Ajinomoto Co., Inc.

Consolidated Results

[IFRS]

Interim Period Ended September 30, 2019

This document has been translated from the original Japanese as a guide for non-Japanese investors. It contains forward-looking statements based on a number of assumptions and judgements made by management in light of information currently available. Actual financial results may differ depending on a number of factors, including changing economic conditions, legislative and regulatory developments, delay in new product launches, and pricing and product initiatives of competitors.

SUMMARY OF FINANCIAL STATEMENTS [IFRS] (Consolidated)
Interim period results for the fiscal year ending March 31, 2020

Ajinomoto Co., Inc. **November 6, 2019**

Stock Code:	2802	Stock exchange listing:	Tokyo Stock Exchange
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Scheduled dates

Filing of statutory quarterly financial report:	November 11, 2019
Dividend payout:	December 4, 2019
Supplementary materials to quarterly financial report available:	Yes
Quarterly results briefing held:	Yes (for analysts)

1. Consolidated Financial Results for the Interim Period Ended September 30, 2019

(1) Consolidated Operating Results

Millions of yen, rounded down

	Interim period ended September 30, 2019		Interim period ended September 30, 2018	
		Change %		Change %
Sales	538,717	(1.4)	546,493	3.4
Business profit	48,060	7.8	44,572	(5.3)
Profit before income taxes	21,386	(51.4)	44,006	(7.5)
Profit	12,347	(60.2)	31,011	(14.5)
Profit attributable to owners of the parent company	7,088	(72.8)	26,083	(16.7)
Basic earnings per share (yen)	¥12.93	-	¥46.67	-
Diluted earnings per share (yen)	-	-	-	-

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

Note 1: Upon the adoption of IFRS, the Ajinomoto Group has introduced "business profit" as a new profit level that will better enable investors, the Board of Directors, and the Management Committee to grasp the core business results and future outlook of each business while also facilitating continuous evaluation of the Group's business portfolio by the Board of Directors and the Management Committee. "Business profit" is defined as sales minus the cost of sales, selling expenses, research and development expenses, and general and administrative expenses, to which is then added share of profit of associates and joint ventures. Business profit does not include other operating income or other operating expenses.

Note 2: From the first quarter of the fiscal year ended March 31, 2019, the logistics business was reclassified under discontinued operations. Profit from discontinued operations in the quarterly condensed consolidated statements of income is presented separately from the profit from continuing operations. Sales, business profit and profit before income taxes in the above table are amounts related to continuing operations only. On April 1, 2019, the Company lost control of F-LINE Corporation (the former Ajinomoto Logistics Corporation), and F-LINE Corporation became an equity-method affiliate of the Company from the first quarter of the fiscal year ending March 31, 2020. Gain on loss of control is included in profit from discontinued operations, and share of profit of associates and joint ventures is included in continuing operations for this quarter.

(2) Consolidated Financial Position

Millions of yen, rounded down

	As of September 30, 2019	As of March 31, 2019
Total assets	1,371,874	1,393,869
Total equity	668,751	685,960
Equity attributable to owners of the parent company	591,136	610,543
Ownership ratio attributable to owners of the parent company (%)	43.1%	43.8%

2. Dividends

	Fiscal year ended March 31, 2019	Fiscal year ending March 31, 2020	Fiscal year ending March 31, 2020 (forecast)
Dividend per share			
Interim (yen)	¥16.00	¥16.00	
Year-end (yen)	¥16.00		¥16.00
Annual (yen)	¥32.00		¥32.00

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

3. Forecast for the Fiscal Year Ending March 31, 2020

Millions of yen, rounded down

	Fiscal year ending March 31, 2020	
		Change %
Sales	1,138,500	1.0
Business profit	88,000	(5.0)
Profit attributable to owners of the parent company	18,000	(39.4)
Basic earnings per share (yen)	32.84	

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

Note: Revisions to dividend forecasts in the period under review: Yes
For more information on revisions to the consolidated earnings forecasts, please see the "Overview of Consolidated Financial Results of Ajinomoto Co., Inc. for the Interim Period of Fiscal 2019, Recording of Impairment Losses and Revision to Full-Year Consolidated Performance Forecast" published today (November 6, 2019).

Notes:

(1) Changes in significant subsidiaries during the period (Changes in specified subsidiaries resulting in the change in consolidation scope): None

(2) Changes in accounting policies and accounting estimates

1) Changes in accounting policies as required by IFRS: Yes
2) Other changes in accounting policies: None
3) Changes in accounting estimates: None

(3) Number of shares outstanding (ordinary shares)

Shares

	As of September 30, 2019	As of March 31, 2019
Number of shares outstanding at end of period (including treasury shares):	549,163,354	549,163,354
Number of treasury shares at end of period	1,010,582	1,063,513
	April 1, 2019 to September 30, 2019	April 1, 2018 to September 30, 2018
Average number of shares during period	548,106,993	558,887,569

(Note) The number of treasury shares at end of period includes the Company's shares held by "Director's remuneration BIP Trust" (As of September 30, 2019: 911,800 shares. As of March 31, 2019: 966,200 shares), which has been adopted along with the introduction of Stock-based Remuneration of Executive Officers Based on the Company's Medium-term Earnings Performance for the Directors and others. In addition, these Company's shares are included in the treasury shares which are deducted from the number of shares when calculating the average number of shares during the period.

* Summary quarterly financial statements are exempted from quarterly review by a public certified accountant or an auditing firm.

* Appropriate use of forecasts and other notes

Disclaimer regarding forward-looking statements and other information

Forward-looking statements, such as business forecasts, included in this document are based on management's estimates, assumptions, and projections at the time of publication. These statements do not represent a promise or commitment by the Company to achieve these forecasts. Actual operating results may differ significantly due to various factors. For more information regarding our earnings forecasts, see "*1. Qualitative Information on interim Period Consolidated Results*, *(1) Overview of Operating Results."*

Method of obtaining supplementary results materials

Download from the Company's website, available from today, Wednesday, November 6, 2019.

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1. Qualitative Information on Interim Period Consolidated Results

Upon the adoption of IFRS, the Ajinomoto Group has introduced "business profit" as a new profit level that will better enable investors, the Board of Directors, and the Management Committee to grasp the core business results and future outlook of each business while also facilitating continuous evaluation of the Group's business portfolio by the Board of Directors and the Management Committee. "Business profit" is defined as sales minus the cost of sales, selling expenses, research and development expenses, and general and administrative expenses, to which is then added share of profit of associates and joint ventures. Business profit does not include other operating income or other operating expenses.

From the first quarter of the fiscal year ended March 31, 2019, the assets and liabilities of Ajinomoto Logistics Corporation ("AB"), which was a subsidiary of the Company, were included under a disposal group of assets/liabilities classified as held for sale, and the logistics business was classified as a discontinued business. On April 1, 2019, AB, Kagome Distribution Service Co., Ltd., House Logistics Service Corporation, F-LINE Corporation, and Kyushu F-LINE Corporation merged, with AB as the surviving company, and changed the company name to F-LINE Corporation. As a result, F-LINE Corporation became an equity-method affiliate of the Company from the first quarter of the fiscal year ending March 31, 2020. Gain on loss of control is included in profit from discontinued operations, and share of profit of associates and joint ventures is included in continuing operations for this interim period.

(1) Overview of Operating Results

In the interim period ended September 30, 2019, the Ajinomoto Group's consolidated net sales fell 1.4% year-on-year, or ¥7.7 billion, to ¥538.7 billion, largely owing to a dramatic decrease in animal nutrition product sales. Although business profit on animal nutrition products fell significantly accompanying the dramatic decrease in sales and impairment loss on the trademark rights of Promasidor Holdings Limited ("PH"), which was recorded in share of profit of associates and joint ventures, overall business profit increased 7.8%, or ¥3.4 billion, to ¥48.0 billion, largely owing to significant profit growth in umami seasonings for processed food manufacturers, frozen foods (overseas), and frozen foods (in Japan).

Operating profit decreased 51.5%, or ¥22.5 billion, to ¥21.1 billion as impairment losses on production equipment in the animal nutrition business, investments accounted for using the equity method related to PH, and production equipment in the bakery business were recorded in other operating expenses.

Profit attributable to owners of the parent totaled ¥7.0 billion, down 72.8%, or ¥18.9 billion.

An itemization of the details of the impairment losses on production equipment in the animal nutrition business, PH, and production equipment in the bakery business for each level of profit is below.

Millions of yen, rounded down

	Business profit	Operating profit Profit before income taxes	Profit attributable to owners of the parent company
(1) Impairment loss on production equipment in animal nutrition business	-	14,958	11,739
(2) Impairment loss on investments in PH accounted for using the equity method (equivalent to 33.33% investment)	-	4,232	4,232
(3) Impairment loss on trademark rights of PH (equivalent to 33.33% investment)	3,897	3,897	3,897
(4) Impairment loss on production equipment in the bakery business	-	3,835	2,936
Total	3,897	26,925	22,807

In light of the impairment losses described above and the recent progress of earnings in this interim period, the earnings forecasts announced on May 10, 2019 have been revised as shown in the second table below.

Sales were significantly lower than the plan, primarily due to the impact from the spread of African swine fever on sales of animal nutrition products. Therefore, the initial forecast for sales has been reduced by ¥32.5 billion to ¥1,138.5 billion. The progress rate of sales versus the revised forecast is 47.3%.

The initial forecast for business profit has been reduced by ¥9.0 billion to ¥88.0 billion. This is mainly due to a deterioration in profitability for animal nutrition products and the recording of impairment loss on the trademark rights of PH even though business profit for umami seasonings for processed food manufacturers exceeded the initial forecast due to such factors as an increase in unit selling prices. The progress rate of business profit versus the revised forecast is 54.6%. .

The initial forecast for profit attributable to owners of the parent has also been reduced by 32.0 billion to ¥18.0 billion given the impact from the revision of business profit and the recording of impairment loss. The progress rate of profit attributable to owners of the parent versus the revised forecast is 39.4%.

For more information on the revised forecast, please also see the “Overview of Consolidated Financial Results of Ajinomoto Co., Inc. for the Interim Period of Fiscal 2019, Recording of Impairment Losses and Revision to Full-Year Consolidated Performance Forecast” published today (November 6, 2019).

Consolidated operating results by segment

Results for individual business segments and revised forecasts are summarized below.

Billions of yen, rounded down

YoY	Sales	YoY change - amount	YoY change - percent	Business profit	YoY change -amount	YoY change -percent
Japan Food Products	180.1	(0.7)	(0.4) %	14.7	2.3	18.7 %
International Food Products	231.4	(1.9)	(0.8) %	25.3	2.7	12.3 %
Life Support	47.4	(6.9)	(12.8) %	2.5	(2.3)	(47.8) %
Healthcare	66.1	1.1	1.8 %	4.5	0.7	19.3 %
Other	13.5	0.7	5.7 %	0.8	(0.0)	(1.4) %
Total	538.7	(7.7)	(1.4) %	48.0	3.4	7.8 %

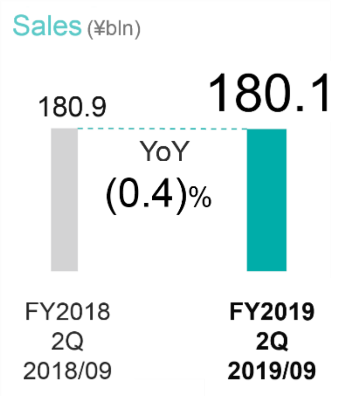
Billions of yen, rounded down

	Sales			Business profit		
Vs. the forecast	FY2019 First Half	Revised forecast for the year	Achieved -percent	FY2019 First Half	Revised forecast for the year	Achieved -percent
Japan Food Products	180.1	381.2	47.3 %	14.7	28.6	51.6 %
International Food Products	231.4	484.0	47.8 %	25.3	45.3	56.0 %
Life Support	47.4	94.2	50.3 %	2.5	2.1	122.1 %
Healthcare	66.1	150.7	43.9 %	4.5	13.0	35.3 %
Other	13.5	28.4	47.7 %	0.8	(1.0)	-
Total	538.7	1,138.5	47.3 %	48.0	88.0	54.6 %

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

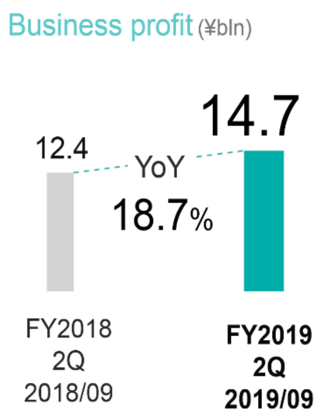
1) Japan Food Products Segment

Japan Food Products segment sales were down 0.4% year-on-year, or ¥0.7 billion, to ¥180.1 billion. This reflects lower sales of coffee products and seasonings and processed foods for restaurant and industrial-use (in Japan). Segment business profit increased 18.7% year-on-year, or ¥2.3 billion, to ¥14.7 billion, owing to large increases in profit on both frozen foods (in Japan) and coffee products.



Main factors affecting segment sales

- **Seasonings and processed foods (Japan):** Despite increased sales in home-use, sales in restaurant and industrial-use decreased compared with the previous year due to lower sales in the bakery business. Overall, sales level with the previous year.
- **Frozen foods (Japan):** Sales of the *Gyoza* series and fried rice continued strong, so home-use sales increased. Despite expansion of sales of major categories such as desserts and gyoza in restaurant and industrial-use, sales of some products decreased due to the effect of reduced sales promotion. Overall, sales level with the previous year.
- **Coffee products:** Despite increased sales of stick-type coffee and instant coffee, overall, sales decreased due to shrinking of the personal size liquid coffee business.

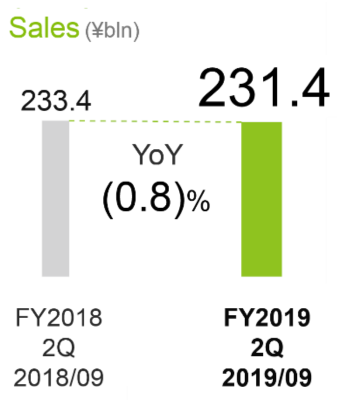


Main factors affecting segment profits

- **Seasonings and processed foods (Japan):** Despite sales being level with the previous year, overall profit decreased due to various expenses and expenses related to the acquisition of More Than Gourmet Holdings, Inc.
- **Frozen foods (Japan):** Large increase in profit primarily due to effect of increased sales in home-use, effect of price increases in restaurant and industrial-use, and improvements in productivity.
- **Coffee products:** Large increase in profits due to increased sales of major products, lower costs, and the effective use of marketing expenses, despite decreased sales.

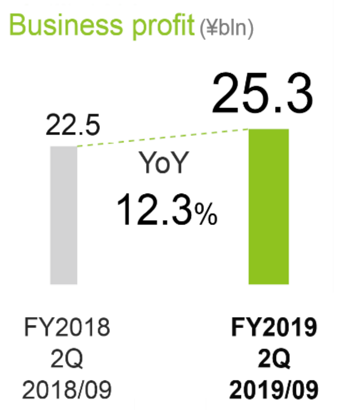
2) International Food Products Segment

International Food Products segment sales declined 0.8% year-on-year, or ¥1.9 billion, to ¥231.4 billion. This was due to a decline in sales of seasonings and processed foods (overseas) and frozen foods (overseas), although sales of umami seasonings for processed food manufacturers increased. Segment business profit increased 12.3% year-on-year, or ¥2.7 billion, to ¥25.3 billion due to a large increase in profits on sales of umami seasonings for processed food manufacturers and frozen foods (overseas) despite a decline in profit on seasonings and processed foods (overseas).



Main factors affecting segment sales

- **Seasonings and processed foods (Overseas):** Despite the effect of distribution inventory in Vietnam and currency translation, sales were level with the previous year primarily due to increased sales quantity at other affiliates and the effect of price increases.
- **Frozen foods (Overseas):** Despite continued expansion of sales of Asian food products in North America and Europe, sales decreased due to the effect of currency translation and the sale of Amoy Food Ltd.
- **Umami seasonings for processed food manufacturers and sweeteners:** Increased sales of umami seasonings for processed food manufacturers primarily due to increased unit sales price overseas.

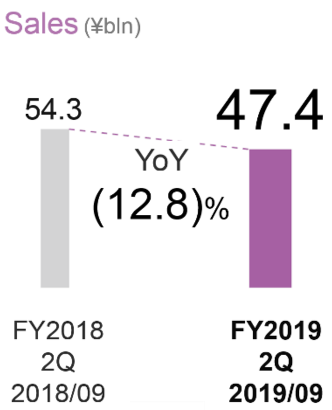


Main factors affecting segment profits

- **Seasonings and processed foods (Overseas):** Despite the effect of the previous year's price increases, decreased profit due to PH's impairment loss.
- **Frozen foods (Overseas):** Large increase in profit due to the effect of price increases and productivity improvements in the United States in the previous year.
- **Umami seasonings for processed food manufacturers:** Large increase in profit due to increased sales and cost reductions.

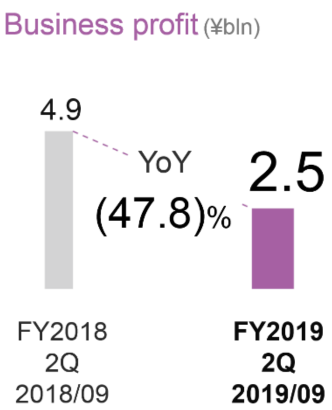
3) Life Support Segment

Life Support segment sales declined 12.8% year-on-year, or ¥6.9 billion, to ¥47.4 billion due to a dramatic decline in animal nutrition product sales despite an increase in sales of specialty chemicals. Segment business profit fell 47.8% year-on-year, or ¥2.3 billion, to ¥2.5 billion because profit on animal nutrition products fell significantly accompanying the dramatic decrease in sales.



Main factors affecting segment sales

- **Animal nutrition:** Large decrease in sales primarily due to the decrease in demand from the world-wide spread of African swine fever and the fall in sales prices.
- **Specialty chemicals:** Increase in sales primarily due to strong sales of electronic materials.

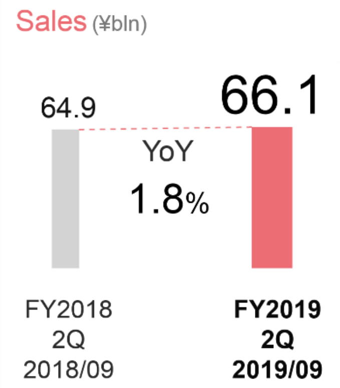


Main factors affecting segment profits

- **Animal nutrition:** Large decrease in profit accompanying large decrease in sales.
- **Specialty chemicals:** Increase in profit accompanying increase in sales.

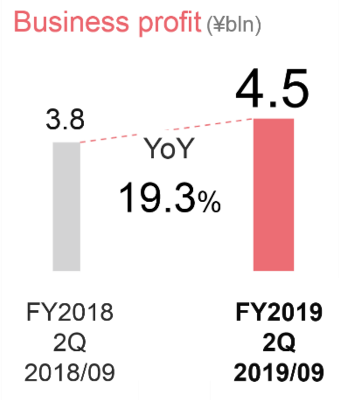
4) Healthcare Segment

Healthcare segment sales increased 1.8% year-on-year, or ¥1.1 billion, to ¥66.1 billion. This was due to a large increase in sales of amino acids for pharmaceuticals and foods despite declines in sales of both fundamental foods and personal care ingredients. Segment business profit increased 19.3% year-on-year, or ¥0.7 billion, to ¥4.5 billion as a result of the large increase in profit on amino acids for pharmaceuticals and foods.



Main factors affecting segment sales

- **Amino acids:** Increase in sales primarily due to increased sales of amino acids for pharmaceuticals and foods.
- **Other products:** Large decrease in sales primarily due to decrease in year-on-year sales of fundamental foods and personal care ingredients.



Main factors affecting segment profits

- **Amino acids:** Despite decrease in profit in pharmaceutical custom manufacturing, large increase in profit accompanying increase in sales of amino acids for pharmaceuticals and foods.
- **Other products:** Profit was level year-on-year despite decrease in sales.

5) Other

In the Other segment, sales totaled ¥13.5 billion, up 5.7% year-on-year, or ¥0.7 billion, primarily due to an increase in the service-related business from the previous year. Segment business profit was largely the same year-on-year at ¥0.8 billion, down just 1.4%.

(2) Overview of Financial Position

As of September 30, 2019, the Ajinomoto Group's consolidated total assets stood at ¥1,371.8 billion, a decrease of ¥21.9 billion from ¥1,393.8 billion at the end of the previous fiscal year on March 31, 2019. This decrease was largely attributable to the reductions in cash and cash equivalents and trade and other receivables although there was an increase in right-of-use assets due to adoption of IFRS 16.

Total liabilities came to ¥703.1 billion, ¥4.7 billion less than the ¥707.9 billion at the end of the previous fiscal year. Interest-bearing debt totaled ¥380.1 billion, an increase of ¥43.1 billion from the end of the previous fiscal year, mainly reflecting the increase in lease liabilities due to adoption of IFRS 16.

Total equity as of September 30, 2019 was ¥17.2 billion less than at the end of the previous fiscal year, mainly reflecting the impact of exchange differences on translation of foreign operations and decreases in other components of equity. Equity attributable to owners of the parent company, which is total equity minus non-controlling interests, totaled ¥591.1 billion, and the equity ratio attributable to owners of the parent company was 43.1%.

2. Condensed Consolidated Financial Statements and Notes

(1) Condensed Consolidated Statements of Financial Position

Millions of yen

	As of end of interim period (September 30, 2019)	As of end of previous fiscal year (March 31, 2019)
Assets		
Current assets		
Cash and cash equivalents	135,752	153,725
Trade and other receivables	177,400	194,270
Other financial assets	11,478	16,526
Inventories	195,274	185,036
Income taxes receivable	7,460	8,095
Others	14,224	13,944
Sub total	541,590	571,599
Assets of disposal groups classified as held for sale	-	19,568
Total current assets	541,590	591,167
Non-current assets		
Property, plant and equipment	455,273	423,369
Intangible assets	66,585	66,132
Goodwill	91,920	91,373
Investments in associates and joint ventures	117,176	116,900
Long-term financial assets	60,533	64,812
Deferred tax assets	17,116	15,589
Others	21,677	24,523
Total non-current assets	830,283	802,701
Total assets	1,371,874	1,393,869

Millions of yen

	As of end of interim period (September 30, 2019)	As of end of previous fiscal year (March 31, 2019)
Liabilities		
Current liabilities		
Trade and other payables	154,944	183,276
Short-term borrowings	11,148	10,989
Current portion of long-term borrowings	13,007	13,089
Current portion of bonds	19,991	-
Other financial liabilities	7,378	5,935
Short-term employee benefits	36,053	37,273
Provisions	4,434	6,560
Income taxes payable	11,258	9,549
Others	10,544	11,510
Sub total	268,762	278,185
Liabilities of disposal groups classified as held for sale	-	13,571
Total current liabilities	268,762	291,756
Non-current liabilities		
Corporate bonds	149,521	169,479
Long-term borrowings	130,642	137,157
Other financial liabilities	73,341	25,412
Long-term employee benefits	65,758	64,406
Provisions	10,901	11,135
Deferred tax liabilities	3,136	7,392
Others	1,058	1,167
Total non-current liabilities	434,359	416,153
Total liabilities	703,122	707,909
Equity		
Common stock	79,863	79,863
Capital surplus	(72)	3,266
Treasury stock	(2,242)	(2,361)
Retained earnings	595,423	595,311
Other components of equity	(81,834)	(65,521)
Disposal groups classified as held for sale	-	(16)
Equity attributable to owners of the parent company	591,136	610,543
Non-controlling interests	77,615	75,417
Total equity	668,751	685,960
Total liabilities and equity	1,371,874	1,393,869

(2) Condensed Consolidated Statements of Income

	Interim period (April 1, 2019 to September 30, 2019)	Interim period (April 1, 2018 to September 30, 2018)
		Millions of yen
Continuing operations		
Sales	538,717	546,493
Cost of sales	(343,055)	(354,888)
Gross profit	195,662	191,604
Share of profit of associates and joint ventures	(1,808)	2,677
Selling expenses	(83,038)	(86,234)
Research and development expenses	(13,882)	(14,224)
General and administrative expenses	(48,872)	(49,250)
Business profit	48,060	44,572
Other operating income	2,762	3,231
Other operating expenses	(29,665)	(4,137)
Operating profit	21,157	43,666
Financial income	3,629	3,511
Financial expenses	(3,399)	(3,171)
Profit before income taxes	21,386	44,006
Income taxes	(8,588)	(13,753)
Profit from continuing operations	12,798	30,253
Profit from discontinued operations	(450)	758
Profit	12,347	31,011
Attributable to:		
Owners of the parent company	7,088	26,083
Non-controlling interests	5,259	4,928
Profit from continuing operations attributable to owners of the parent company	7,538	25,348
Profit from discontinued operations attributable to owners of the parent company	(450)	734
Profit attributable to owners of the parent company	7,088	26,083

Earnings per share from continuing operations (yen):		
Basic	13.75	45.35
Diluted	-	-
Earnings per share from discontinued operations (yen):		
Basic	(0.82)	1.31
Diluted	-	-
Earnings per share (yen):		
Basic	12.93	46.67
Diluted	-	-

(3) Notes to Condensed Consolidated Financial Statements

Going Concern Assumption
Not applicable

Significant Accounting Policies
With the exception of the items explained below, the significant accounting policies used to prepare these quarterly condensed consolidated financial statements are unchanged from the policies applied to the consolidated financial statements in the previous fiscal year.

Income taxes for the interim period are calculated based on an estimation of the effective tax rate for the fiscal year.

Impact of Applying New Accounting Policies
The Group has applied the following accounting standards from the first quarter of the fiscal year ending March 31, 2020.

IFRS		Overview of new standards or amendments
IFRIC 23	Uncertainty over Income Tax Treatments	Clarifies uncertainty over income tax treatments
IAS 19	Employee Benefits	Clarifies how to measure service costs and interest expenses in the case of plan amendment, curtailment or settlement.
IAS 23	Borrowing Costs	Clarifies how to calculate borrowing costs eligible for capitalization
IFRS 16	Leases	Revises accounting treatments and disclosure relating to leases

Note 1: IFRIC 23 Uncertainty over Income Tax Treatments
This interpretation provides guidance on requirements that add to the requirements of IAS 12 Income Taxes by specifying accounting treatments for uncertain tax positions such as items for which the tax treatment is unclear or items related to matters yet to be resolved with tax authorities. If it is deemed likely that the Group's tax treatments will not be accepted by tax authorities, when calculating taxable income, the Group uses the mode or expected value to recognize the effect of uncertainty as additional taxable income.

The adoption of this interpretation does not have a material impact on the quarterly condensed consolidated financial statements.

Note 2: IAS 19 Employment Benefits
IAS 19 clarified the use of actuarial assumptions at the time of remeasurement in the measurement of service costs and interest expenses at the closing date after the event in the case of plan amendment, curtailment or settlement. The revision of this standard will be applied to events that arise on or after the date of adoption (April 1, 2019) and does not have a material impact on the quarterly condensed consolidated financial statements.

Note 3: IAS 23 Borrowing Costs
IAS 23 clarified that when special borrowing for a qualifying asset remains unpaid at the point when the qualifying asset is ready for the intended use or sale, the balance of the special borrowing is included in general purpose borrowing. The revision of this standard will be applied to events that arise on or after the date of adoption (April 1, 2019) and does not have a material impact on the quarterly condensed consolidated financial statements.

Note 4: IFRS 16 Leases
The lessee recognizes the right to use the underlying assets (right-of-use assets) and the obligation to make lease payments (lease liabilities) on the lease commencement date. After initial recognition, expenses relating to depreciation arising from right-of-use assets and interest expenses for lease liabilities are recognized separately.

Right-of-use assets are recorded in property, plant and equipment on the quarterly condensed consolidated statements of financial position.

Leases as the Lessee

The Group has adopted IFRS 16 from the beginning of the fiscal year ending March 31, 2020. In adopting IFRS 16, the Group employed the method of recognizing the cumulative effect of applying the standard on the adoption commencement date, which is provided as a transition approach. When adopting IFRS 16, for lease contracts held at the end of the previous fiscal year that are not classified as finance leases under IAS 17, it is determined whether the leases are included in contracts in accordance with IFRS 16, and right-of-use assets and lease liabilities are recognized for all leases, with the exception of short-term leases for which the term of the lease is 12 months or less and leases for which the underlying asset is of low value.

The carrying amounts of right-of-use assets and lease liabilities on the adoption commencement date related to leases classified as finance leases under IAS 17 are calculated as the carrying amounts of the lease assets and lease liabilities based on IAS 17 on the immediately preceding date.

The Group measured lease liabilities on the adoption commencement date related to leases not classified as finance leases under IAS 17 as the amount of the total remaining lease payments as of the adoption commencement date discounted to the present value based on the interest rate for additional borrowings of the Group as of April 1, 2019, and the applicable weighted average of the interest rate for additional borrowings is 0.93%. In addition, right-of-use assets were initially measured at the measured amount of lease liabilities adjusted for prepaid lease payments. On the adoption commencement date, right-of-use assets increased ¥53,956 million and lease liabilities increased ¥51,571 million.

The difference between the ¥20,174 million (discounted to ¥19,405 million) in minimum total future lease payments based on non-cancelable operating leases disclosed with the application of IAS 17 as of the closing date for the previous fiscal year and lease liabilities of ¥57,877 million recognized at the beginning of the fiscal year ending March 31, 2020 is mainly due to the inclusion in lease liabilities of contract amounts related to land and buildings which were treated as rental contracts under the previous standards, as a result of the revision of lease terms.

The impact on the quarterly consolidated statements of income in this interim period of the fiscal year ending March 31, 2020 is immaterial.

The Group has also employed the following practical expedients when adopting IFRS 16.

・Leases for which the remaining term of the lease is 12 months or less on the adoption commencement date are not recognized as right-of-use assets and lease liabilities.
・Initial direct costs may be excluded from the measurement of right-of-use assets on the adoption commencement date.
・When a contract includes an option to extend or cancel, ex post judgement may be used when calculating the term of the lease.

Leases as the Lessor

There are no changes to the accounting treatment for leases in which the Group is the lessor when adopting IFRS 16 with the exception of sub-leases.

Segment Information

(1) Overview of reportable segments

The Group's reportable segments are categorized primarily by product lines, with the food business further separated into domestic and overseas. Therefore, the Company has four reportable segments: "Japan Food Products," "International Food Products," "Life Support," and "Healthcare."

Each reportable segment is a component of the Group for which separate financial information is available and evaluated regularly by the Management Committee in determining the allocation of management resources and in assessing performance.

In the first quarter of the fiscal year ended March 31, 2019, the logistics business was reclassified under discontinued operations. Segment information in this document shows values for continuing operations only, which now excludes the logistics business. On April 1, 2019, the Company lost control of F-LINE Corporation (the former Ajinomoto Logistics Corporation), and F-LINE Corporation became an equity-method affiliate of the Company. Share of profit of associates and joint ventures for F-LINE Corporation in this interim period of the fiscal year ending March 31, 2020 is included in Other.

(2) Information by reportable segment

The Group's sales and earnings by reportable segments are as follows:

Inter-segment sales and transfers are primarily based on transaction prices between third-parties.

Interim period ended September 30, 2019 (April 1, 2019 to September 30, 2019)

Millions of yen

	Reportable segment				Other *	Total	Adjust-ments	As included in condensed consolidated financial statements
	Japan Food Products	International Food Products	Life Support	Healthcare				
Sales								
Sales to third parties	180,122	231,477	47,417	66,157	13,542	538,717	-	538,717
Inter-segment sales and transfers	2,179	2,205	1,485	1,162	16,409	23,443	(23,443)	-
Total sales	182,302	233,683	48,902	67,320	29,952	562,161	(23,443)	538,717
Share of profit of associates and joint ventures	224	(3,294)	115	25	1,119	(1,808)	-	(1,808)
Segment profit or loss (Business profit or loss)	14,748	25,361	2,565	4,584	800	48,060	-	48,060
Other operating income								2,762
Other operating expense								(29,665)
Operating profit								21,157
Financial income								3,629
Financial expense								(3,399)
Profit before income taxes								21,386

* Other includes the tie-up, packaging, logistics, and other service-related businesses.

Interim period ended September 30, 2018 (April 1, 2018 to September 30, 2018)

Millions of yen

	Reportable segment				Other *	Total	Adjust-ments	As included in condensed consolidated financial statements
	Japan Food Products	International Food Products	Life Support	Healthcare				
Sales								
Sales to third parties	180,922	233,424	54,360	64,970	12,816	546,493	-	546,493
Inter-segment sales and transfers	2,043	2,451	1,511	1,342	15,471	22,821	(22,821)	-
Total sales	182,966	235,876	55,871	66,313	28,287	569,314	(22,821)	546,493
Share of profit of associates and joint ventures	259	477	27	(36)	1,948	2,677	-	2,677
Segment profit or loss (Business profit or loss)	12,426	22,580	4,910	3,842	812	44,572	-	44,572
					Other operating income			3,231
					Other operating expense			(4,137)
					Operating profit			43,666
					Financial income			3,511
					Financial expense			(3,171)
					Profit before income taxes			44,006

* Other includes the tie-up, packaging, and other service-related businesses.