	Appropriately made comments based on his knowledge of international corporate management
Audit & Supervisory Board Members (External)	Masami Hashimoto	16 of 16 (100%)	13 of 13 (100%)	Appropriately made comments principally from his expert perspective as a Certified Public Accountant
	Atsushi Toki	16 of 17 (94%)	14 of 14 (100%)	Appropriately made comments principally from his expert perspective as an attorney-at-law
	Hiroshi Murakami	17 of 17 (100%)	14 of 14 (100%)	Appropriately made comments based on his experience and knowledge of corporate management

Note: The attendance rate of Audit & Supervisory Board Members (External) Masami Hashimoto stated above refers to his attendance rate until his resignation on March 17, 2018 due to him passing away.

(4) Overview of contents of agreements with Outside Directors and Audit & Supervisory Board Members (External) concerning limitation of liability

The Company has entered into agreements concerning limitation of liability for damages based on Article 427, Paragraph 1 of the Companies Act with the Outside Directors and Audit & Supervisory Board Members (External). Based on said agreements, liability for damages to the Company shall be the aggregate amount limited to the total amounts set forth in the respective items of Article 425, Paragraph 1 of the Companies Act.

(5) Evaluation of the Effectiveness of the Board of Directors

1) Method of implementation

Between March and May 2018, an anonymous survey was conducted for all Directors and Audit & Supervisory Board Members and, following analysis by lawyers, the results were discussed at a meeting of the Board of Directors, and the effectiveness of the Board of Directors was thereby evaluated.

2) Results of the evaluation of the effectiveness of the Board of Directors

The results of the survey showed a generally high evaluation of the effectiveness of the Board of Directors, even when compared with results in FY2016. The Company believes this is the result of having implemented reforms to enhance the effectiveness of the Board of Directors over the past year, taking into consideration issues identified in the results of the FY2016 survey, namely the large number of Internal Directors, the infrequency of remarks from Internal Directors, the large number of discussions on matters about which there is no need for debate and unnecessary reports, the insufficiency of follow-up measures and feedback on matters resolved at past meetings of the Board of Directors, the late distribution of documents, the necessity of further measures regarding the content of documents, and the insufficiency of information provided to the Board of Directors in regard to deliberations at advisory bodies. In particular, improvements from FY2016 were seen in the following five items:

(1) Standards were established for selecting matters to be discussed, and the submission of matters for discussion came to be conducted in an appropriate manner.
(2) Regular reports regarding matters resolved at past meetings of the Board of Directors were introduced.
(3) The timing of the distribution of documents was made earlier.
(4) The content of documents was streamlined and enhanced.
(5) The number of Directors was made appropriate.

On the other hand, the Company is aware that the following points for improvement remain:

(1) Sufficient provision of information to the Board of Directors in regard to the processes by which matters are considered at advisory bodies;
(2) Enhancement of deliberations regarding important matters;
(3) Increase in the number of remarks by Internal Directors;
(4) Consideration of future policy regarding the composition of officers.

3) Future responses to issues

In FY2018, the Company will continue to promote initiatives from FY2017, and as a result of discussions at the Board of Directors based on the current evaluation of effectiveness, we also decided to step up the following initiatives:

(1) More conscientious reporting at Board of Directors meetings on the deliberation process of the advisory committees;
(2) Measures to secure time for deliberating important matters, and expansion of opportunities for exchanging views outside of meetings of the Board of Directors;
(3) Ongoing consideration of initiatives to ensure Internal Directors make remarks, in order to further stimulate debate;
(4) Creation of requirements and establishment of standards for internal and outside officers by the Nominating Advisory Committee.

3. Matters regarding Accounting Auditor (as of March 31, 2018)

(1) Name of Accounting Auditor

Ernst & Young ShinNihon LLC

(2) Amount of compensation, etc. to be paid to the accounting auditor regarding the fiscal year ended March 31, 2018

Description	Amount of fees to be paid for audit and attestation services (Millions of yen)	Amount of fees to be paid for non-audit services (Millions of yen)
The Company	351	1
The consolidated subsidiaries	148	18
Total	499	20

Notes:
1. Of the ¥351 million fees to be paid for audit and attestation services at the Company, the amount that can be clearly distinguished as not pertaining to audit under the Companies Act is ¥9 million. Regarding the other amount besides this compensation, the audit engagement agreement entered into by the accounting auditor and the Company does not clearly make a distinction between compensation, etc. for audit under the Companies Act and compensation, etc. for audit under the Financial Instruments and Exchange Act, and both are also substantially indistinguishable.
2. After obtaining necessary information on the status of the execution of duties in the previous fiscal year, etc., and taking into consideration the "Practical Guidelines Related to Coordination with Accounting Auditors" announced by the Japan Audit & Supervisory Board Members Association, the Audit & Supervisory Board has considered the validity of the content of the auditing plan of the accounting auditor, the calculation basis for the estimated amount of compensation, etc., and has judged that the aforementioned amount of fees to be paid for audit and attestation services at the Company (excluding the amount that can be clearly distinguished as pertaining to audit under the Companies Act) is justifiable and has given its consent, as provided for in Article 399, Paragraph 1 of the Companies Act.

(3) Matters related to audits of subsidiaries

Among the Company's important consolidated subsidiaries, 22 subsidiaries are audited (limited to those according to the provisions of the Companies Act or the Financial Instruments and Exchange Act (or overseas laws and ordinances equivalent to these laws)) by Certified Public Accountants or audit firms (including those with equivalent overseas qualifications) other than the accounting auditor of the Company.

(4) Contents of non-audit services

The Company had engaged the accounting auditor to provide guidance, advice and other services relating to accounting issues and disclosure, which do not fall under the scope of Article 2, Paragraph 1 of the Certified Public Accountants Act (non-audit services), and has paid the compensation for such services.

(5) Policy for decisions on dismissal or non re-appointment of the accounting auditor

In the event that the accounting auditor is recognized to have fallen under any of the items in Article 340, Paragraph 1 of the Companies Act, the Audit & Supervisory Board shall dismiss the accounting auditor, based on the consent of all Audit & Supervisory Board Members. In this case, an Audit & Supervisory Board Member selected by the Audit & Supervisory Board shall report the fact that the accounting auditor was dismissed and the reasons for the dismissal at the first General Meeting of Shareholders convened after the dismissal.

In addition, if the Audit & Supervisory Board recognizes that it is necessary to change the accounting auditor, such as cases when it conducts a comprehensive evaluation in accordance with evaluation criteria related to the accounting auditor's qualifications, independence from the Company, expertise, and other criteria, and finds that there are issues preventing the accounting auditor from executing its duties, then it shall determine the content of a proposal related to the dismissal or non-reappointment of the accounting auditor to be submitted at the General Meeting of Shareholders.

Reference: Percentages and per-share figures stated in this Business Report are rounded off to the indicated units. All other figures stated in this Business Report are truncated to the indicated units.

(Attached Document)

Matters regarding Share Subscription Rights, etc. of the Company

There are no applicable matters.

(Attached Document)

Consolidated Financial Statements (prepared in accordance with IFRS)

Consolidated Statements of Financial Position

(As of March 31, 2018)

(Millions of yen)

Assets	FY ended March 31, 2018 (as of March 31, 2018)	FY ended March 31, 2017 (Reference: as of March 31, 2017)
Assets		
Current assets		
Cash and cash equivalents	187,869	186,003
Trade and other receivables	200,270	186,503
Other financial assets	10,615	11,047
Inventories	184,086	168,755
Income taxes receivable	8,374	7,423
Others	12,919	13,711
Sub total	604,135	573,445
Assets of disposal groups classified as held for sale	-	-
Total current assets	**604,135**	**573,445**
Non-current assets		
Property, plant and equipment	412,613	393,441
Intangible assets	63,238	60,422
Goodwill	108,981	96,606
Investments in associates and joint ventures	131,190	130,634
Long-term financial assets	70,042	62,923
Deferred tax assets	13,080	8,249
Others	22,576	24,382
Total non-current assets	821,724	776,660
Total assets	**1,425,859**	**1,350,105**

Liabilities	FY ended March 31, 2018 (as of March 31, 2018)	FY ended March 31, 2017 (Reference: as of March 31, 2017)
Liabilities		
Current liabilities		
Trade and other payables	185,443	160,840
Short-term borrowings	15,280	11,153
Current portion of long-term borrowings	11,285	23,929
Other financial liabilities	4,025	5,049
Short-term employee benefits	37,811	35,501
Provisions	6,348	4,579
Income taxes payable	10,429	9,995
Others	9,636	9,744
Sub total	280,261	260,794
Liabilities of disposal groups classified as held for sale	-	-
Total current liabilities	**280,261**	**260,794**
Non-current liabilities		
Corporate bonds	169,413	169,347
Long-term borrowings	140,298	129,617
Other financial liabilities	28,428	18,452
Long-term employee benefits	64,807	57,592
Provisions	11,397	11,261
Deferred tax liabilities	9,994	12,163
Others	710	202
Total non-current liabilities	425,051	398,637
Total liabilities	705,312	659,431
Equity		
Common stock	79,863	79,863
Capital surplus	955	3,797
Treasury stock	(9,585)	(6,895)
Retained earnings	629,583	584,849
Other components of equity	(59,371)	(45,299)
Disposal groups classified as held for sale	-	-
Equity attributable to owners of the parent company	641,445	616,315
Non-controlling interests	79,101	74,358
Total equity	720,546	690,673
Total liabilities and equity	**1,425,859**	**1,350,105**

(Attached Document)

Consolidated Statements of Income

(From April 1, 2017 to March 31, 2018)

(Millions of yen)

	FY ended March 31, 2018	FY ended March 31, 2017 (reference)
Continuing operations		
Sales	1,150,209	1,091,195
Cost of sales	(752,779)	(704,177)
Gross profit	397,430	387,018
Share of profit of associates and joint ventures	3,981	2,537
Selling expenses	(173,855)	(169,448)
Research and development expenses	(27,833)	(27,134)
General and administrative expenses	(102,400)	(96,119)
Business profit	97,322	96,852
Other operating income	9,768	9,541
Other operating expenses	(23,770)	(22,776)
Operating profit	83,320	83,617
Financial income	9,584	7,283
Financial expenses	(7,458)	(4,216)
Profit before income taxes	85,445	86,684
Income taxes	(16,653)	(21,717)
Profit from continuing operations	68,792	64,966
Profit from discontinued operations	-	-
Profit	68,792	64,966
Attributable to:		
Owners of the parent company	60,741	53,065
Non-controlling interests	8,050	11,901

(Attached Document)

Consolidated Statements of Changes in Equity

(From April 1, 2017 to March 31, 2018)

(Millions of yen)

	Equity attributable to owners of the parent company							
					Other components of equity			
	Common stock	Capital surplus	Treasury stock	Retained earnings	Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income	Remeasure-ments of defined benefit pension plans	Cash flow hedges	Change in fair value of forward elements of forward contracts
Balance as of April 1, 2017	79,863	3,797	(6,895)	584,849	22,624	(18,763)	(3,018)	(126)
Profit				60,741				
Other comprehensive income					2,285	(9,322)	91	(88)
Comprehensive income	-	-	-	60,741	2,285	(9,322)	91	(88)
Purchase of treasury stock			(2,690)					
Disposal of treasury stock		(0)	0					
Retirement of treasury stock								
Dividends				(17,073)				
Transactions with non-controlling interests		(3,192)						
Changes due to business combinations								
Changes in ownership interests in subsidiaries that result in loss of control								
Changes in ownership interests in subsidiaries that do not result in loss of control		(58)						
Transfer from other components of equity to retained earnings				1,067	(455)			
Transfer of negative balance of other capital surplus		0		(0)				
Transfer to non-financial assets							24	
Share-based compensation		407						
Disposal groups classified as held for sale								
Other								
Total net changes in transactions with owners of the parent company	-	(2,842)	(2,690)	(16,007)	(455)	-	24	-
Balance as of March 31, 2018	79,863	955	(9,585)	629,583	24,454	(28,085)	(2,902)	(215)

	Equity attributable to owners of the parent company					Non-controlling interests	Total
	Other components of equity			Disposal groups classified as held for sale	Total		
	Exchange differences on translating foreign operations	Share of other comprehensive income (loss) of associates and joint ventures	Total				
Balance as of April 1, 2017	(47,118)	1,102	(45,299)	-	616,315	74,358	690,673
Profit			-		60,741	8,050	68,792
Other comprehensive income	(6,490)	496	(13,029)		(13,029)	1,766	(11,262)
Comprehensive income	(6,490)	496	(13,029)	-	47,712	9,816	57,529
Purchase of treasury stock			-		(2,690)		(2,690)
Disposal of treasury stock			-		0		0
Retirement of treasury stock			-		-		-
Dividends			-		(17,073)	(5,893)	(22,967)
Transactions with non-controlling interests			-		(3,192)		(3,192)
Changes due to business combinations			-		-	443	443
Changes in ownership interests in subsidiaries that result in loss of control			-		-	(18)	(18)
Changes in ownership interests in subsidiaries that do not result in loss of control			-		(58)	(148)	(206)
Transfer from other components of equity to retained earnings		(612)	(1,067)		-		-
Transfer of negative balance of other capital surplus			-		-		-
Transfer to non-financial assets			24		24	0	24
Share-based compensation			-		407		407
Disposal groups classified as held for sale			-		-		-
Other			-		-	543	543
Total net changes in transactions with owners of the parent company	-	(612)	(1,043)	-	(22,582)	(5,073)	(27,656)
Balance as of March 31, 2018	(53,609)	987	(59,371)	-	641,445	79,101	720,546

Notes to the Consolidated Financial Statements

Notes regarding Significant Items for the Preparation of Consolidated Financial Statements

1. Basis of preparation

From the fiscal year ended March 31, 2018, the consolidated financial statements of the Company and its subsidiaries (hereinafter the "Ajinomoto Group") have been prepared in accordance with International Financial Reporting Standards (hereinafter "IFRS") pursuant to the provisions under Article 120, Paragraph 1 of the Rules of Corporate Accounting. Pursuant to the provisions of the second sentence of the above Paragraph, certain disclosure items required under IFRS are omitted.

2. Scope of consolidation

Number of consolidated subsidiaries:
109 companies

Names of main companies:
Knorr Foods Co., Ltd., Ajinomoto Frozen Foods Co., Inc., Ajinomoto AGF, Inc., Ajinomoto Co., (Thailand) Ltd., Ajinomoto do Brasil Indústria e Comércio de Alimentos Ltda., AJINOMOTO EUROLYSINE S.A.S., and Ajinomoto Windsor, Inc.

(Note) Ajinomoto Windsor, Inc. changed its trade name to Ajinomoto Foods North America, Inc. on April 1, 2018.

3. Scope of application of the equity method

Number of associates and joint ventures accounted for using equity method:
17 companies

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

4. Fiscal year, etc. of consolidated subsidiaries

The fiscal year-end for 24 consolidated subsidiaries including Ajinomoto del Peru S.A., is December 31, but they prepare financial statements as of March 31 for consolidation purposes.

5. Accounting policies

(1) Valuation standards and methods for significant assets

1) Financial assets

The Ajinomoto Group has early adopted IFRS 9 *Financial Instruments* (revised in July 2014) for the preparation of the consolidated financial statements.

Financial assets are classified into financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income, and financial assets measured at fair value through profit or loss at initial recognition. The Ajinomoto Group initially recognizes financial assets on the transaction date when it becomes a contracting party to the financial asset. Financial assets measured at fair value through profit or loss are initially measured at fair value, while other financial assets are measured at fair value plus transaction costs that are directly attributable to the financial asset.

The Ajinomoto Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the financial asset.

(a) Financial assets measured at amortized cost

Financial assets are classified as financial assets measured at amortized cost if both of the following conditions are met:

- Assets are held in accordance with a business model whose objective is to hold assets to collect contractual cash flows, and
- Cash flows that are solely payments of principal and interest on the outstanding balance of the principal are

generated on a specific date.

They are subsequently measured at amortized cost using the effective interest method.

(b) Financial assets measured at fair value through other comprehensive income (debt instruments)

Financial assets held by the Ajinomoto Group that meet both of the following conditions are classified as debt instrument measured at fair value through other comprehensive income:

- They are held in accordance with a business model whose objective is achieved by both the collection of contractual cash flows and the sales of assets, and
- Under the contractual terms, cash flows that are solely payments of principal and interest on the outstanding balance of the principal are generated on a specific date.

After initial recognition, they are measured at fair value, with subsequent changes recognized in other comprehensive income. Upon disposal, any cumulative gains or losses recognized through other comprehensive income are reclassified from other components of equity to profit or loss as a reclassification adjustment.

(c) Financial assets measured at fair value through other comprehensive income (equity instruments)

For investments in equity instruments, the Ajinomoto Group has made an irrevocable election to recognize subsequent changes in fair value in other comprehensive income, and classifies them as equity instruments measured at fair value through other comprehensive income.

After the initial recognition, they are measured at fair value, with subsequent changes in fair value recognized in other comprehensive income. Upon disposal, any cumulative gains or losses recognized through other comprehensive income are reclassified from other components of equity to retained earnings.

Dividends from financial assets measured at fair value through other comprehensive income are recognized in profit or loss as financial income.

(d) Financial assets measured at fair value through profit or loss

Financial assets other than financial assets measured at amortized cost and financial assets measured at fair value through other comprehensive income described above are classified as financial assets measured at fair value through profit or loss. There are no financial assets that the Group has made an irrevocable designation as financial assets measured at fair value through profit or loss at initial recognition.

After initial recognition, subsequent changes in fair value are recognized in profit or loss.

2) Impairment of financial assets

A loss allowance is recognized for expected credit losses on financial assets measured at amortized cost and financial assets measured at fair value through other comprehensive income (debt instruments). Addition to the loss allowances for expected credit loss on financial assets is recognized in profit or loss. Should the balance of the loss allowance is decreased, the reversal of the loss allowance is recognized in profit or loss.

3) Financial liabilities

Financial liabilities are classified as financial liabilities measured at amortized cost and financial liabilities measured at fair value through profit or loss at initial recognition. The Ajinomoto Group initially recognizes financial liabilities on the transaction date when it becomes a party to the contractual provisions of a financial liability. Financial liabilities measured at amortized cost are initially measured at fair value less transaction costs directly attributable to the issue of the financial liabilities, and financial liabilities measured at fair value through profit or loss are initially measured at fair value.

Financial liabilities are derecognized when they are extinguished, that is, when the obligation in the contract is discharged, cancelled or expires.

(a) Financial liabilities measured at amortized cost

After initial recognition, financial liabilities measured at amortized cost are measured at amortized cost using the effective interest method.

(b) Financial liabilities measured at fair value through profit or loss

After initial recognition, financial liabilities measured at fair value through profit and loss are measured at fair value, with subsequent changes in fair value recognized in profit or loss.

4) Derivatives and hedge accounting

The Ajinomoto Group uses derivatives, including foreign exchange forward contracts and interest rate swaps, in order to hedge exposures to foreign exchange rate and interest rate fluctuations.

In applying hedge accounting, at the inception of a transaction, the Ajinomoto Group makes a formal designation and prepares documentation of the hedging relationship, the risk management objective and the strategy for undertaking the hedge. The documentation includes the identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and the method of assessing the effectiveness of hedging instrument in offsetting exposures to fair value or cash flow fluctuations of hedged items arising from the hedged risk. An ongoing assessment of hedge effectiveness is performed at the end of each fiscal year or upon a significant change in circumstances affecting the hedge effectiveness, whichever comes first.

Derivatives are initially recognized at fair value. After initial recognition, the fair value measurement is continuously applied, with subsequent changes in fair value accounted for as follows:

(a) Fair value hedges

Changes in the fair value of a derivative classified as a hedging instrument are recognized in profit or loss. Changes in the fair value of the underlying hedged item are recognized in profit or loss by adjusting the carrying value of the hedged item.

(b) Cash flow hedges

The effective portion of changes in the fair value of a derivative classified as a hedging instrument is recognized in other comprehensive income. The ineffective portion of fair value changes is recognized in profit or loss.

If a hedged forecast transaction subsequently results in the recognition of a non-financial asset or liability, or a hedged forecast transaction for a non-financial asset or liability becomes a firm commitment for which fair value hedge accounting is applied, the initial carrying amount of the non-financial asset or liability is adjusted for the amount recognized in other comprehensive income.

Cash flow hedges other than those mentioned above are reclassified from other components of equity to profit or loss in the accounting period or periods during which the hedged future cash flows affect profit or loss. Notwithstanding, if a loss is recognized and the recoverability of all or a portion of that loss in one or more future periods is doubtful, the unrecoverable amount is transferred immediately to profit or loss.

Hedge accounting is discontinued prospectively when a hedging instrument expires or is sold, cancelled or exercised, the hedge does not meet the conditions for hedge accounting, or the hedge designation is revoked. If a forecast transaction is no longer expected to occur, the amount recognized in other comprehensive income is reclassified immediately from other components of equity to profit or loss.

(c) Hedging net investments in foreign operations

Hedges of net investments in foreign operations are accounted for in the same way as in cash flow hedges; the effective portion of the change in value of the hedging instrument is recognized in other comprehensive income. Upon disposal of a foreign operation, the effective portion of the hedge recognized in other comprehensive income is transferred from other components of equity to profit or loss. The ineffective portion of the hedge is recognized in profit or loss.

(d) Derivatives not designated as hedges

Changes in the fair value of derivatives not designated as hedges are recognized in profit or loss.

5) Inventories

The cost of inventories comprises the purchase cost, the processing cost and all other costs incurred in bringing the inventories to their present location and condition. The Ajinomoto Group's main cost formula is the weighted average method. The cost of inventories that are not ordinarily interchangeable and used for goods or services for specific projects are determined by using specific identification of their individual costs.

Inventories are measured at the lower of cost or net realizable value. Net realizable value is determined at the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

6) Impairment of non-financial assets

At the end of fiscal year, the Ajinomoto Group assesses whether there is any indication that a non-financial asset may be impaired. If an indication of impairment exists, the recoverable amount of the asset or cash-generating unit is estimated. Goodwill, intangible assets with indefinite useful lives and intangible assets currently not available for use are tested for impairment every year and whenever there is an indication of impairment. Goodwill is allocated to a cash-generating unit (minimum unit or unit group), which is expected to earn cash flows from the synergy of the business combination.

The recoverable amount is the higher of the fair value less costs of disposal or the value in use of an asset or a cash-generating unit. When the recoverable amount of an asset or a cash-generating unit is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the difference is recognized in profit or loss as an impairment loss. An impairment loss recognized is first allocated to reduce the carrying amount of the goodwill allocated to the cash-generating unit and then to reduce the carrying amount of other assets in the cash-generating unit, excluding the goodwill, on a pro rata basis.

At the end of fiscal year, the Ajinomoto Group assesses whether there is an indication that the impairment loss recognized in prior periods for an asset, excluding goodwill, or cash-generating unit may no longer exist or may have decreased. If such indication exists, the Ajinomoto Group estimates the recoverable amount, and reverses the impairment loss by increasing the carrying amount of the asset or cash-generating unit. The increase in the carrying amount of an asset or cash-generating unit attributable to a reversal of an impairment loss should not exceed the carrying amount, which would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss. Impairment losses recognized on goodwill are not reversed in subsequent periods.

(2) Depreciation and amortization of significant depreciable assets

1) Property, plant and equipment (excluding lease assets)

Property, plant and equipment are measured at cost on initial recognition. The cost of property, plant and equipment comprises the acquisition price, costs directly attributable to the acquisition, costs of dismantling, removing of assets and restoring the site to the original condition and borrowing costs.

After initial recognition, the Ajinomoto Group applies the cost model for measurement and carries the asset at cost less accumulated depreciation and accumulated impairment losses.

Except for non-depreciable assets, such as land, property, plant and equipment are depreciated on a straight-line basis over their useful lives.

The useful lives of major classes of property, plant and equipment are as follows:

- Buildings and structures:	3 to 50 years
- Machinery and vehicles:	2 to 20 years
- Tools, furniture and fixtures:	2 to 20 years

Residual values, useful lives, and depreciation methods are reviewed at the end of each fiscal year. Changes in residual value, useful lives or depreciation methods are accounted for as a change in accounting estimate.

2) Intangible assets (excluding lease assets)

(a) Goodwill

The Group recognizes goodwill as of the acquisition date measured as the excess of (a) over (b) as described below:

(a) the aggregate of the consideration transferred and the amount of non-controlling interest in the acquiree

(b) the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed

Conversely, if the amount in (b) above exceeds the aggregate of the amounts in (a) above, the Group recognizes the excess in profit or loss at the acquisition date. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the acquisition occurs, the business combination is accounted for using the provisional amounts. During the measurement period, which is within one year of the acquisition date, the provisional amounts are adjusted retrospectively and recognized as of the acquisition date to reflect new information obtained on facts and circumstances existed as of that date.

After initial recognition, goodwill is measured at acquisition cost less accumulated impairment losses, and not subject to amortization.

Goodwill is derecognized when an asset in the cash-generating unit (or its disposal group) is disposed of. In determining gain or loss on disposal, the goodwill related to the operation to be disposed of is included in the carrying value of the operation.

(b) Intangible assets (excluding lease assets)

Intangible assets are initially measured at cost. The acquisition cost of an intangible asset acquired in a business combination is measured at fair value as of the acquisition date. Expenditures for internally generated intangible assets are recognized as an expense as incurred, except for development expenditures that qualify for capitalization.

For measurement after initial recognition, the cost model is applied and the intangible asset is carried at cost less accumulated amortization and accumulated impairment losses.

Intangible assets with definite useful lives are amortized on a straight-line basis over their useful lives.

The useful lives of major classes of intangible assets with definite useful lives are as follows:

- Software:	3 to 5 years
- Trademarks:	up to 20 years
- Patents:	up to 10 years
- Customer relationships:	6 to 15 years

Useful lives and amortization methods for intangible assets with definite useful lives are reviewed at the end of each fiscal year. If there is a change in the useful life or amortization method, it is accounted for as a change in accounting estimate. The residual value is deemed to be zero.

Intangible assets with indefinite useful lives or that are not yet available for use are not amortized. For intangible assets with indefinite useful lives, the Ajinomoto Group reviews at the end of each fiscal year, whether an event or condition, which led to the conclusion that an asset has no definite life, continues to exist.

3) Leases

A lease is classified as a finance lease if it transfers substantially all of the risks and rewards of ownership, while all other leases are classified as operating leases.

The Ajinomoto Group determines whether an arrangement is, or contains, a lease based on the substance of the arrangement in accordance with IFRIC 4 *Determining whether an Arrangement contains a Lease*.

a) Finance leases

At the commencement of the lease term, a finance lease transaction as a lessee is recognized as an asset and liability at the lower of the fair value of the leased property at the inception of the lease or the present value of the minimum lease payments determined at the inception of the lease. Minimum lease payments are apportioned between the finance charges and the reduction of the outstanding liability using the effective interest method. Finance charges are recognized as an expense and allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. The asset is fully depreciated on a straight-line basis over the shorter of the lease term or its useful life.

b) Operating leases

As lessee, lease payments under an operating lease transaction are recognized as an expense on a straight-line basis over the lease term. Variable lease payments are recognized as an expense in the period incurred.

As lessor, lease income from operating leases is recognized on a straight-line basis over the lease term.

(3) Provisions

Provisions are recognized when the Ajinomoto Group has a present obligation (legal or constructive) as a result of past events, an outflow of resources embodying economic benefits required to settle the obligation is highly probable and the amount of the obligation can be reliably estimated.

Where the effect of the time value of money is material, the present value of the expenditures expected to be required to settle the obligation is used for the amount of provision. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(4) Post-employment benefits

The Ajinomoto Group sponsors defined benefit plans and defined contribution plans as post-employment benefit plans.

For defined benefit plans, the determination of the present value of the defined benefit obligations and the related current service cost and past service cost are based on the projected unit credit method. The discount rate is mainly determined based on the high quality corporate bond market yields at the end of the fiscal year, corresponding to the estimated benefit payments. The retirement benefit liability or asset is presented by netting the fair value of plan assets and the present value of the defined benefit obligation. Net interest on the retirement benefit liability or asset is recognized in profit or loss as financial expenses or income.

Remeasurements of the net defined benefit obligations and plan assets are recognized in other comprehensive income, and not reclassified to profit or loss in subsequent periods. Past service cost is recognized as an expense in the period in which it arises.

(5) Foreign currencies translation

1) Functional currency

Each company in the Ajinomoto Group prepares separate financial statements using its functional currency. Most of these companies use the local currency as their functional currency, but where a business environment in which they operate uses currency other than the local currency, they use that currency as the functional currency.

The consolidated financial statements of the Ajinomoto Group are presented in the millions of Japanese yen, which is the functional currency of the Company.

2) Translation of foreign-currency denominated transactions

Foreign-currency transactions are recorded in a functional currency using the spot exchange rate or the rate that approximates the exchange rate at the transaction date. Subsequently, monetary items denominated in foreign currencies are translated using the spot exchange rates as of the end of the fiscal year. Foreign currency-denominated non-monetary items measured at fair value are translated using the spot exchange rates at the fair value measurement date. Foreign currency-denominated non-monetary items measured at historical cost are continuously translated using the spot exchange rate at the transaction date or the rate that approximates that exchange rate.

Translation differences arising from the translation or settlement of foreign currency transactions are recognized in profit or loss; provided that translation differences arising from financial assets measured at fair value through other comprehensive income and cash flow hedges are included in other comprehensive income.

3) Translation of financial statements of foreign operations

Assets and liabilities of foreign operations are translated into Japanese yen using the spot exchange rate at the end of the fiscal year, and revenues and expenses are translated using the spot exchange rate at the transaction date or the rate that approximates the spot exchange rate, respectively. Translation differences are recognized in other comprehensive income. In case of disposing of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified to profit or loss in the period of disposal.

(6) 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. Consumption taxes receivable is included in ‘Current assets – Other’, while consumption taxes payable 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.

3) Presentation of amounts

Amounts less than one million yen are rounded down.

Notes to Consolidated Statements of Financial Position

1. Accumulated depreciation of property, plant and equipment

¥712,571 million

2. Loss allowance directly deducted from assets

(Millions of yen)

Trade and other receivables	1,248
Long-term financial assets	148

3. Pledged assets and secured debt

There are no material assets pledged as of March 31, 2018.

4. Contingent liabilities

The Company has guarantee obligations for bank borrowings of companies other than Ajinomoto Group companies and employees. The undiscounted future maximum exposure from guarantee obligations is as follows:

(Millions of yen)

Granules OmniChem Private Ltd.	2,153
Others	54
Total	2,207

Notes to Consolidated Statements of Income

(Impairment losses)

1. Impairment losses recognized by asset type

The Ajinomoto Group recognized impairment losses of ¥11,681 million for the fiscal year ended March 31, 2018. These impairment losses were recorded in "Other operating expenses" in the consolidated statement of income.

(Millions of yen)

	Fiscal year ended March 31, 2018
Buildings and structures	3,810
Machinery and vehicles	6,730
Tools, furniture and fixtures	145
Land	11
Construction in progress	47
Software	5
Others	930
Total	11,681

2. Details of major assets and segments for which impairment losses were recognized

(1) Life Support segment

The carrying amount of manufacturing facilities and idle assets for the animal nutrition business was reduced to its recoverable amount, and an impairment loss of ¥7,450 million was recognized in the Life Support segment. These manufacturing facilities have been impaired due to the global oversupply of feed-use amino-acids and a significant decrease in selling price because of severe competition, which led to the judgment that the carrying amount will not be recoverable in the future. The details of impairment losses are as follows.

(Millions of yen)

Location	Cash-generating unit	Classification	Amount
France	Idle assets (Manufacturing facilities for feed-use lysine)	Buildings and structures	761
		Machinery and vehicles	2,725
		Others	13
		Total	3,499

The recoverable amount was based on the fair value less costs of disposal. However, since it is difficult to sell these assets, the fair value less costs of disposal was evaluated as zero. The fair value used for calculating the recoverable amount is classified as level 3 in the fair value hierarchy.

(Millions of yen)

Location	Cash-generating unit	Classification	Amount
Brazil	Manufacturing facilities for feed-use threonine and others	Buildings and structures	2,194
		Machinery and vehicles	526
		Others	330
		Total	3,051
	Manufacturing facilities for feed-use lysine	Buildings and structures	48
		Machinery and vehicles	4
		Others	67
		Total	121

The recoverable amount was measured based on the value in use. Since its future cash flows were negative, its recoverable amount was evaluated as zero.

(Millions of yen)

Location	Cash-generating unit	Classification	Amount
Thailand	Manufacturing facilities for feed-use lysine	Buildings and structures	152
		Machinery and vehicles	406
		Others	218
		Total	777

The recoverable amount of ¥40 million was based on the fair value less costs of disposal, and the fair value was measured based on the market approach. The fair value used for calculating the recoverable amount is classified as level 3 in the fair value hierarchy.

(2) International Food Products segment

The carrying amount of manufacturing facilities for seasonings and other facilities in Thailand was reduced to its recoverable amount, and an impairment loss of ¥2,664 million was recognized as a decision to stop their production was made to reestablish a production system due to their deterioration.

(Millions of yen)

Location	Cash-generating unit	Classification	Amount
Thailand	Manufacturing facilities for seasonings	Buildings and structures	368
		Machinery and vehicles	2,263
		Others	32
		Total	2,664

The recoverable amount of ¥354 million was measured based on the value in use and calculated by discounting its future cash flows to present value using the pre-tax discount rate of 12.5%.

Notes to Consolidated Statements of Changes in Equity

1. Types and total number of shares issued at end of the fiscal year

Type of shares issued:	Common stock
Total number of shares issued at the end of the fiscal year:	571,863,354 shares

2. Matters regarding dividends

(1) Amount of dividends paid

The following was resolved at the Ordinary General Meeting of Shareholders held on June 27, 2017.

Matters regarding common stock:

Total amount of dividends:	¥8,537 million
Dividends per share:	¥15
Record date:	March 31, 2017
Effective date:	June 28, 2017

The following was resolved at the meeting of the Board of Directors held on November 7, 2017.

Matters regarding common stock:

Total amount of dividends:	¥8,536 million
Dividends per share:	¥15
Record date:	September 30, 2017
Effective date:	December 5, 2017

(2) Dividends for which the record date falls in the fiscal year ended March 31, 2018 and the effective date falls in the following fiscal year

The following proposal will be submitted at the Ordinary General Meeting of Shareholders to be held on June 26, 2018.

Matters regarding common stock:

Total amount of dividends:	¥9,670 million
Dividends per share:	¥17
Record date:	March 31, 2018
Effective date:	June 27, 2018

Notes to Financial Instruments

1. Status of financial instruments

(1) Credit risk management (risks of our business partners failing to honor contracts, etc.)

For trade and other receivables, each business or sales management division of the Company periodically monitors the credit status of major customers. By monitoring due dates and outstanding balances per customer, the risk of collectability may be early detected and minimized, and deposits are required, when deemed necessary. The same system of risk management is also applied to subsidiaries.

The Ajinomoto Group is exposed to the counterparty risk in relation to derivative transactions. To minimize this risk, derivative transactions are permitted, in principle, only with financial institutions with high credit ratings.

The Ajinomoto Group's maximum exposure to the credit risk is the carrying amounts of the financial assets recognized in the consolidated statements of financial position.

(2) Market risk management (risk of changes in exchange rates, interest rates, etc.)

The Ajinomoto Group conducts its business globally and, therefore, is exposed to the currency risk. The risk arises from receivables and payables and forecast transactions denominated in foreign currencies.

For receivables and payables denominated in foreign currencies, the currency fluctuation risk per currency and per month is hedged mainly using forward foreign exchange contracts. For forecast transactions denominated in foreign currencies, forward foreign exchange contracts may be used depending on the market conditions. Forward foreign exchange contracts are permitted only to the extent the settlement date comes within six months, with an upper limit of 50% of the monthly forecast transaction amounts, as a basic rule.

The Ajinomoto Group also conducts financing through interest-bearing debts. The Ajinomoto Group is exposed to interest rate risk from variable interest rates on some of these interest-bearing debts. Interest rate swaps are used to hedge the interest rate risk from such interest bearing debts.

Furthermore, the Ajinomoto Group holds equity instruments issued mainly by its trade partners and, accordingly, is exposed to the market fluctuation risk. No equity instruments are held for short-term trading purposes. These equity instruments are periodically assessed with respect to fair value and the financial status of the issuing entity.

The finance division carries out derivative transactions in accordance with internal rules that specify authorization and transaction amount limits, and periodically reports the results of transactions to the executive officers in charge of finance and the Management Committee. The Company's consolidated subsidiaries also manage their derivative transactions in accordance with the Company's rules.

(3) Funding procurement liquidity risk management (risk of failure to meet payment deadlines)

The Ajinomoto Group is exposed to liquidity risk, by which financing may not be available in the necessary amount at the appropriate time. Confusion or disruption in the financial markets, the Company's credit rating lowered by credit rating agencies, and changes in policies and investment decisions by financial institutions all affect the Ajinomoto Group's financing capabilities by increasing the financing cost and reducing liquidity. To minimize such risk, the Company and its principal consolidated subsidiaries use a cash management system and internal loans in an attempt to reduce consolidated interest-bearing debt and mitigate liquidity risk. Liquidity risk is managed by maintaining liquidity at hand at a certain level and continuously setting commitment lines.

2. Fair value of financial instruments

The carrying amounts of financial assets and liabilities as of the end of the fiscal year are as follows. Financial assets and liabilities whose fair value are equal to or approximate their carrying amounts are not included.

(Millions of yen)

	Amounts in consolidated statement of financial position	Fair value
Assets		
Debt instruments	5,506	5,397
Total assets	5,506	5,397
Liabilities		
Corporate bonds	169,413	173,411
Long-term borrowings	140,298	145,128
Total liabilities	309,712	318,539

Fair value measurement methods of each financial instrument are as follows:

Debt instruments

Fair values are determined based on the present value of the sum of the redemption amount at maturity and interest income discounted by the expected interest rate used when a similar new debt instrument is purchased.

Corporate bonds

Fair values are determined based on the market prices.

Long-term borrowings

For long-term borrowings with fixed interest rates, the fair values are determined based on the present value of the sum of the principal and interests discounted by the rate reflecting the credit risk deemed applicable if a similar borrowing was newly made. For long-term borrowings with variable interest rates, the fair values are measured at their carrying amounts, because the borrowings with variable interest rates reflect the current market rates in the short term and the Ajinomoto Group’s credit standing has not significantly changed since the initial borrowing, and thus considered to approximate the carrying amounts.

Notes regarding Investment Property

This information is omitted since the total amount of investment property is immaterial.

Notes regarding Per Share Information

Equity per share (attributable to owners of the parent company):	¥1,129.52
Basic earnings per share:	¥106.84

Business Combinations, etc.

(Business combination in Turkey)

On April 3, 2017, the Company acquired all the equity shares of Örgen Gıda Sanayi ve Ticaret A.Ş. (hereinafter "Örgen"), a food company based in Turkey, and the trademark for its powdered seasoning brand, Bizim Mutfak, which is widely sold in Turkey, and made Örgen a wholly owned subsidiary. On August 17, 2017, the Company also acquired the remaining 50% of the outstanding shares of Kükre A.Ş. (hereinafter "Kükre"), another Turkish food company. Combined with the Company's previously held 50% equity investment in Kükre, Kükre became a wholly owned subsidiary of the Company.

Since acquiring its initial 50% interest in Kükre in December 2013, the Company has supported Kükre to steadily expand sales of its vinegars and fruit sauces as well as its initiatives for growing small-outlet retail chains. As a result, the sales of Kükre has expanded rapidly and net sales for 2016 doubled from 2014. Örgen and Kükre being wholly owned subsidiaries of the Company enable the Ajinomoto Group to approach the Turkish market as a comprehensive food manufacturer offering both Örgen's *Bizim Mutfak* brand seasonings for bouillon, powdered soups and other products and Kükre's *KEMAL KÜKRER* brand liquid seasonings. The Ajinomoto Group plans to merge Ajinomoto Istanbul Food Sales Ltd., established in July 2011, Örgen, and Kükre in July 2018 to strengthen cooperation between the three companies and further expand its business in Turkey to achieve combined sales of more than ¥10 billion in the near future.

The Ajinomoto Group's FY2017-2019 (for FY2020) Medium-Term Management Plan has established the strengthening of the Ajinomoto Group's regional portfolio as a key strategy for securing the steady growth of its food products business. Accordingly, the Ajinomoto Group is expanding and strengthening its business in Turkey and the Middle East, which are positioned as "Rising Stars" under the plan.

1. Acquisition of Örgen

(1) Effect on the Ajinomoto Group's performance

The consolidated financial statements for the fiscal year ended March 31, 2018 include Örgen sales of 119 million Turkish lira (TRY) (¥3,591 million) and a net loss of TRY 1 million (¥94 million).

(2) Fair value of consideration transferred on acquisition date

	Amount
Cash	TRY 183 million [¥5,676 million]

Note 1. The amount includes the acquisition costs of trademark of Örgen, *Bizim Mutfak*.
Note 2. Acquisition-related costs pertaining to the business combination through cash transaction totaling ¥818 million were recorded as a general and administrative expense.
Note 3. Turkish lira (TRY) 1 = JPY 31.01 (at the time of the share acquisition)

(3) Cash outflows related to acquisition of subsidiary

	Amount
Consideration paid by cash	TRY 183 million [¥5,676 million]
Cash and cash equivalents of acquired subsidiary	TRY (5) million [¥(183) million]
Cash outflows related to acquisition of subsidiary	TRY 177 million [¥5,492 million]

(4) Fair value of assets acquired and liabilities assumed and goodwill

(Millions of yen)

	Amount
Current assets	2,574
Trade and other receivables	1,507
Inventories	657
Others	408
Non-current assets	2,087
Property, plant and equipment	1,127
Intangible assets	942
Others	17
Total assets	4,661
Current liabilities	1,990

Trade and other payables	896
Others	1,093
Non-current liabilities	230
Others	230
Total liabilities	2,220
Total net assets (A)	2,441
Fair value of consideration transferred on acquisition date (B)	5,676
Goodwill (C)=(B)-(A)	3,235

Goodwill primarily represents the expected synergies with existing businesses and the excess earning power expected to arise from the acquisition.

(5) Fair value, contractual amounts and estimated uncollectible amounts of receivables acquired

Trade and other receivables acquired primarily included trade receivables with a fair value of TRY 48 million (¥1,507 million). The total contractual amount was TRY 48 million (¥1,507 million), and there was no uncollectible amount.

2. Acquisition of Kükre

(1) Effect on the Ajinomoto Group's performance

The consolidated financial statements for the fiscal year ended March 31, 2018 include Kükre sales of TRY 29 million (¥876 million) and profit of TRY 1 million (¥32 million). If the business combination had been completed at the beginning of the fiscal year, sales and profit of Kükre would have been approximately TRY 50 million (¥1,530 million) and 5 million TRY (¥180 million), respectively (unaudited information).

(2) Fair value of consideration transferred on acquisition date

	Amount	
Cash	TRY 181 million	[¥5,672 million]
Derivative liabilities	TRY (63) million	[¥(1,987) million]
Total	TRY 117 million	[¥3,684 million]

Note 1. Acquisition-related costs pertaining to the business combination through cash transaction totaling ¥76 million were recorded as a general and administrative expense.

Note 2. Turkish lira (TRY) 1 = JPY 31.31 (at the time of the share acquisition)

Note 3. The derivative liabilities are Stock Purchase Agreement measured at fair value which was stipulated on a shareholders agreement signed in December 2013.

(3) Cash outflows related to acquisition of subsidiary

	Amount	
Consideration paid by cash	TRY 181 million	[¥5,672 million]
Cash and cash equivalents of acquired subsidiary	TRY (0) million	[¥(10) million]
Cash outflows related to acquisition of subsidiary	TRY 180 million	[¥5,662 million]

(4) Fair value of assets acquired and liabilities assumed and goodwill

(Millions of yen)

	Amount
Current assets	1,259
Trade and other receivables	884
Inventories	273
Others	102
Non-current assets	1,472
Property, plant and equipment	513
Intangible assets	953
Others	5
Total assets	2,731

Current liabilities	451
Trade and other payables	225
Others	225
Non-current liabilities	285
Others	285
Total liabilities	737
Total net assets (A)	1,994
Fair value of consideration transferred on acquisition date (B)	3,684
Fair value of previously held equity interests (C)	3,684
Goodwill (D)=[(B)+(C)]-(A)	5,375

A gain on business combination achieved in stages of ¥110 million was recognized as a result of remeasuring the fair value of the interest in the acquiree previously held before the business combination and was recorded in “Other operating income” in the consolidated statement of income.

Goodwill primarily represents the expected synergies with existing businesses and the excess earning power expected to arise from the acquisition.

(5) Fair value, contractual amounts and estimated uncollectible amounts of receivables acquired

Trade and other receivables acquired primarily included trade receivables with a fair value of 28 million TRY (¥884 million). The total contractual amount was TRY 29 million (¥910 million), and estimated uncollectible accounts are TRY 0 million (¥26 million).

(Agro2Agri, S.L.)

On October 2, 2017, the Company, through its consolidated subsidiary S.A. Ajinomoto OmniChem N.V., acquired 65.5% of shares of Agro2Agri, S.L. (hereinafter “A2A”) that has Agro-business subsidiaries in Spain. Combined with the Company’s previous equity investment in A2A, the Company obtained 70% of the A2A’s shares and A2A became a subsidiary of the Ajinomoto Group. The remaining 30% of the A2A’s shares, for which a stock purchase option has been granted, are accounted for as put options written on non-controlling interests.

A2A is specialized in the production and marketing of biostimulant products mainly based on amino acids. Biostimulant products are agro natural compounds of ingredients such as amino acids and other ingredients through microbial fermentation and natural ingredients including natural extracts that is used to improve immunity inherent in plants and promote plant growth. By the majority share acquisition this time, the Company will enter into the fast-growing area of biostimulants on a full-scale and proceed with the establishment of specialties in the agro business in Europe.

1. Effect on the Ajinomoto Group’s performance

The consolidated financial statements for the fiscal year ended March 31, 2018 include A2A sales of EUR 10 million (¥1,446 million) and profit of EUR 0 million (¥82 million). If the business combination had been completed at the beginning of the fiscal year, sales and profit of A2A would have been approximately EUR 19 million (¥2,499 million) and EUR 0 million (¥69 million), respectively (unaudited information).

2. Fair value of consideration transferred on acquisition date

	Amount
Cash	EUR 35 million [¥4,677 million]

Note 1. Acquisition-related costs pertaining to the business combination through cash transaction totaling EUR 1 million (¥165 million) were recorded as a general and administrative expense.

Note 2. Since price adjustment will be made after the share acquisition, the final acquisition cost is undetermined as of now.

Note 3. EUR 1 = JPY 132.85 (at the time of the share acquisition)

3. Cash outflows related to acquisition of subsidiary

	Amount
Consideration paid by cash	EUR 35 million [¥4,677 million]
Cash and cash equivalents of acquired subsidiary	EUR 3 million [¥497 million]

Cash outflows related to acquisition of subsidiary	EUR 31 million [¥4,179 million]

4. Fair value of assets acquired and liabilities assumed and goodwill

(Millions of yen)

	Amount
Current assets	1,662
Trade and other receivables	657
Inventories	381
Others	623
Non-current assets	691
Property, plant and equipment	668
Others	22
Total assets	2,353
Current liabilities	442
Trade and other payables	266
Others	175
Non-current liabilities	432
Others	432
Total liabilities	875
Non-controlling interests	443
Total net assets after deducting non-controlling interests (A)	1,034
Fair value of consideration transferred on acquisition date (B)	4,677
Fair value of previously held equity interests (C)	321
Goodwill (D)=[(B)+(C)]-(A)	3,963

Other comprehensive income of ¥169 million was recognized as a result of remeasuring the fair value of the interest in the acquiree previously held before the business combination.

As the purchase price allocation of the acquisition cost to the assets acquired and liabilities assumed is still in process, the figures above are provisional based on the latest information available as of now.

Non-controlling interests are measured at their proportionate share in the recognized amounts of the acquiree's identifiable net assets.

Goodwill primarily represents the expected synergies with existing businesses and the excess earning power expected to arise from the acquisition.

5. Fair value, contractual amounts and estimated uncollectible amounts of receivables acquired

Trade and other receivables acquired primarily included trade receivables with a fair value of EUR 4 million (¥657 million). The total contractual amount was EUR 4 million (¥657 million), and there was no estimated uncollectible amount.

(Cambrooke Therapeutics, Inc.)

On November 8, 2017, the Company additionally acquired 98.4% of the equity shares in U.S. medical foods company Cambrooke Therapeutics, Inc. (hereinafter "Cambrooke") through Ajinomoto North America, Inc. and Cambrooke became a wholly owned subsidiary of the Ajinomoto Group.
For years, the Ajinomoto Group has sold amino acids into the medical foods market as ingredients. With this acquisition, the Company will make a full-scale entry into that market. By applying its scientific knowledge of amino acids' nutritional and physiological functions, "deliciousness technologies" and food application technologies to Cambrooke's operations, the Company will offer enhanced foods to patients with metabolic disorders.

1. Effect on the Ajinomoto Group's performance

The consolidated financial statements for the fiscal year ended March 31, 2018 include Cambrooke sales of USD 6 million (¥735 million) and loss of USD 2 million (¥323 million). If the business combination had been completed at the beginning of the fiscal year, sales and loss of Cambrooke would have been about USD 16 million (¥1,810 million) and USD 4 million (¥493 million), respectively. The loss includes the impact of a reversal of deferred tax assets and liabilities of USD 1 million (¥183 million) due to the decrease in the effective tax rate resulting from the enactment of the Tax Cuts and Jobs Act of 2017 (unaudited information).

2. Fair value of consideration transferred on acquisition date

	Amount
Cash	USD 63 million [¥7,208 million]

Note 1. Acquisition-related costs pertaining to the business combination through cash transaction totaling ¥223 million were recorded as a general and administrative expense.

Note 2. USD 1 = JPY 113.76 (at the time of the share acquisition)

3. Cash outflows related to acquisition of subsidiary

	Amount
Consideration paid by cash	USD 57 million [¥6,588 million]
Cash and cash equivalents of acquired subsidiary	USD 0 million [¥27 million]
Cash outflows related to acquisition of subsidiary	USD 57 million [¥6,560 million]

* Share-based compensation for employees totaling USD 5 million (¥681 million) was separately paid on November 14, 2017, as per the share purchase agreement.

4. Fair value of assets acquired and liabilities assumed and goodwill

(Millions of yen)

	Amount
Current assets	523
Trade and other receivables	192
Inventories	254
Others	75
Non-current assets	2,843
Property, plant and equipment	329
Intangible assets	2,514
Others	0
Total assets	3,367
Current liabilities	307
Trade and other payables	256
Others	51
Non-current liabilities	29
Others	29
Total liabilities	336
Total net assets (A)	3,030
Fair value of consideration transferred on acquisition date (B)	7,208
Fair value of previously held equity interests (C)	139
Goodwill (D)=[(B)+(C)]-(A)	4,316

Other comprehensive income of ¥82 million was recognized as a result of remeasuring the fair value of the interest in the acquiree previously held before the business combination.

Goodwill primarily represents the expected synergies with existing businesses and the excess earning power expected to arise from the acquisition.

5. Fair value, contractual amounts and estimated uncollectible amounts of receivables acquired

Trade and other receivables acquired primarily included trade receivables with a fair value of USD 1 million (¥192 million). The total contractual amount was USD 1 million (¥211 million), and estimated uncollectible accounts are USD 0 million (¥18 million).

A Disposal Group and Discontinued Operation Classified as Held for Sale

On April 26, 2018, the Company entered into an agreement between KAGOME CO., LTD., The Nisshin OilliO Group, Ltd., Nisshin Foods Inc. and HOUSE FOODS GROUP INC. to reorganize logistics functions of AJINOMOTO LOGISTICS CORPORATION (hereinafter "AB"), Kagome Distribution Service Co., Ltd., House Logistics Service Corporation, F-LINE CORPORATION and KYUSHU F-LINE CORPORATION and to establish a nationwide logistics company in April 2019 which integrates their logistics businesses.

As a result, the assets and liabilities of AB would be classified as a disposal group held for sale and the logistics business would be treated as a discontinued operation held for sale for the year ending March 31, 2019, since the Company will lose control of AB in April 2019.

Subsequent Events

(Share Repurchase)

At the meeting of the Board of Directors held on May 10, 2018, the resolution was approved on the matter pertaining to a share repurchase based on the provisions of Article 156 of the Companies Act, as applied pursuant to Paragraph 3 of Article 165 of the same Act.

1. Reason for conducting the share repurchase
   The purpose is to increase shareholder returns and improve the Ajinomoto Group's capital efficiency.
2. Details of the repurchase

(1) Class of shares to be repurchased	Common stock
(2) Total number of shares to be repurchased	25 million (maximum) (4.39% of total shares outstanding, excluding treasury stock)
(3) Total amount to be paid for repurchase	¥40.0 billion (maximum)
(4) Period of share repurchase	May 11, 2018 to September 20, 2018
(5) Method of repurchase	Market purchase in the Tokyo Stock Exchange
(6) Other	The Company plans to retire all of the shares repurchased under this program by resolution of the Board of Directors, pursuant to Article 178 of the Companies Act.

Additional Information

(Share-based Compensation of Executive Officers Based on the Company's Medium-term Earnings Performance)

1. Overview of transactions

The Company has introduced a share-based compensation for executive officers based on the Company's medium-term earnings performance (hereinafter the "System") for the purpose of boosting the motivation of Directors, Corporate Executive Officers and Corporate Fellows (hereinafter collectively the "Officers,") to contribute towards the improvement of the Ajinomoto Group's medium- and long-term business performance and enhancement of its corporate value.

In this System, the Company contributes money with the maximum amount of ¥2.2 billion to a stock-granting trust created by the Company (hereinafter the "Trust") with a trust period of approximately three years. The Trust acquires the Company's shares with the maximum number of 1.1 million shares by spending the money contributed by the Company and, after the 3-year period of the Medium-Term Management Plan starting on April 1, 2017 (hereinafter the "Period"), the Trust executes the granting or payment of the Company shares to Officers according to evaluation of performance in the final fiscal year of the Period.

Persons entitled to the System are the Officers of the Company during the Period (excluding Outside Directors, those who are non-residents of Japan throughout the Period, or those who retired by June 30, 2017).

2. The Company's shares in trust

The Company's shares in trust are recorded in Treasury shares in equity at the carrying value in the Trust (excluding associated cost). The carrying value and the number of treasury shares at the end of the fiscal year ended March 31, 2018 are ¥2,169 million and 971,000 shares, respectively.

(Attached Document)

Non-Consolidated Financial Statements (prepared in accordance with Japanese-GAAP)

Non-Consolidated Balance Sheet

(As of March 31, 2018)

(Millions of yen)

	FY ended March 31, 2018 (as of March 31, 2018)	FY ended March 31, 2017 (Reference: as of March 31, 2017)		FY ended March 31, 2018 (as of March 31, 2018)	FY ended March 31, 2017 (Reference: as of March 31, 2017)
Assets			**Liabilities**		
I Current assets	**301,364**	**284,361**	**I Current liabilities**	**291,189**	**269,235**
Cash on hand and in banks	72,092	61,154	Accounts payable	95,547	77,639
Notes receivable	5,137	5,315	Short-term borrowings	136,880	125,889
Accounts receivable	109,414	110,657	Current portion of long-term borrowings	10,999	23,999
Goods and products	32,765	31,294	Lease liabilities	8	10
Goods in process	507	606	Other payables	17,994	16,008
Raw materials and supplies	4,436	4,625	Accrued expenses	25,237	23,537
Prepaid expenses	6,945	7,745	Accrued income taxes	1,031	387
Short-term loans receivable	29,732	34,823	Accrued bonuses for directors and others	208	217
Current portion of long-term loans receivable	741	1,028	Provision for shareholder benefit program	286	249
Receivables	33,872	19,816	Provision for environmental measures	635	166
Corporate tax receivable	2,544	4,639	Provision for contract loss	1,010	692
Deferred tax assets	3,404	2,938	Other	1,351	435
Other	1,496	1,615	**II Long-term liabilities**	**332,670**	**325,938**
Allowance for doubtful accounts	(1,727)	(1,898)	Corporate bonds	169,997	169,996
II Fixed assets	**687,594**	**660,967**	Long-term borrowings	133,099	128,099
1. Tangible fixed assets	**81,607**	**76,755**	Deferred tax liabilities	9,222	7,656
Buildings	103,451	100,229	Lease liabilities	21	29
Structures	16,905	16,170	Accrued retirement benefits for employees	-	830
Machinery and equipment	142,889	145,041	Accrued retirement benefits for directors and others	24	24
Vehicles and transporting equipment	207	208	Provision for management board benefit trust	467	-
Tools, furniture and fixtures	35,328	34,093	Provision for environmental measures	707	518
Land	15,990	15,345	Provision for contract loss	6,000	5,759
Leased assets	38	74	Asset retirement obligations	42	42
Construction in progress	4,702	4,079	Guarantee deposits received	11,984	11,895
Accumulated depreciation and accumulated impairment losses	(237,907)	(238,486)	Other	1,102	1,085
			Total Liabilities	**623,860**	**595,173**
			Net Assets		
2. Intangible fixed assets	**39,871**	**38,035**	**I Shareholders' equity**	**347,948**	**335,344**
Patents	51	162	**1. Common stock**	**79,863**	**79,863**
Leaseholds	2,614	2,627	**2. Capital surplus**	**4,274**	**4,274**
Trademark	27,731	27,502	(1) Additional paid-in capital	4,274	4,274
Software	9,449	7,712			
Other	25	31	**3. Retained earnings**	**273,395**	258,100
			(1) Legal reserve	16,119	16,119
3. Investments and other assets	**566,116**	**546,175**	(2) Other retained earnings	257,275	241,981
Investments in securities	48,369	46,448			
Investments in stock of subsidiaries and affiliates	445,087	427,067	Reserve for advanced depreciation of fixed assets	6,865	7,106
Investments in capital	38	38	Reserve for special account for advanced depreciation of fixed assets	-	35
Investments in capital of subsidiaries and affiliates	68,203	68,203	Retained earnings brought forward	250,410	234,839
Long-term loans receivable	578	1,343	**4. Treasury stock**	**(9,585)**	**(6,895)**
Long-term prepaid expenses	1,237	1,341			
Other	1,772	2,464	**II Valuation, translation adjustments and others**	**17,150**	**14,810**
Allowance for doubtful accounts	(56)	(732)	**1. Unrealized holding gain on securities**	**18,112**	**15,869**
Prepaid pension cost	885	-	**2. Unrealized gain (loss) from hedge instruments**	**(961)**	**(1,059)**
			Total Net Assets	**365,099**	**350,154**
Total Assets	**988,959**	**945,328**	**Total Liabilities & Net Assets**	**988,959**	**945,328**

(Attached Document)

Non-Consolidated Statement of Income

(From April 1, 2017 to March 31, 2018)

(Millions of yen)

		FY ended March 31, 2018	FY ended March 31, 2017 (reference)
I	**Net sales**	**254,935**	**246,268**
II	**Cost of sales**	**137,541**	**133,946**
	Gross profit	**117,394**	**112,322**
III	**Selling, general and administrative expenses**	**123,494**	**116,927**
	Operating income (loss)	**(6,100)**	**(4,605)**
IV	**Non-operating income**	**48,390**	**49,650**
	Interest income	231	211
	Dividend income	45,214	46,457
	Other	2,943	2,981
V	**Non-operating expenses**	**7,014**	**6,160**
	Interest expense	3,222	2,697
	Cost of lease revenue	1,779	1,161
	Litigation related expenses	729	549
	Other	1,283	1,751
	Ordinary income	**35,275**	**38,885**
VI	**Extraordinary gains**	**1,693**	**6,991**
	Reversal of allowance for doubtful accounts	662	19
	Gain on exchange from dividend in kind	299	-
	Subsidy income	254	254
	Gain on sale of investment securities	223	5,400
	Gain on sale of fixed assets	0	63
	Gain on sale of stocks of subsidiaries and affiliates	-	718
	Other	253	535
VII	**Extraordinary losses**	**5,873**	**10,659**
	Loss on disposal of fixed assets	1,713	2,533
	Loss on valuation of investment securities	1,431	85
	Loss on valuation of stocks of subsidiaries and affiliates	983	317
	Provision for environmental measures	858	345
	Provision for contract loss	607	6,451
	Other	279	925
	Net income before income taxes	**31,095**	**35,217**
	Income taxes--current	(1,285)	(1,804)
	Income taxes--deferred	12	(647)
	Net income	**32,368**	**37,668**

(Attached Document)

Non-Consolidated Statement of Changes in Net Assets

(From April 1, 2017 to March 31, 2018)

(Millions of yen)

	Shareholders' equity									Valuation, translation adjustments and others			
		Capital surplus			Retained earnings								
	Common stock	Additional paid-in capital	Other capital surplus	Total capital surplus	Legal reserve	Other retained earnings (*Note)	Total retained earnings	Treasury stock	Total shareholders' equity	Unrealized holding gain on securities	Unrealized gain (loss) from hedge instruments	Total valuation, translation adjustments and others	Total net assets
Beginning balance	**79,863**	**4,274**	**-**	**4,274**	**16,119**	**241,981**	**258,100**	**(6,895)**	**335,344**	**15,869**	**(1,059)**	**14,810**	**350,154**
Changes in fiscal year ended March 31, 2018													
Dividends from retained earnings						(17,073)	(17,073)		(17,073)				(17,073)
Net income						32,368	32,368		32,368				32,368
Purchase of treasury stock								(2,690)	(2,690)				(2,690)
Disposal of treasury stock			(0)	(0)				0	0				0
Transfer of negative amount of other capital surplus			0	0		(0)	(0)		-				-
Net changes in items other than those in shareholders' equity										2,242	98	2,340	2,340
Total changes in fiscal year ended March 31, 2018	**-**	**-**	**-**	**-**	**-**	**15,294**	**15,294**	**(2,690)**	**12,604**	**2,242**	**98**	**2,340**	**14,944**
Ending balance	**79,863**	**4,274**	**-**	**4,274**	**16,119**	**257,275**	**273,395**	**(9,585)**	**347,948**	**18,112**	**(961)**	**17,150**	**365,099**

Note: Details of other retained earnings:

(Millions of yen)

	Reserve for advanced depreciation of fixed assets	Reserve for special account for advanced depreciation of fixed assets	Retained earnings brought forward	Total
Beginning balance	**7,106**	**35**	**234,839**	**241,981**
Changes in fiscal year ended March 31, 2018				
Dividends from retained earnings			(17,073)	(17,073)
Provision of other retained earnings	35		(35)	-
Reversal of other retained earnings	(276)	(35)	311	-
Net income			32,368	32,368
Transfer of negative amount of other capital surplus			(0)	(0)
Total changes in fiscal year ended March 31, 2018	**(240)**	**(35)**	**15,570**	**15,294**
Ending balance	**6,865**	**-**	**250,410**	**257,275**

Notes to the Non-Consolidated Financial Statements

Significant accounting policies

1. Valuation standards and methods for securities

(1) Stocks of subsidiaries and affiliated companies are stated at cost determined by the moving-average method.

(2) 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 determined by the moving-average method. Other securities for which market value is not available are stated at cost mainly determined by the moving-average method.

2. Derivative instruments

Derivative instruments are carried out at fair value. However, special treatment is, in principle, applied with respect to interest rate swaps, in cases where criteria for special treatment are met. If interest rate and currency swap contracts are used as a hedge and meet certain hedging criteria, the interest rate and currency swap contracts are not stated at fair value, and instead the amount to be received under the interest rate and currency swap contracts is added to or deducted from the interest on the liabilities for which the swap contracts are executed, and the liabilities denominated in foreign currencies, for which the interest rate and currency swap contracts are executed, are translated at the contracted rate (integral accounting).

3. Inventories

Inventories are stated at cost determined by the average method (in cases where the profitability has declined, the book value is reduced accordingly).

4. Depreciation method of fixed assets

(1) Tangible fixed assets (excluding leased assets)
The depreciation of tangible fixed assets is computed by the straight-line method. The range of useful life is 7 to 50 years for buildings and 4 to 15 years for machinery and equipment.

(2) Intangible fixed assets (excluding leased assets)
The amortization of intangible fixed assets is computed by the straight-line method. Computer software is amortized by the straight-line method over the estimated internal useful life (5 years). Trademarks are in principle amortized by the straight-line method over the period of its validity (20 years).

(3) Leased assets
The straight-line method is applied with the useful life of the asset being the lease period and the residual value being zero.

5. Significant reserves

(1) Allowance for doubtful accounts:
Allowance for doubtful accounts is provided for possible bad debts at the amount estimated based on historical bad debts experience for normal receivables and by reference to the individual collectability of specific doubtful receivables.

(2) Bonus reserve for directors and others
In preparation for the payment of bonuses to directors and others, the Company has provided an allowance for the amount of payment expected for the fiscal year.

(3) Provision for shareholder benefit program
In preparation for payment relating to the shareholder benefit program, a provision for the shareholder benefit program has been provided for the amount estimated based on past results, which shall be paid during and after the following fiscal year.

(4) Accrued retirement benefits for employees
Accrued retirement benefits for employees are provided based on the projected benefit obligations and fair value of pension plan assets at the end of the fiscal year in order to prepare for payment of retirement benefits.

Prior service cost is amortized by the straight-line method over a period within the average remaining service years of employees (10 years) at the time of recognition.

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

(5) Accrued retirement benefits for directors and others
Accrued retirement benefits for directors and others are provided at the amount required to be paid in accordance with internal rules in order to prepare for payment of retirement benefits to those directors and others.

The Company abolished the system of payment of severance benefits to directors and others 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.

(6) Provision for share-based compensation
In preparation for delivery of the Company's shares to directors and others as part of the Company's share-based compensation program, the Company has provided an allowance for the expected amount of obligations at the end of the fiscal year in accordance with internal rules.

(7) Allowance for environmental measures
In preparation for payment for environmental measures, such as disposal cost of polychlorinated biphenyl (PCB) waste, an allowance for the amount of costs expected to be incurred has been provided.

(8) Provision for contract loss
In preparation for losses relating to the fulfillment of contracts, a provision for loss on contracts has been provided for the estimated amount of losses expected.

6. Translation of assets and liabilities denominated in foreign currencies into yen

Monetary receivables and payables denominated in foreign currencies are translated into yen at the rate of foreign exchange in effect at the balance sheet date. The resulting exchange gain or loss is charged or credited to income.

7. Hedge accounting

(1) Hedge accounting policy
The Company adopts deferred hedge accounting.
Derivative instruments are carried out at fair value. However, special treatment is, in principle, applied with respect to interest rate swaps, in cases where criteria for special treatment are met. If interest rate and currency swap contracts are used as a hedge and meet certain hedging criteria, the interest rate and currency swap contracts are not stated at fair value, and instead the amount to be received under the interest rate and currency swap contracts is added to or deducted from the interest on the liabilities for which the swap contracts are executed, and the liabilities denominated in foreign currencies, for which the interest rate and currency swap contracts are executed, are translated at the contracted rate (integral accounting).

(2) Hedging instruments and hedged items

Hedging instruments	Hedged items
Foreign exchange forward contracts	Forecasted transactions pertaining to acquisitions and sales of the stock of or investments in affiliated companies denominated in foreign currencies, etc.
Interest rate swaps	Interest on borrowings and corporate bonds
Interest rate and currency swaps	Foreign currency borrowings, interest paid on borrowings

(3) Hedging policy
The Company hedges 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) Assessment of hedge effectiveness
An assessment of hedge effectiveness is not undertaken for forward exchange contracts, as the conditions pertaining to the hedging instruments and the hedged items are equivalent. Interest rate swaps for which special treatment is applied, or interest rate and currency swaps for which integral treatment is applied, evaluation of effectiveness is not conducted.

8. Accounting for consumption taxes

Transactions subject to national and local consumption taxes are recorded at amounts exclusive of consumption taxes.

9. Adoption of consolidated tax accounting system

The Company, as the taxable parent company, has adopted the consolidated taxation system.

10. Accounting for retirement benefits

Accounting methods for unrecognized actuarial gains and losses and unrecognized prior service costs related to retirement benefits differ from those applied in the consolidated financial statements.

Changes in Presentation

Statement of Income

1. Litigation related expenses (¥549 million in the previous fiscal year) which was included in "Other" in non-operating expenses in the previous fiscal year, is presented as a separate item in the current fiscal year, as the amount has become more material.
2. Reversal of allowance for doubtful accounts (¥19 million in the previous fiscal year) which was included in "Other" in extraordinary gains in the previous fiscal year, is presented as a separate item in the current fiscal year, as the amount has become more material.
3. Loss on valuation of investment securities (¥85 million in the previous fiscal year) which was included in "Other" in extraordinary losses in the previous fiscal year, is presented as a separate item in the current fiscal year, as the amount has become more material.
4. Provision for environmental measures (¥345 million in the previous fiscal year) which was included in "Other" in extraordinary losses in the previous fiscal year, is presented as a separate item in the current fiscal year, as the amount has become more material.

Notes to Balance Sheet

1. Cash on hand and in banks

¥6,057 million of the cash on hand and in banks is the cash in bank related to the cash management system of the Ajinomoto Group including the overseas subsidiaries.

2. Liabilities on guarantees

As guarantor of indebtedness of employees or other companies	¥80 million

3. Monetary receivables and payables to subsidiaries and affiliated companies

Short-term monetary receivables	¥87,843 million
Long-term monetary receivables	¥1,635 million
Short-term monetary payables	¥206,807 million
Long-term monetary payables	¥288 million

Notes to Statement of Income

Transactions with subsidiaries and affiliated companies

Transaction amount with respect to operating transactions	
Sales	¥85,971 million
Purchasing	¥119,099 million
Transaction amount with respect to non-operating transactions	¥49,169 million

Notes to Statements of Changes in Net Assets

Types and total number of treasury stock at the end of the fiscal year:

Type of treasury stock:	Common stock
Total number of treasury stock at the end of the fiscal year:	3,971,026 shares

Notes on Securities

Stocks of subsidiaries and affiliated companies

(Millions of yen)

Category	Book value	Fair value	Variance
Stock of subsidiaries	1,420	18,755	17,335
Stock of affiliated companies	8,239	16,432	8,193
Total	9,659	35,188	25,528

Note: Stocks of subsidiaries and affiliated companies whose fair value is extremely difficult to determine

Category	Book value
Stock of subsidiaries	338,282
Stock of affiliated companies	97,145

The above items are not included in stocks of subsidiaries and affiliates since they have no market price and it is extremely difficult to determine the fair value.

Notes on Deferred Tax Accounting

The significant components of deferred tax assets and liabilities as of March 31, 2018 were as follows:

	(Millions of yen)
Deferred tax assets:	
Loss on valuation of investment securities	12,074
Provision for contract loss	2,146
Accrued bonuses	2,120
Impairment losses	1,819
Period expense	1,414
Loss carried forward	1,085
Foreign tax credit carried forward	1,047
Allowance for doubtful accounts	546
Loss from inventory revaluation	545
Depreciable assets, etc.	474
Accrued retirement benefits for employees, etc.	325
Accrued business taxes, etc.	243
Other	802
Gross deferred tax assets	24,647
Valuation allowance	(18,524)
Total deferred tax assets	**6,122**
Deferred tax liabilities:	
Reserve for advanced depreciation of fixed assets	(3,964)
Unrealized holding gain on securities	(7,544)
Prepaid pension cost	(271)
Other	(160)
Total deferred tax liabilities	**(11,941)**
Net deferred tax liabilities	**(5,818)**

Notes regarding Related Party Transactions

Subsidiaries, affiliated companies, etc.

Attribution	Name of Company, etc.	Percentage of voting rights held	Relationship with related party	Details of transaction	Transaction amount (millions of yen)	Account	Year-end balance (millions of yen)
Subsidiary	Knorr Foods Co., Ltd.	100% (directly)	Purchase and sale of said company's products by the Company	Purchase of products, etc. [1]	49,560	Accounts payable	4,628
				Borrowing of funds[3]	-	Short-term borrowings	10,316
	Ajinomoto Frozen Foods Co., Inc.	100% (directly)	Purchase and sale of said company's products by the Company; concurrent holding of corporate officer positions	Purchase of products, etc.[2]	124,052	Accounts payable	18,781
				Lending of funds[3]	-	Short-term loans receivable	15,780
	Ajinomoto Engineering Corporation	100% (directly)	Subcontracting of engineering services to and purchase of manufacturing facilities from said company by the Company	Purchase of tangible fixed assets, etc.[4]	15,018	Other payables	7,573
	Ajinomoto Fine-Techno Co., Inc.	100% (directly)	Purchase of said company's products by the Company; concurrent holding of corporate officer positions	Borrowing of funds[3]	-	Short-term borrowings	12,932
	Ajinomoto AGF, Inc.	100% (directly and indirectly)	Purchase and sale of said company's products by the Company; concurrent holding of corporate officer positions	Purchase of products, etc.[2]	117,859	Accounts payable	21,123
				Fee-based supply of raw materials, etc.[5]	33,613	Receivables	12,022
	Ajinomoto Co., (Thailand) Ltd.	78.9% (directly and indirectly)	Purchase of said company's products by the Company; concurrent holding of corporate officer positions	Borrowing of funds[6]	5,000	Short-term borrowings	50,015
	Ajinomoto Sales (Thailand) Co., Ltd.	100% (Indirectly)	Borrowing of funds	Borrowing of funds[6]	5,000	Short-term borrowings	40,000
Affiliated company	J-OIL MILLS, INC.	27.3% (directly)	Purchase and sale of said company's products by the Company; concurrent holding of corporate officer positions	Purchase of products, etc.[2]	47,800	Accounts payable	8,165

(Transaction conditions, policy for deciding said conditions and others)

1. The purchase price of the products is determined by reference to contract in view of the manufacturing cost of Knorr Foods Co., Ltd. and the sales price to third parties.
2. The Company is the sole agent and the price is determined by reference to contract, with the final selling price serving as the basis. These sole agent sales are recorded in the accounts using a method of netting off sales and cost of goods sold and disclosed on a net basis. However, in the "Notes regarding Related Party Transactions" they are disclosed on a gross basis.
3. As the Company has introduced a cash management system to facilitate unified cash management within the Ajinomoto Group and borrowing and lending between participating companies is conducted on a daily basis, transaction amounts are not recorded here. Interest rates are decided in consideration of market rates.
4. With respect to the purchase of tangible fixed assets, the price is determined by reference to contract, with consideration given to the acquisition costs of Ajinomoto Engineering Corporation and market prices.

5. With respect to the fee-based supply of raw materials, the price is determined by reference to contract, with consideration given to market prices.
6. With respect to borrowing of funds, interest rates are determined by reference to market interest rates.

Transaction amounts do not include consumption taxes, etc. Year-end balances include consumption taxes, etc.

Notes regarding Per Share Information

Net assets per share:	¥642.90
Net income per share:	¥56.94

Subsequent events

(Share repurchase)

Subsequent events are disclosed in the Notes to the Consolidated Financial Statements.

Additional Information

(Share-based Compensation of Executive Officers Based on the Company's Medium-term Earnings Performance)

Additional Information is disclosed in the Notes to the Consolidated Financial Statements.

(Attached Document)
Copy of Report of Accounting Auditor Regarding Consolidated Financial Statements

Report of Independent Auditor

May 11, 2018

Mr. Takaaki Nishii, President
Ajinomoto Co., Inc.

Ernst & Young ShinNihon LLC
Designated and Engagement Partner,
Certified Public Accountant: Kiyonobu Takeuchi (seal)
Designated and Engagement Partner,
Certified Public Accountant: Masayuki Aida (seal)
Designated and Engagement Partner,
Certified Public Accountant: Takashi Sadatome (seal)

Pursuant to Article 444, Section 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated statement of financial position, the consolidated statements of income and changes in equity, and the notes to the consolidated financial statements of Ajinomoto Co., Inc. (the "Company") applicable to the fiscal year from April 1, 2017 through March 31, 2018.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) with certain omissions of disclosure items pursuant to the latter part of paragraph 1, Article 120 of the Rules of Corporate Accounting, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above prepared in accordance with IFRS with the omission of certain disclosure items pursuant to the latter part of paragraph 1, Article 120 of the Rules of Corporate Accounting present fairly, in all material respects, the financial position and results of operations of the Ajinomoto Group, which consisted of the Company and consolidated subsidiaries, applicable to the fiscal year ended March 31, 2018.

Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

End

(Attached Document)

Copy of Report of Accounting Auditor Regarding Non-Consolidated Financial Statements

Report of Independent Auditor

May 11, 2018

Mr. Takaaki Nishii, President
Ajinomoto Co., Inc.

Ernst & Young ShinNihon LLC
Designated and Engagement Partner,
Certified Public Accountant: Kiyonobu Takeuchi (seal)
Designated and Engagement Partner,
Certified Public Accountant: Masayuki Aida (seal)
Designated and Engagement Partner,
Certified Public Accountant: Takashi Sadatome (seal)

Pursuant to Article 436, Section 2, Paragraph 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in net assets, the notes to the non-consolidated financial statements and the related supplementary schedules of Ajinomoto Co., Inc. (the "Company") applicable to the 140th fiscal year from April 1, 2017 through March 31, 2018.

Management's Responsibility for the Financial Statements and the Related Supplementary Schedules

Management is responsible for the preparation and fair presentation of these financial statements and the related supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements and the related supplementary schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements and the related supplementary schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the related supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the related supplementary schedules. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements and the related supplementary schedules, whether due to fraud or error. The purpose of an audit of the financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements and the related supplementary schedules in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the related supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements and the related supplementary schedules referred to above present fairly, in all material respects, the financial position and results of operations of Ajinomoto Co., Inc. applicable to the fiscal year ended March 31, 2018 in conformity with accounting principles generally accepted in Japan.

Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

(Attached Document)
Copy of the Audit & Supervisory Board Audit Report

Audit Report

Regarding the performance of duties by the Directors for the 140th fiscal year beginning on April 1, 2017 and ending on March 31, 2018, the Audit & Supervisory Board hereby submits this audit report, as a unanimous opinion of all Audit & Supervisory Board Members which has been prepared through discussions based on reports from the respective Audit & Supervisory Board Members concerning the performance of duties by the Directors.

1. Overview of Auditing Methods Employed by Audit & Supervisory Board Members and the Audit & Supervisory Board

(1) At its meeting on July 27, 2017, the Audit & Supervisory Board passed a resolution on the auditing policies, auditing plans and division assignment of duties of each Audit & Supervisory Board Member. The Audit & Supervisory Board held its regular meetings on a monthly basis, reviewed the agendas of the meetings of the Board of Directors in advance, and exchanged and shared information about the situation and the results of each Audit & Supervisory Board Member's auditing activity.

(2) Each Audit & Supervisory Board Member communicated with the Directors, the Corporate Executive Officers, the Internal Auditing Division, and other employees and made efforts to gather information and maintain audit environments in accordance with the auditing standards of Audit & Supervisory Board Members established by the Audit & Supervisory Board, and conducted the audit as follows:

1) The Audit & Supervisory Board Members attended the meetings of the Board of Directors, the Management Committee, and other important meetings. Moreover, the Audit & Supervisory Board Members reviewed important approval-granting documents, and investigated as necessary the operations and finances of headquarters and other major offices and plants. Concerning domestic and overseas subsidiaries, the Audit & Supervisory Board Members communicated and conducted information exchanges with the directors and audit & supervisory board members, etc. of such subsidiaries, and conducted on-site audits of these locations as deemed necessary.

2) The Audit & Supervisory Board Members monitored and examined the status of implementation of the "basic policy for the development and maintenance of the system to ensure appropriate operations" (basic policies on internal control systems) resolved by the Board of Directors, receiving reports from Directors, Corporate Executive Officers and employees with regard to its development and operation.

3) The Audit & Supervisory Board Members received reports from the Internal Auditing Division of the audit results after each audit, and every three months received and exchanged opinions on reports on the audit results and evaluation reports on internal control systems relating to financial reports.

4) The Audit & Supervisory Board Members received prior explanation of auditing plans from the Accounting Auditor, and in addition to carrying out discussions, the Audit & Supervisory Board Members received reports of the audit results from the Accounting Auditor and exchanged opinions with them. Furthermore, in addition to monitoring and examining whether the Accounting Auditor maintained an independent stance, as well as implementing fair audits, the Audit & Supervisory Board Members received reports from the Accounting Auditor to the effect that systems had been put in place to ensure that their duties were appropriately performed.

Based on the aforementioned methods, we examined the Business Report and the supplementary schedules for the fiscal year in question, along with the financial statements (the Balance Sheet, the Statement of Income, the Statements of Changes in Net Assets along with the Notes to the Non-Consolidated Financial Statements) and the supplementary schedules, the consolidated financial statements (the Consolidated Statements of Financial Position, the Consolidated Statements of Income, the Consolidated Statements of Changes in Equity and the Notes to the Consolidated Financial Statements).

2. Audit Results

(1) Result of Audit of Business Report, etc.

1) In our opinion, the Business Report and the supplementary schedules fairly represent the Company's affairs in accordance with the applicable laws and regulations and the Articles of Incorporation.

2) With regard to the execution of duties by the Directors, we have found no evidence of wrongful action or material

violation of laws and regulations, or of the Articles of Incorporation.

3) In our opinion, the contents of the resolution of the Board of Directors with regard to the internal control systems are appropriate. We confirm that continuous improvements are being made with respect to the development and operation of the internal control systems. With regard to details of these internal control systems reported in the Business Report we have found no matters on which to remark.

(2) Auditing result of the financial statements and the supplementary schedules
In our opinion, the methods and results employed and rendered by the Accounting Auditor, Ernst & Young ShinNihon LLC, are appropriate.

(3) Auditing result of the consolidated financial statements
In our opinion, the methods and results employed and rendered by the Accounting Auditor, Ernst & Young ShinNihon LLC, are appropriate.

May 17, 2018

Audit & Supervisory Board of Ajinomoto Co., Inc.
Yoichiro Togashi, Audit & Supervisory Board Member (Standing) (seal)
Shizuo Tanaka, Audit & Supervisory Board Member (Standing) (seal)
Atsushi Toki, Audit & Supervisory Board Member (External) (seal)
Hiroshi Murakami, Audit & Supervisory Board Member (External) (seal)

End