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AJINOMOTO®

Ajinomoto Co., Inc.

FINANCIAL REPORT 2009

For the year ended March 31, 2009

FINANCIAL REPORT 2009

Ajinomoto Co., Inc. and Consolidated Subsidiaries
For the year ended March 31

CONTENTS

NAVIGATION

This PDF file contains clickable navigation links. The tabs at the top of the page lead to each section. Links on this contents page lead to each item. Separate links ( ) in the financial section will provide access to an attached Excel file from which data can be copied.

FORWARD-LOOKING STATEMENTS

This financial report contains forward-looking statements regarding the plans, outlook, strategies and results of the Ajinomoto Group ("Ajinomoto" or "the Group"). All forward-looking statements are based on judgments derived from the information available to the Group at the time of publication. Certain risks and uncertainties could cause the Group's actual results to differ materially from any projections presented in this report. These risks and uncertainties include, but are not limited to, the economic circumstances surrounding the Group's businesses; competitive pressures; related laws and regulations; product development programs; and changes in exchange rates.

Note: In this document, trademarks are indicated in italics. *AJI-NO-MOTO*® is the trademark of the Ajinomoto Group's umami seasoning products.

Overall performance down in a very severe business environment

The Ajinomoto Group faced extremely challenging conditions in both domestic and overseas markets in fiscal 2008. The global deterioration of the business environment led to a marked slowdown in consumer spending, while high raw material and fuel prices put pressure on margins for most of the period. Intense competition and the unfavorable impact of changes in foreign exchange rates also contributed to a decline in performance.

As a result, consolidated net sales decreased 2.2%, or ¥26.2 billion, year-on-year and operating income decreased by ¥32.5%, or ¥19.7 billion. We recorded a net loss for the year of ¥10.2 billion, compared to net income of ¥28.2 billion in the previous year.

This performance fell short of our forecasts for the year, and made it difficult for us to envisage reaching the revised targets for March 2011, the final year of *A-dvance 10*, our business plan for fiscal 2005 through 2010, that we announced on May 9, 2008.

Nonetheless, despite the generally adverse operating environment there were areas of very sound performance in the year under review, and stripping out the effects of exchange rates it is clear that we continued to enjoy strong customer support in nearly all our business arenas.

Domestic food sales up, overseas food sales down

In our domestic food products business, we increased sales by 3.4%, and also achieved a 7.9% increase in operating income. This was mainly due to the inclusion of Calpis Co., Ltd. ("Calpis") as a consolidated subsidiary for the full year, but was supported by higher sales of edible oils, coffee and certain other products.

Despite achieving this moderate increase in sales for the year, there are some underlying factors in the Japanese food sector that mean we have to adapt our business model. Previously, a company in our line of business would build its operations by investing in marketing to grow sales volumes of a given product until it began to generate profits. As the population profile of Japan continues to get older and fewer children are born, however, this supply-driven model is no longer an effective means of producing sustainable, stable income. Instead, we have to shift to a demand-stimulating business model in which we research and uncover customers' needs and supply high added value products. At the same time we have to drive costs out of frozen foods and other business lines with high expense ratios.

Another factor that has drawn attention recently in the Japanese market is the emergence of private brands. For various reasons private brands have not gained the foothold in Japan that they have in other markets, but the economic downturn has revived interest in this area, because a certain segment of the consumer population is making purchasing decisions based primarily on price, instead of the typical comprehensive consumer criteria in Japan relating to quality, convenience, reputation *and* price. For the segment of the market that is still motivated primarily by these factors, we will continue to develop high added value products. At price points and

CONTENTS
PRESIDENT'S MESSAGE
FINANCIAL SECTION
CORPORATE DATA

in product ranges that we do not currently cover, however, in some cases we believe there is benefit to be gained by working with major retailers to develop private brands. In addition to providing an additional revenue stream, these kinds of arrangements can help strengthen trust and collaboration with important customers.

In the overall context of the Japanese market, however, it would be a mistake to focus solely on price-sensitive consumers. Japan is highly dependent on imported food, and as we have seen in recent years costs can fluctuate dramatically and quality scares can suddenly reduce demand for entire product categories. The fundamental issue, therefore, is to be able to secure a stable, safe, sustainable supply of quality foodstuffs that meet core consumer needs, and we will continue to focus on this.

In our overseas food products business, sales decreased 4.3%, with operating income down by 22.9%. Sales volumes of umami seasoning *AJI-NO-MOTO*®, flavor seasonings and certain other products actually increased considerably in certain regions, but foreign exchange rates had a negative impact of more than ¥29.0 billion, and higher raw material prices also impacted margins. We were particularly active in addressing higher costs, taking measures that included more than 50 price increases around the world, and we expect these increases to contribute positively to results in the current year.

Retrospective from the outgoing president

On 26, June 2009 I take up my new role as Chairman, after four years as President & Chief Executive Officer. In looking back over my term as president, I can identify both challenges overcome and those yet to face.

Our overseas food products business has in general performed well, with steady growth. At the same time, we have not yet been able to overcome a loss-making structure in China, although it is pleasing that this year is looking better. In domestic food business, we have successfully introduced a new business model for mainstay products such as *HON-DASHI*®, and by adopting this model in other product lines are continuing our efforts to create sustainable profitability and growth in a challenging market. In our amino acids business we have put in place what I believe is clearly the world's most advanced production and distribution network for high-quality amino acids. Our challenge now is to maximize the return on this investment. In pharmaceuticals, the key issue is to determine how we can prosper in the long term as a distinctive pharmaceuticals business. In health foods, we need to develop compelling ingredients and products that can propel us to a new business scale. And in terms of group management, a critical task is to realize strong synergies from the acquisitions already undertaken.

There will always be new hurdles to clear, but in 100 years of business the people, products and philosophy of Ajinomoto have contributed to remarkable drive and resilience in the Group. I look forward now to working with Masatoshi Ito as he leads Ajinomoto into the next 100 years as one of the world's finest food and health companies.

Norio Yamaguchi
President & Chief Executive Officer from June 29, 2005 to June 26, 2009.

CONTENTS
PRESIDENT'S MESSAGE
FINANCIAL SECTION
CORPORATE DATA

PRESIDENT'S MESSAGE NORIO YAMAGUCHI WITH MASATOSHI ITO (CONT.)

A tough year in amino acids but differentiation strategy is sound

In the year under review we faced competitive and exchange rate pressures that significantly dented our results. Amino acids sales decreased 13.7%, and operating income decreased 50.5%. As described in the discussion of results later in this report, sales volumes of many amino acid products were actually firm or increased, but sales and operating income were substantially impacted by higher raw material and fuel prices, pressure on pricing from competitors, and unfavorable movements in exchange rates.

Our strategic approach to the amino acids business is quite different from that of most of our competitors. Instead of concentrating our production at a location in a single country, we have been developing a network of manufacturing plants, close to our customers, in the major markets around the world. This gives us the flexibility required to deal with changes in the market environment—including raw material costs, fluctuations in demand, and foreign exchange rates—while producing product of uniformly high quality. In the year under review our competitors benefited from exchange rate movements that conversely had a negative impact on our results, but over the long term we believe that our approach offers a superior model for sustainable growth and profitability. Another aspect to consider is environmental sustainability: many of our competitors are beginning to face additional cost pressures in this respect, and the technically advanced and environmentally friendly production methods that we have already adopted will further widen the advantage in cost competitiveness we have developed in certain local markets.

Steady performance in pharmaceuticals

Our pharmaceuticals business has been a stable source of earnings for Ajinomoto, and the year in review was no exception. Sales increased 2.0%, and although operating income decreased by 8.7% due to R&D investment and other costs, the strong sales growth trend of many of our core pharmaceutical products was gratifying. During the year we focused on increasing our sales capability, and were able to offset the negative impact of NHI price revisions. As a result, we achieved results close to target.

While generally pleased with the stable progress of our pharmaceuticals business, in industry terms we are still very much a small player, so the challenge for us is to differentiate our business and make maximum use of our proprietary technologies in niche areas.

Dealing with changing input costs

The world has changed considerably in the 12 months since our last report, with the record high commodity prices of 2008 replaced in some instances by record falls and sometimes startling volatility. We believe that over the long term the fundamental pressure on commodity prices, particularly food and fuel, will remain, and that in order to survive and prosper we will have to be constantly vigilant and innovative with regard to controlling costs, maintaining profitability, and being competitive in global markets.

In our amino acids business, the key to sustainable cost control is technical innovation and manufacturing efficiency. At the same time as working to achieve this, we have been strengthening our high-value-added business by selecting growth markets and providing products that meet the specific needs of customers in each segment of these markets. Our aim is to achieve an appropriate balance between maintaining cost competitiveness in bulk business and pursuing price-resilient value-added business.

The result of all these measures is to create a business model that we believe is sustainable over the long term, through positive and negative business cycles. We certainly do not intend to compromise on quality in any of our businesses arenas, as we firmly believe that our devotion to product quality has sustained our growth since the establishment of Ajinomoto.

Ensuring effective corporate governance

During the year under review we took number of steps to improve our corporate governance. As part of measures to increase the separation of business management and business execution, we are filling the vacant position of chairman of the board. We are also increasing the number of outside directors to two, enabling a more diverse management input from an outside

CONTENTS
PRESIDENT'S MESSAGE
FINANCIAL SECTION
CORPORATE DATA

perspective. At the board level Ajinomoto will operate with three members—the chairman and two outside directors—who are not involved in business execution. Although this does increase the number of non-executive officers, rather than creating a European or North American governance model in which business management and execution are completely separated, our aim is to develop a structure best suited to the characteristics of Ajinomoto and the business environments we operate in.

Increasing importance of cash management

In the current economic environment we expect funding procurement to be centered on indirect financing. At the same time, cash management across the Ajinomoto Group is becoming increasingly important. As outlined on page 9 of this report, we have adopted unified treasury management for a substantial proportion of group companies in order to raise the efficiency of asset and liability management and reduce external borrowing and its costs. Whereas in the first half of our current medium- to long-term management plan we invested actively in facilities, in the second half of the plan we intend to focus strongly on increasing the return on our investments. Accordingly, in the second half of *A-dvance 10* we will be closely controlling capital investment, and will manage cash by maintaining investment within the scope of depreciation.

Masatoshi Ito, incoming President & Chief Executive Officer

I am honored to be taking up the appointment of president of this great company. I have been with Ajinomoto since graduating in economics from Keio University in 1971, working mainly in frozen foods and other food products. I have been a board member since 1999 and president of the Food Products Company since 2006.

The board worked closely together in formulating our *A-dvance 10* medium- to long-term management plan, and we saw the 100th anniversary of Ajimonoto Co., Inc. as an opportunity to consider the kind of organization we should aim to be over an even longer time frame. Working with employee groups from all divisions, we developed a group vision of being a corporate group that contributes globally to food and health, using proprietary technology to continuously create value that is beneficial for our customers. Aims intrinsic to this vision include being the world's No. 1 seasonings-based food group, being the world's leading aminoscience group, and using science to contribute to great taste and better health in communities around the world.

I see my role as driving the achievement of these aims, and during my term there are three particular strategic points I intend to focus on:

1. *Shifting to added-value operations and products—pursuing decommoditization to achieve a good balance between cost competitive commodity-type business and added-value business*
2. *Stabilizing domestic earnings while achieving sustainable growth overseas*
3. *Strengthening group management*

There is a huge amount of scope for progress in each of these areas, and I am looking forward to working with the board, our group companies and employees and other stakeholders inside and outside Ajinomoto that share our aims.

Masatoshi Ito
President

PRESIDENT'S MESSAGE NORIO YAMAGUCHI WITH MASATOSHI ITO *(CONT.)*

Celebrating our 100th year: the Ajinomoto Group of the future

2009 is the 100th year of Ajinomoto, and an appropriate time to reflect on what it is that has made our company both successful and unique. There are perhaps three specific points to note:

1. *We have pursued a scientific approach to food, sustaining development of fundamental concepts over the long term*
2. *We have successfully commercialized the umami flavor and accumulated extensive associated technology and experience*
3. *We have developed the most advanced amino acid technology in the world.*

In looking ahead to the next 100 years, we believe that by further developing these unique characteristics we can contribute to markets and society around the world, and in doing so increase the value and significance of the Ajinomoto Group. Amid increasing concerns worldwide about health, the environment, and the safety, security and sustainability of food supply, we want to help resolve food-related issues that Ajinomoto is in a unique position to make significant contributions to, based on our strengths in amino acids.

Looking ahead

Having weathered a year of very tough business conditions, we find it hard to envisage a strong recovery in the global economy but are cautiously optimistic that the worst is now behind us. In the year to March 2010 we are forecasting a slight increase in sales and a return to net income, along with a continuation of a stable dividend. Our most pressing task is to put Ajinomoto back on a growth track by continuing to optimize our revenue structure and securing a sustainable expansion in earnings. We look forward to your support.

Norio Yamaguchi

Masatoshi Ito

SIX-YEAR SUMMARY OF SELECTED FINANCIAL DATA

Ajinomoto Co., Inc. and Consolidated Subsidiaries
For the year ended March 31

Millions of yen	2009	2008	2007	2006	2005	2004
FOR THE YEAR:						
Net sales	¥1,190,371	¥1,216,572	¥1,158,510	¥1,106,807	¥1,073,010	¥1,039,551
Cost of sales	833,123	856,974	828,050	795,007	760,554	743,251
Gross profit	357,247	359,597	330,459	311,799	312,455	296,299
Selling, general and administrative expenses	316,420	299,074	266,658	251,476	241,538	231,109
Operating income	40,827	60,523	63,800	60,322	70,916	65,190
Other income (expenses)	(37,570)	(8,673)	(8,079)	(3,153)	10,821	1,826
Income (loss) before income taxes and minority interests	3,256	51,849	55,721	57,169	81,737	67,017
Net income (loss)	(10,227)	28,229	30,229	34,912	44,817	36,276
Capital expenditures	58,293	62,780	76,386	79,162	58,082	50,916
Depreciation and amortization	55,192	55,189	45,138	40,341	39,854	39,925
AT YEAR-END:						
Shareholders' equity*1	¥585,234	¥628,325	¥563,446	¥528,762	¥467,297	¥428,077
Total assets	1,057,786	1,100,709	1,061,688	997,405	903,542	871,780
Long-term debt	119,365	84,996	108,088	110,382	90,533	101,595
PER SHARE (YEN):						
Net income (loss)	¥ (14.7)	¥ 41.9	¥ 46.7	¥ 53.6	¥ 68.8	¥ 55.6
Shareholders' equity	838.5	899.4	870.0	815.8	720.6	659.8
Cash dividends	16.0	16.0	15.0	14.0	13.0	12.0
VALUE INDICATORS:						
Liquidity ratios:						
Debt/equity ratio (%)*2	25.5	23.0	26.8	27.5	26.9	33.6
Interest coverage ratio (times)*3	9.0	13.3	13.3	19.1	24.3	22.6
Investment indicators:						
Price/earnings ratio (times)*4	—	24.1	29.0	23.4	19.0	22.3
Price/book value (times)*5	0.8	1.1	1.6	1.5	1.8	1.9
Return indicators:						
Return on assets (%)*6	(0.9)	2.6	2.9	3.7	5.0	4.2
Return on equity (%)*7	(1.7)	4.7	5.5	7.0	10.0	8.9
Number of employees	26,869	25,893	24,733	26,049	25,812	24,861

Notes: 1. Shareholders' equity for the year ended March 31, 2007, 2008 and 2009= Net assets - minority interests
2. Debt=Short-term borrowings and current portion of long-term debt + Long-term debt
3. Interest coverage ratio = (Operating income + Interest and dividend income)/Interest expense
4. PER = Year-end share price/Net income per share
5. PBR = Year-end share price/Shareholders' equity per share
6. ROA = Net income (or loss)/Average total assets
7. ROE = Net income (or loss)/Average total shareholders' equity

CONTENTS
PRESIDENT'S MESSAGE
FINANCIAL SECTION
CORPORATE DATA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Ajinomoto Co., Inc. and Consolidated Subsidiaries
For fiscal 2008, ended March 31, 2009

OVERVIEW OF FINANCIAL STRATEGY

The financial strategy of the Ajinomoto Group for the implementation of its medium- to long-term management plan, *A-dvance 10*, focuses on four key areas:

Capital Investment

Ajinomoto has divided its *A-dvance 10* plan, which covers the period from fiscal 2005 to fiscal 2010, into two three-year phases. The first phase was a strategic growth phase, during which we undertook proactive forward investment aimed at developing our amino acids manufacturing network. For this first phase, investment in fiscal 2005 and fiscal 2006 was ¥79.2 billion and ¥76.4 billion respectively, and investment in fiscal 2007 was ¥62.8 billion. For the second phase of *A-dvance 10*, excluding the amount carried over from the first phase, we planned for investments of around ¥70 billion per year, for a total investment of ¥215 billion. However, reflecting the severe change in the economic environment, we have revised our investment approach to target a level that is within the scope of depreciation in each year. Investment in fiscal 2008 was ¥58.3 billion, with priority placed on investments for efficiency. An example of this was our expenditure on a biomass fuel boiler installation in Thailand. Estimated investment in fiscal 2009 is ¥59.7 billion, a figure which again is close to the forecast depreciation for the year.

Return on Investment

We are actively investigating a range of M&A opportunities as required to achieve sustainable growth, with an allocation of around ¥100 billion over the six years of *A-dvance 10*. Examples of acquisitions already undertaken include the Amoy Food Group Companies, GABAN Co., Ltd., YAMAKI Co., Ltd. and Calpis Co., Ltd. We are restricting our focus to sectors that have strong synergies with our existing businesses or the technologies of our core businesses. We have a number of investment criteria that we apply to M&A and capital investments. Investment decisions are made after due consideration of factors such as IRR to date, net present value, investment return period, the ratio of operating income to fixed assets, and the number of years required to repay the additional funding. Investments must in principle meet these criteria, and all proposals for internal investment or lending are subject to thorough deliberations by the Investment, Loan and Examination Committee before decisions are made by the Management Committee. In addition, any business operations that continue to make losses at the operating profit level in three consecutive years will in principle be reviewed. The final decision to withdraw is taken after the business has been assessed. This standard is applied throughout the Ajinomoto Group.

Liquidity

Ajinomoto has been working to generate cash for investment in operating assets, which generate higher returns, by seeking to maximize sales in our business operations and also through means such as liquidating securities and underutilized land. In addition, we are working to maximize free cash flows by reducing inventories. We aim to maintain cash and cash equivalents at 5%–6% of consolidated net sales. Assets will be continually reviewed, and any that are not essential to business operations will be liquidated. Improved liquidity management will continue to support financial performance. Ajinomoto has unified treasury management for a substantial proportion of group companies in order to raise the efficiency of asset and liability management and reduce external borrowing and its costs. As a result, the Ajinomoto Group companies in Japan obtain approximately 96% of their funding requirements through group pooling. In Thailand, China, North America, Brazil and Europe, funding is secured in each region to minimize costs. Funding for capital investment and M&A is sourced through long-term borrowing and, in light of rising interest rates, overall funding is based on achieving a balance of 70% long-term borrowing and 30% short-term borrowing, monitoring this ratio with a view to ensuring an appropriate balance between current and fixed assets. The long-term debt will be spread out over multiple repayment dates, so as to avoid exposure to market risks and excessive risk from rising interest rates.

MANAGEMENT'S DISCUSSION AND ANALYSIS *(CONT.)*

Ajinomoto Co., Inc. and Consolidated Subsidiaries
For fiscal 2008, ended March 31, 2009

Credit Rating

Ajinomoto Co., Inc. ("the Company") will continue to emphasize maintaining its solid credit ratings as one means of controlling the cost of funding global growth by ensuring favorable access to external sources of capital. In the second phase of *A-dvance 10* we intend to maintain the D/E ratio at approximately 30% on a consolidated basis, although changes in foreign exchange rates mean the actual ratio may fluctuate in line with changes in the recorded value of overseas assets and liabilities.

Credit Rating Agencies	Ratings for the Company's Long-Term Debt
Standard & Poor's	AA-
Moody's Investors Service	Aa3
Rating and Investment Information, Inc. (Japanese agency)	AA

Note: Ratings current as of June 30, 2009, and apply to the parent company.

FOREIGN CURRENCY TRANSLATION

Foreign currency-denominated assets and liabilities have been translated into yen at the rates of exchange in effect at the fiscal year end date, with translation differences treated as profits or losses. Furthermore, assets, liabilities of foreign subsidiaries have been translated into yen at the rates of exchange in effect at the consolidated fiscal year end date and income and expenses at the average exchange rates for the period, with translation differences included in the foreign exchange translation adjustment and minority interests accounts of net assets.

Following the recording of a significant currency transaction loss at our consolidated subsidiaries in Brazil, in January 2009 we adopted a new risk management policy, the *Ajinomoto Group-wide Foreign Exchange Risk Management Policy*. This policy includes monthly monitoring and reconciliation of currency positions throughout the Group, with oversight at the board level.

OPERATING ENVIRONMENT

In the period under review, the Japanese economy began to weaken in the first half of the fiscal year, and from autumn 2008 the financial crisis originating in the United States caused economies throughout the world to enter extremely severe downturns. As concerns spread of a global recession, corporate profits decreased rapidly and consumer spending in Japan deteriorated, influenced by factors such as increasing uncertainty about employment.

In the Japanese food industry, the business environment became extremely severe as a result of substantial rises in prices of raw materials and fuels, a cooling of consumer confidence due to the economic recession, and other factors.

Within this environment, Ajinomoto focused its efforts on pursuing reforms on all levels throughout the entire Group, and extensively reducing costs and strengthening the business structure, aiming to be successful in the increasingly severe operating environment and to overcome competitive pressures. However, consolidated net sales for the fiscal year ended March 31, 2009 decreased 2.2% (¥26.2 billion) year on year to ¥1,190.3 billion; operating income decreased 32.5% (¥19.6 billion) to ¥40.8 billion; and ordinary income decreased 53.5% (¥29.8 billion) to ¥25.9 billion. Ajinomoto recorded a consolidated net loss of ¥10.2 billion for the period, as a result of posting impairment losses and other extraordinary losses of ¥27.3 billion.

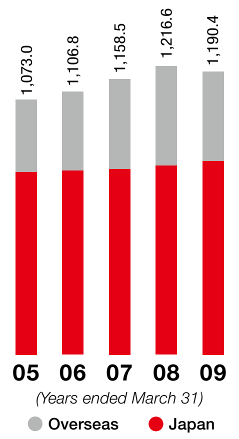
MANAGEMENT'S DISCUSSION AND ANALYSIS *(CONT.)*

Ajinomoto Co., Inc. and Consolidated Subsidiaries
For fiscal 2008, ended March 31, 2009

CONTENTS
PRESIDENT'S MESSAGE
FINANCIAL SECTION
CORPORATE DATA

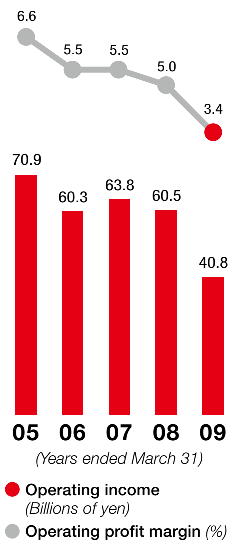
Domestic and Overseas Sales

(Billions of yen)



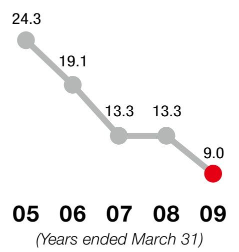
Note: Excludes interarea sales and transfers

Domestic and Overseas Sales



Interest Coverage Ratio

(Times)



ANALYSIS OF STATEMENTS OF OPERATIONS

Note: All comparisons are with the previous fiscal year, ended March 31, 2008, unless stated otherwise.

Net Sales

Net sales decreased 2.2%, or ¥26.2 billion, year on year to ¥1,190.3 billion. By region, sales in Japan rose 1.3% to ¥843.3 billion, while sales overseas fell 9.7% to ¥346.9 billion, caused by the negative impact of foreign exchange rates mainly on overseas seasonings due to the appreciation of the yen. Overseas, sales in "Asia" decreased 5.1% to ¥151.0 billion, sales in "America" decreased 3.1% to ¥106.5 billion, and sales in "Europe" decreased 22.3% to ¥89.4 billion.

Cost of Sales and SG&A Expenses

In line with the decline in sales, the cost of sales decreased 2.8%, or ¥23.8 billion, to ¥833.1 billion. The ratio of the cost of sales to net sales fell 0.4 percentage points to 70.0%, due to Calpis contributing for the full year in the fiscal year under review following its shift from being an equity method affiliate to a consolidated subsidiary on October 1, 2007 on one hand, and raw material and fuel prices remaining at high levels in the fiscal year under review on the other.

Selling, general and administrative expenses rose 5.8%, or ¥17.3 billion, from the previous fiscal year to ¥316.4 billion. The main reason for this increase was Calpis shifting from being an equity method affiliate to a consolidated subsidiary, which offset initiatives to reduce marketing costs, such as advertising and sales promotions.

Costs, Expenses and Income as Percentages of Net Sales

Years ended March 31	2009		2008		2007	
	Percentage	Change	Percentage	Change	Percentage	Change
Cost of sales	70.0%	(0.4)	70.4%	(1.1)	71.5%	(0.3)
Gross profit	30.0	0.4	29.6	1.1	28.5	0.3
SG&A expenses	26.6	2.0	24.6	1.6	23.0	0.3
Operating income	3.4	(1.6)	5.0	(0.5)	5.5	(0.0)
Income before income taxes & minority interests	0.3	(4.0)	4.3	(0.5)	4.8	(0.4)
Net income	(0.9)	(3.2)	2.3	(0.3)	2.6	(0.6)

Note: Change represents change in percentage points from the previous year.

Operating Income

Operating income decreased 32.5%, or ¥19.6 billion, from the previous fiscal year to ¥40.8 billion. By region, operating income in "Japan" decreased 13.3% to ¥26.9 billion, while operating income from operations overseas decreased 10.4% to ¥26.4 billion, and operating income from corporate and eliminations was a loss of ¥12.5 billion. The main reasons for the domestic decrease in operating income were a significant decline in the amino acids business, mainly with respect to electronic materials and sweeteners, and a decline in the pharmaceuticals business, which offset a slight increase in the domestic food products business due mainly to contributions from beverages and seasonings for the retail market.

Overseas, the decrease in operating income was mainly attributable to feed-use amino acids and overseas seasonings. Operating income in "Asia" increased 19.8% to ¥16.0 billion; operating income in "America" decreased 8.4% to ¥8.6 billion; and operating income in "Europe" decreased 73.5% to ¥1.7 billion. In addition, the method of allocating operating expenses was changed from the fiscal year under review. Expenses associated with the administrative divisions and some research facilities of the Company, which had previously been included in "Japan" are now included in corporate and eliminations. As a result of this change, operating income increased ¥12.7 billion in "Japan" and decreased by the same amount in corporate and eliminations.

MANAGEMENT'S DISCUSSION AND ANALYSIS *(CONT.)*

Ajinomoto Co., Inc. and Consolidated Subsidiaries
For fiscal 2008, ended March 31, 2009

Other Income (Expenses)

Other income, net totaled minus ¥37.6 billion, compared to other income, net of minus ¥8.7 billion for the previous fiscal year. Key contributing items included exchange losses of ¥12.4 billion, which was the result of foreign exchange losses associated with non-deliverable forward (NDF) transactions and with the balance of foreign currency borrowings at consolidated subsidiaries in Brazil. Impairment losses of ¥18.8 billion were recorded, mainly with respect to goodwill and plant facilities, compared to impairment losses of ¥0.1 billion in the previous year. Gain on sales of fixed assets was ¥0.8 billion, ¥3.7 billion less than in the previous year. Gain on sale of affiliates' stock was ¥0.4 billion, a decrease of ¥2.9 billion. No loss was recorded on liquidation of affiliates, compared to the loss of ¥4.1 billion in the previous year.

Net Loss

Net loss for the period under review was ¥10.2 billion, compared to net income of ¥28.2 billion in the previous fiscal year. Net loss per share for the year was ¥14.65, compared to net income per share of ¥41.94 the year before.

Impact from Calpis becoming a wholly owned subsidiary

Making Calpis a wholly owned subsidiary on October 1, 2007 had a positive impact of ¥11.3 billion on net sales, a positive impact of ¥2.3 billion on operating income and a positive impact of ¥1.4 billion on ordinary income. These amounts represent the difference from the estimated amounts for net sales, operating income and ordinary income if Calpis had remained as an equity method affiliate in the period from April 1 to September 30, 2008.

Dividends

The Company adopts the basic principle of making stable and sustainable dividend payments from a medium- to long-term perspective, taking into account the consolidated results of each period. For the fiscal year under review (ended March 31, 2009), even though the Group posted a net loss of ¥10.2 billion, the Company paid a dividend of ¥16 per share (with an interim dividend of ¥8 per share), the same level as the previous fiscal year. For the next fiscal year (ending March 31, 2010), it plans to maintain the dividend at the same level as the fiscal year under review at ¥16 per share, with an interim dividend payment of ¥8 per share, taking into account the principle of shareholder returns by stable dividends.

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

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

SEGMENT INFORMATION

Note: All comparisons are with the previous fiscal year, ended March 31, 2008, unless stated otherwise.

Domestic Food Products

Domestic food product sales increased 3.4%, or ¥21.2 billion, to ¥653.9 billion. Operating income increased 7.9%, or ¥1.2 billion, to ¥16.9 billion. The slight increase in sales was due to Calpis becoming a wholly owned subsidiary on October 1, 2007, as well as contributions by edible oils, coffee, and others. Operating income was maintained at the same level as the previous fiscal year as a result of Calpis becoming a wholly owned subsidiary, which offset the impact of the higher cost of raw materials.

MANAGEMENT'S DISCUSSION AND ANALYSIS *(CONT.)*

Ajinomoto Co., Inc. and Consolidated Subsidiaries
For fiscal 2008, ended March 31, 2009

Seasonings and Processed Foods: In seasonings and processed foods for the retail market, sales of *HON-DASHI®* grew steadily from the previous year, reflecting a recovery in sales volumes from the decrease due the impact of pricing policy changes accompanying the renewal of the product line carried out in the previous year. Sales of Chinese dashi products trended steadily, while sales of consommé were maintained at the same level as the previous year. Sales of umami seasoning *AJI-NO-MOTO®* grew favorably, partly due to the "Ajinomoto Renaissance" campaign to enhance understanding of *AJI-NO-MOTO®* and umami substances. Sales of soups decreased slightly from the previous year, but sales of mayonnaise and mayonnaise-type dressings increased favorably, with a contribution from *Pure Select® Low-Calorie Kokuuma Calorie 55% Cut*. Sales of the *Cook Do®* line were at the same level as the previous year, while sales of Kellogg's products decreased slightly.

Sales of products for the commercial market declined slightly from the previous year, partly influenced by lower consumer spending at restaurants amid the economic recession. Sales of *ACTIVA®*, an enzyme (transglutaminase) used to enhance food texture and quality, to food processing companies were maintained at the same level as the previous year, and sales of savory seasoning products decreased slightly.

Sweeteners and Nutritional Foods: Sales of low-calorie sweeteners for home and restaurant use were maintained at the same level as the previous year. For amino acid supplement *amino VITAL®*, sales of granulated products and the jelly drink type were maintained at the same level as the previous year, driven by active initiatives to increase customers and other factors.

Delicatessen and Bakery Products: Sales of lunchboxes and prepared dish delicatessen products grew steadily, while sales of bakery products were maintained at the same level as the previous year.

Frozen Foods: Sales of products for the retail market declined slightly from the previous year, with such core products as *Gyoza*, *Ebi Shumai*, *Ebi Pilaf* and *fried rice with various ingredients* adversely impacted by the continuing series of incidents that have raised public concerns over food safety. Sales of products for restaurant and institutional use increased slightly, reflecting increased sales to major customers, which offset the impact of a decline in consumer spending at restaurants.

Edible Oils: Sales increased substantially compared to the previous year.

Beverages: Revenue from beverage sales increased, due to Calpis becoming a wholly owned subsidiary on October 1, 2007.

Coffee, Dairy Products: Revenue from coffee sales increased, with substantial growth in sales of stick-type mixed coffee and chilled liquid coffee. Revenue from sales of chilled dairy products decreased, as a result of ceasing to be the exclusive distributor for products of DANONE JAPAN CO., LTD. at the end of January 2009.

Market Share in Main Product Areas (Household Market in Japan) *(Ajinomoto estimate)*

Product Area	Brand	FY2008	
		Market size (Billions of yen)	Ajinomoto Share (Position)
Umami seasonings	*AJI-NO-MOTO®, Hi-Me®*	80.0	86% (1)
Japanese flavor seasonings	*HON-DASHI®*	45.6	50% (1)
Consommé	*Ajinomoto KK Consommé*	13.0	66% (1)
Soup	*Knorr®*	92.5	37% (1)
Mayonnaise and mayonnaise-type dressings	*Pure Select®*	50.3	26% (2)
Seasonings for Chinese dishes	*Cook Do®*	45.2	34% (1)

Note: Market size is based on consumer purchase prices.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

Ajinomoto Co., Inc. and Consolidated Subsidiaries
For fiscal 2008, ended March 31, 2009

Overseas Food Products

Overseas food product sales decreased 4.3%, or ¥6.7 billion, to ¥148.7 billion. Operating income decreased 22.9%, or ¥3.4 billion, to ¥11.5 billion.

Seasonings: In Asia, sales declined slightly, due to the unfavorable impact of foreign exchange rates, despite substantial increases in sales of *AJI-NO-MOTO*® and flavor seasonings for home use, which were partly due to a contribution from price increases. In America (North and South America), sales decreased, reflecting the negative impact from foreign exchange rates, despite strong growth in sales of flavor seasonings for home use in South America. In Europe and Africa, sales of *AJI-NO-MOTO*® for home use decreased significantly within West African countries, partly reflecting shortages in raw materials as a result of problems at harbors.

Processed Foods: In Asia, sales decreased from the previous year as a result of the negative impact of foreign exchange rates, despite strong sales of *Birdy*® canned coffee.

Amino Acids

Amino acids sales decreased 13.7%, or ¥39.1 billion, to ¥246.9 billion. Operating income decreased 50.5%, or ¥9.6 billion, to ¥9.4 billion. The decline in sales was partly attributable to the negative impact of foreign exchange rates, intensified competition and the business reorganization, despite favorable growth in sales of umami seasonings for processed food manufacturers. The substantial decrease in operating income was partly due to higher prices of raw materials and fuels, the unfavorable impact of foreign exchange rates and intensified competition, which offset contributions from amino acids for pharmaceuticals and foods and umami seasonings for processed food manufacturers.

Umami Seasonings for Processed Food Manufacturers: Sales of *AJI-NO-MOTO*® grew favorably, supported by growth in sales volumes and the implementation of price increases, while sales of nucleotides also increased strongly, driven mainly by sales to major overseas customers.

Feed-Use Amino Acids: Sales of Lysine and Tryptophan decreased substantially, while sales of Threonine also decreased, reflecting a decrease in sales volumes as well as the unfavorable impact of foreign exchange rates.

Market Size of Feed-Use Amino Acids and Ajinomoto's Shares *(Ajinomoto estimate) (Thousands of metric tons)*

	FY2008	FY2007	FY2006	FY2005	FY2004
Lysine	1,200	1,100	960	900	830
Ajinomoto's share	25% (approx.)	30% (approx.)	30% (approx.)	30% (approx.)	30% (approx.)
Threonine	160	125	105	85	65
Ajinomoto's share	45% (approx.)	60% (approx.)	60% (approx.)	60–70%	70%
Tryptophan	3.1	2.5	2.2	1.8	1.5
Ajinomoto's share	70% (approx.)	85% (approx.)	80% (approx.)	70–80%	70–80%

Amino Acids for Pharmaceuticals and Foods: Sales were maintained at the same level as the previous year in Japan, but fell in Europe and North America, as a result of the negative impact of foreign exchange rates. Overall sales decreased slightly from the previous year.

Sweeteners: Sales volumes of aspartame, a sweetener, to the processing industry trended steadily, but sales decreased slightly from the previous year, due to the unfavorable impact of foreign exchange rates. The sales volume of powdered juice *Refresco MID*®, which contains aspartame, in South America increased slightly over the previous year, but sales decreased as a result of the unfavorable impact of foreign exchange rates.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

Ajinomoto Co., Inc. and Consolidated Subsidiaries
For fiscal 2008, ended March 31, 2009

CONTENTS
PRESIDENT'S MESSAGE
FINANCIAL SECTION
CORPORATE DATA

Pharmaceutical Fine Chemicals: Sales decreased substantially from the previous year, with sales in Europe experiencing difficulties.

Specialty Chemicals: Sales of cosmetic ingredients were at the same level as the previous year with a slight increase in Japan offset by a slight decrease overseas. Sales of amino acid-based cosmetics *Jino* declined slightly, while sales of insulation film for build-up printed wiring board decreased substantially.

Pharmaceuticals

Pharmaceutical sales increased 2.0%, or ¥1.6 billion, to ¥85.7 billion. Operating income decreased 8.7%, or ¥1.2 billion, to ¥13.6 billion. The overall increase in revenue was driven by substantial growth in sales of products sold though business tie-ups, which offset a slight decline in self-distributed sales resulting partly from the impact of the NHI price revisions. The decline in operating income was attributable to factors such as higher R&D costs.

For self-distributed products, sales of *LIVACT®*, a branched-chain amino acids formula for the treatment of liver cirrhosis, and *ELENTAL®*, an elemental diet, were maintained at the same levels as the previous year, but sales of infusions such as *SOLITA®-T*, an electrolyte solution, decreased from the previous year. For products sold though business tie-ups, sales of *ATELEC®*, an antihypertensive calcium channel blocker, increased substantially, while sales of natiglinide products such as non-insulin-dependent diabetes treatment *FASTIC®* trended strongly, and sales of *ACTONEL®*, a preparation used in the treatment of osteoporosis, grew favorably.

Ajinomoto's Main Pharmaceuticals Sales by Product *(Ajinomoto estimate/NHI reimbursement price basis*) (Billions of yen)*

Field	Main Products	Launch Date	Indication or formulation	Sales		
				FY2008	FY2007	FY2006
Infusions, clinical nutrition and dialysis/ Gastrointestinal diseases	*LIVACT®*	May 1996	Amino acid formula for treatment of liver cirrhosis	15.8	15.5	15.0
	ELENTAL®	Sept. 1981	Elemental diet	7.7	7.6	7.5
	SOLITA®-T	Feb. 1962	Electrolyte solution	6.4	7.7	8.5
	PNTWIN®	Dec. 1993	Glucose, electrolyte and amino acid infusion for total parenteral nutrition	3.1	3.8	4.3
	NIFLEC®	June 1992	Oral cleaning solution for the intestine	2.5	2.5	2.5
	Heparin	Apr. 1972	Anticoagulant	2.5	3.6	3.6
	LOWHEPA®	Nov. 1996	Anticoagulant	2.1	1.6	1.1
	HYSORB®	Dec. 1998	Hemodialysis powders for use in artificial kidneys	1.8	2.1	2.0
	TWINPAL®	Sept. 2004	Peripheral infusion with glucose, electrolyte and amino acids	1.8	2.0	2.8
	ELEMENMIC®	Apr. 1992	Trace mineral mixture for total parenteral nutrition	1.5	1.6	1.8
Lifestyle-related diseases	*ATELEC®*	Dec. 1995	Long-acting calcium channel blocker	16.4	13.9	11.5
	ACTONEL®	May 2002	Osteoporosis treatment	11.5	10.2	9.3
	FASTIC®	Aug. 1999	Diabetes mellitus. Fast-acting insulin secretagogue	5.7	5.8	5.9

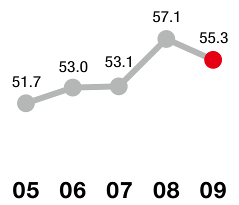
**Effect of NHI (National Health Insurance) price revision implemented: April 2006 approx.-7%, April 2008 approx.-6%*

MANAGEMENT'S DISCUSSION AND ANALYSIS *(CONT.)*

Ajinomoto Co., Inc. and Consolidated Subsidiaries
For fiscal 2008, ended March 31, 2009

Shareholders' Equity Ratio

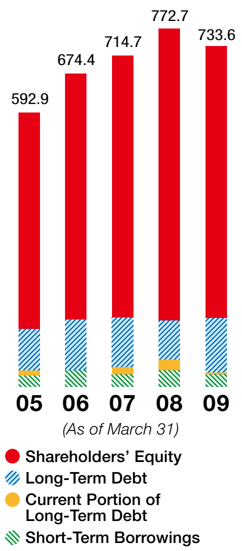
(%)



(As of March 31)

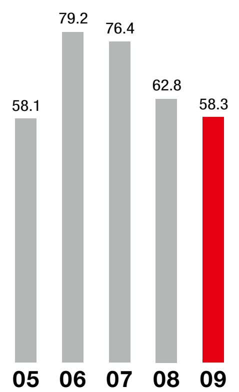
Total Capital

(Billions of yen)



Capital Expenditure

(Billions of yen)



(Years ended March 31)

Other

Sales from other business decreased 5.5%, or ¥3.1 billion, to ¥55.0 billion. Operating income decreased 14.1%, or ¥0.3 billion, to ¥2.4 billion.

Net Sales by Business and Region *(Millions of yen)*

Years ended March 31		Japan	Asia	America	Europe	Total
Domestic Food Products	2009	639.7 (20.6)	6.5 (-0.1)	5.9 (0.8)	1.8 (-0.0)	653.9 (21.2)
	2008	619.1	6.6	5.2	1.8	632.7
Overseas Food Products	2009	0.1 (-0.0)	115.6 (-3.9)	23.8 (-1.2)	9.2 (-1.6)	148.8 (-6.7)
	2008	0.1	119.5	25.0	10.8	155.5
Amino Acids	2009	68.7 (-8.4)	23.0 (-3.7)	76.8 (-2.9)	78.4 (-24.1)	246.9 (-39.1)
	2008	77.1	26.8	79.7	102.5	286.0
Pharmaceuticals	2009	85.8 (1.7)	—	—	—	85.8 (1.7)
	2008	84.1	—	—	—	84.1
Other	2009	49.2 (-2.8)	5.9 (-0.4)	—	—	55.0 (-3.2)
	2008	52.0	6.3	—	—	58.2
Total	2009	843.4 (11.1)	151.1 (-8.2)	106.5 (-3.4)	89.4 (-25.7)	1,190.4 (-26.2)
	2008	832.3	159.2	109.9	115.1	1,216.6

Note: Unaudited figures; for reference only.

LIQUIDITY AND FINANCIAL CONDITION

Total assets as of March 31, 2009 were ¥1,057.7 billion, ¥42.9 billion less than the ¥1,100.7 billion recorded one year earlier. This decrease was primarily due to a decrease in the value recorded from the assets of overseas subsidiaries due to the strengthening of the yen.

Total interest-bearing debt was ¥149.4 billion, ¥5.0 billion higher than March 31, 2008.

Net assets decreased ¥49.0 billion compared to March 31, 2008, due to a decline in retained earnings resulting from the net loss recorded in the period under review and payment of dividends, and a decline in translation adjustments resulting from the appreciation of the yen. Shareholders' equity, which is net assets minus minority interests, was ¥585.2 billion, and the shareholders' equity ratio was 55.3%.

Balance Sheet (Excerpts)

As of March 31	Millions of yen (Percentage of respective total)				Thousands of U.S. dollars
	2009		2008		2009
Total assets	1,057,786	(100.0%)	1,100,709	(100.0%)	10,793,735
Notes and accounts receivable	183,977	(17.4)	184,977	(16.8)	1,877,316
Cash and cash equivalents	67,790	(6.4)	83,164	(7.6)	691,735
Inventories	147,340	(13.9)	135,557	(12.3)	1,503,469
Investments and long-term advances	96,533	(9.1)	107,983	(9.8)	985,031
Property, plant and equipment	432,966	(40.9)	436,686	(39.7)	4,418,020
Total liabilities	439,131	(41.5)	432,991	(39.3)	4,480,928
Notes and accounts payable	95,536	(9.0)	104,064	(9.5)	974,857
Short-term borrowings	26,706	(2.5)	36,036	(3.3)	272,510
Current portion of long-term debt	3,056	(0.3)	23,296	(2.1)	31,184
Accrued income taxes	8,328	(0.8)	6,997	(0.6)	84,980
Long-term debt	118,594	(11.2	84,996	(7.7)	1,210,143
Shareholders' equity	585,234	(55.3)	628,325	(57.0)	5,971,776

Notes: Shareholders' equity = Net assets - minority interests

MANAGEMENT'S DISCUSSION AND ANALYSIS *(CONT.)*

Ajinomoto Co., Inc. and Consolidated Subsidiaries
For fiscal 2008, ended March 31, 2009

CONTENTS
PRESIDENT'S MESSAGE
FINANCIAL SECTION
CORPORATE DATA

Cash Flow

Net cash provided by operating activities increased ¥0.2 billion over the previous year to ¥51.6 billion. This remained at broadly the same level as the previous year as a result of lower income taxes paid, which offset lower operating income.

Net cash used in investing activities increased ¥34.1 billion over the previous year to ¥62.4 billion. This increase is mainly due to including Calpis within the scope of consolidation in line with Calpis becoming a wholly owned subsidiary of Ajinomoto Co., Inc.

Net cash used in financing activities decreased ¥15.4 billion from the previous year to ¥2.1 billion. The main factors for this decrease were issuance and redemption of corporate bonds.

As a result of the foregoing, cash and cash equivalents at March 31, 2009 was ¥67.7 billion, a decrease of ¥15.3 billion compared to March 31, 2008.

Cash Flow Highlights

(Millions of yen)

Years ended March 31	2009	2008	2007
Net cash provided by operating activities	51,699	51,436	75,764
Net cash used in investing activities	(62,487)	(28,292)	(67,911)
Net cash provided by (used in) financing activities	(2,119)	(17,592)	(5,504)
Cash and cash equivalents at end of year	67,790	83,164	81,486

Outlook for the Fiscal Year Ending March 31, 2010

With economies across the world experiencing downturns, and increasing uncertainty about the future, the Japanese economy is also expected to remain in a severe recession.

Given such conditions, in domestic food products Ajinomoto aims to boost sales of core products and further improve profitability through reducing production costs. In overseas food products Ajinomoto will focus on expanding sales of seasonings and developing its processed foods operations. In amino acids Ajinomoto intends to pursue structural reform in order to improve profitability, communicate the value of amino acids to society and step up initiatives to ensure that they take root. In pharmaceuticals Ajinomoto will seek to boost sales of core products and reinforce its research and development pipeline in the Group's priority regions, while working to maximize efficiencies in production and distribution and further reduce costs.

As a result of the above, Ajinomoto forecasts consolidated sales for the fiscal year ending March 31, 2010 to increase 0.4% to ¥1,195.0 billion, and operating income to increase 2.9% to ¥42.0 billion. Ordinary income is forecast to increase 38.9% to ¥36.0 billion, and net income is forecast to be ¥10.0 billion.

Interim consolidated earnings forecasts have been omitted, as the Company conducts budgeting on a full-year basis, and management of progress in and evaluation of business results is conducted only for full-year periods.

These forecasts are based on an assumed exchange rate of ¥92.5 to the U.S. dollar.

Ajinomoto's Pharmaceutical Product Pipeline

(March 31, 2009)

Field	Name	Development Status	Indication	Notes
Gastrointestinal diseases *1	AJM300	Phase III	Crohn's disease	
	AJG501	Phase III	Ulcerative colitis	In-license (Dr. Falk Pharma)
Lifestyle-related diseases *2	Nateglinide [1]	Phase III [1] (Overseas)	Diabetes	Additional indication/Impaired glucose tolerance
Other	AC-7700 (AVE8062) [2]	Phase III [2] (Overseas)	Solid tumor	

**1 Ajinomoto's research and development in the field of gastrointestinal diseases is centered on liver diseases and inflammatory bowel disease (IBD).*
**2 Ajinomoto's research and development in the field of lifestyle-related diseases is centered on diabetes.*
1 Clinical studies are being conducted by Novartis Pharma AG (exclusive licensee outside Japan and Korea for the rights to develop, manufacture and sell the drug).
2 Clinical studies are being conducted by Sanofi-Aventis SA (worldwide exclusive licensee for the rights to develop, manufacture and sell the drug).

OPERATIONAL RISK

Operational risks faced by Ajinomoto that could affect its performance and financial position, including the share price of Ajinomoto Co., Inc., are outlined as follows. Future risks outlined in this document are as judged by the Group as of March 31, 2009.

Exchange Rate Risk

The Group is further establishing and strengthening its global manufacturing and supply structure. The Group operates in 23 countries and regions including Japan, with manufacturing plants at 102 sites in 14 of these countries and regions. The relative importance of overseas operations is therefore very high. In the previous fiscal year and the fiscal year under review, sales to outside parties in countries other than Japan (i.e. Asia, America and Europe) were ¥384.2 billion and ¥346.9 billion respectively, comprising 31.6% and 29.1% of consolidated sales. Operating income derived from these regions in the same periods was ¥29.4 billion and ¥26.4 billion, comprising 48.7% and 64.7% of consolidated operating income. Ajinomoto hedges these associated exchange risks with forward exchange contracts and other mechanisms, but there remains the potential for exchange rate fluctuations impacting on business results.

Changes in Market Conditions

In the amino acids business Ajinomoto handles feed-use amino acids. The unit price for products in this market tends to be affected by changes in the grain market and by demand trends for feed-use amino acids. Ajinomoto seeks to reduce and diversify such risks by handling a variety of amino acids (Lysine, Threonine and Tryptophan), while also working to stabilize and improve profitability by reducing costs related to fermentation technologies. However, the possibility remains of Group financial performance being affected by fluctuations in the grain market and demand trends.

Natural Disasters, Social Disruption, Political Changes

Building on business foundations in Japan, Ajinomoto is actively pursuing development in overseas markets. Some of the risks accompanying this development are as follows, and each of the foreseeable risks outlined could impact on Group performance if they occur.

- Unforeseen implementation of or changes to regulations, such as unfavorable taxation
- Unforeseen and unfavorable economic or political situations
- Social disruption brought about by events such as terrorism, war or epidemics
- Natural disasters such as earthquakes

Laws and Regulations

Within Japan Ajinomoto endeavors to comply with all laws and regulations relating to food, pharmaceuticals, the environment, recycling and so on. At the same time, in each of the other countries Ajinomoto operates in the Group seeks to meet all legal obligations, such as those relating to permission to operate or invest, tariffs and duties, import and export rules, and foreign exchange and foreign trade control laws. The Group also makes every possible effort through legal means to secure its intellectual, product and other rights. The possibility exists, however, that legal changes may be introduced that cannot currently be foreseen, and complying with any such changes may restrict the Group's operations and adversely affect financial performance.

MANAGEMENT'S DISCUSSION AND ANALYSIS *(CONT.)*

Ajinomoto Co., Inc. and Consolidated Subsidiaries
For fiscal 2008, ended March 31, 2009

Food Safety Issues

Ajinomoto has in place strict internal procedures and policies to maintain the highest standards of product quality, including Group-wide product quality audits and a product tracing system that tracks product information at each stage from production through to distribution. The Group makes extensive efforts to maintain the 'reliability and safety' on which its business foundations are built. The possibility remains, however, that universal issues affecting product quality may arise, or that problems may arise outside of those areas controlled by the processes outlined above, and in such cases an adverse impact on Group performance may occur.

Litigation

The Group is now involved in lawsuits and other incidents in and outside of Japan. In addition, the Group has been diversifying and expanding its business in and to a larger number of countries and there thus is a possibility that the Group will be involved in unexpected new lawsuits, complaints and other incidents.

The main incidents in which the Group is currently involved include lawsuits brought in the United States claiming damages on the ground of violation of U.S. anti-trust law by persons who allegedly purchased aspartame, and lawsuits brought in France by persons who allegedly purchased feed-use Lysine claiming damages on the ground of violation of EU competition law. Of these, in the aspartame cases the court of the first instance accepted the Group's arguments and rejected the claims of the plaintiffs. The plaintiffs are appealing to a higher court. The amounts of damages claimed are not specified in these cases. In the feed-use Lysine cases in France, the total amount of the damages claimed is 2,468,000 euro, and the court of the first instance found in favor of the Group. The plaintiffs are appealing to a higher court. In Brazil, an investigation is currently under way on the ground of possible violation of Brazil's antitrust law in relation to the sale of feed-use Lysine in or prior to 1995. These kinds of incidents entail uncertainty and it is therefore difficult to foresee the outcomes of the current and future incidents in which the Group is or might be involved. Depending on their outcomes, the Group may possibly be affected.

Changes in Cost of Raw Materials

The prices of certain raw materials and energy resources including crude oil used by Ajinomoto are liable to fluctuate according to market conditions. The number of factors influencing fluctuations in raw material prices is increasing, including poor crop harvests due to unseasonable weather resulting from global warming, higher prices of grain caused by rising demand for ethanol, and these commodities becoming subject to speculative trading. In cases where higher manufacturing costs resulting from significant price rises cannot be absorbed by reducing costs with technical developments or other reforms, or in situations where higher costs cannot be reflected in unit prices, an adverse impact on Group performance may occur.

Information Leaks

Ajinomoto obtains a substantial quantity of customer information through mail-order services, marketing campaigns and other activities. To prevent the leakage or other misuse of personal data and other such information, the Group has formulated the 'Ajinomoto Group Information Security Policy', and through measures such as distributing an internal 'Information Handling Guidebook' and training programs is implementing appropriate measures to maintain information security, including the security of IT systems. However, risks such as those from hacking, unauthorized access or other information leakage remain. Furthermore, computer viruses and so forth could temporarily damage the company's computer systems. These may adversely impact the financial position and business performance of the Group.

MANAGEMENT'S DISCUSSION AND ANALYSIS *(CONT.)*

Ajinomoto Co., Inc. and Consolidated Subsidiaries
For fiscal 2008, ended March 31, 2009

Impact from Application of Impairment Accounting

Ajinomoto owns various tangible and intangible fixed assets such as real estate used in the business and goodwill. Impairment accounting may have to be applied to these assets and impairment losses may occur, if it is estimated that the investment amount can no longer be recovered due to declines in their profitability such as declines in their market value or when cash flow can no longer be generated as expected.

Bankruptcy of Customers

Ajinomoto is focusing on credit preservation, including through information gathering and credit management, in order to prevent the occurrence of uncollectible receivables. The possibility remains, however, that unforeseen bankruptcies of customers, including overseas customers, may arise, and in such cases the Group's performance and financial position may be adversely impacted.

Deferred Tax Assets, etc.

Ajinomoto records deferred tax assets, etc. after careful consideration of their realizability based on projections for future taxable income and others. The possibility remains, however, that as a result of future business trends and so forth, situations may arise in which the realizability of all or part of the deferred tax assets, etc. is deemed unlikely and their amount therefore needs to be revised, and in such cases the Group's performance and financial position may be adversely impacted.

CONSOLIDATED BALANCE SHEETS

Ajinomoto Co., Inc. and Consolidated Subsidiaries
As of March 31, 2009 and 2008

	2009	2008	2009
	(Millions of yen)		(Thousands of U.S. dollars) (Note 4)
ASSETS			
Current assets:			
Cash and cash equivalents	¥ 67,790	¥ 83,164	$ 691,735
Time deposits and short-term investments *(Note 20)*	2,426	1,212	24,755
Notes and accounts receivable:			
Trade	183,977	184,977	1,877,316
Unconsolidated subsidiaries and affiliates	5,407	8,248	55,173
Allowance for doubtful receivables	(940)	(1,388)	(9,592)
Inventories *(Note 5)*	147,340	135,557	1,503,469
Deferred tax assets *(Note 9)*	15,904	13,878	162,286
Prepaid expenses and other current assets	30,733	40,225	313,602
Total current assets	452,639	465,875	4,618,765
Investments and long-term advances *(Note 20)*:			
Investments in and advances to unconsolidated subsidiaries and affiliates	46,910	47,501	478,673
Investment securities	36,952	49,589	377,061
Other advances *(Note 7)*	12,670	10,893	129,286
Total investments and long-term advances	96,533	107,983	985,031
Property, plant and equipment *(Note 8)*:			
Land	100,146	102,625	1,021,898
Buildings and structures	336,660	341,939	3,435,306
Machinery, equipment and other	602,258	623,901	6,145,490
	1,039,065	1,068,466	10,602,704
Accumulated depreciation and impairment losses	(606,099)	(631,779)	(6,184,684)
Property, plant and equipment, net	432,966	436,686	4,418,020
Other assets:			
Deferred tax assets *(Note 9)*	14,277	9,047	145,684
Other *(Note 7)*	61,369	81,116	626,214
Total other assets	75,646	90,164	771,898
Total assets	¥1,057,786	¥1,100,709	$10,793,735

See accompanying notes to consolidated financial statements.

CONTENTS
PRESIDENT'S MESSAGE
FINANCIAL SECTION
CORPORATE DATA

CONSOLIDATED BALANCE SHEETS *(CONT.)*

Ajinomoto Co., Inc. and Consolidated Subsidiaries
As of March 31, 2009 and 2008

	2009	2008	2009
	(Millions of yen)		(Thousands of U.S. dollars) (Note 4)
LIABILITIES AND NET ASSETS			
Current liabilities:			
Short-term borrowings *(Notes 6 and 8)*	¥ 26,706	¥ 36,036	$ 272,510
Current portion of long-term debt *(Notes 6 and 8)*	3,056	23,296	31,184
Notes and accounts payable			
Trade	64,174	74,644	654,837
Unconsolidated subsidiaries and affiliates	30,911	28,930	315,418
Construction	451	490	4,602
Accrued income taxes *(Note 9)*	8,328	6,997	84,980
Deferred tax liabilities *(Note 9)*	502	270	5,122
Accrued expenses and other current liabilities *(Note 7)*	87,375	88,103	891,582
Total current liabilities	221,506	258,769	2,260,265
Long-term liabilities:			
Long-term debt *(Notes 6 and 8)*	118,594	84,996	1,210,143
Accrued employees' retirement benefits *(Note 10)*	47,856	45,784	488,327
Accrued officers' severance benefits	1,315	1,956	13,418
Deferred tax liabilities *(Note 9)*	29,419	20,850	300,194
Other long-term liabilities *(Note 7)*	20,439	20,634	208,561
Total long-term liabilities	217,625	174,222	2,220,663
Net assets:			
Shareholders' equity: *(Notes 11 and 12)*			
Common stock, without par value:			
Authorized: 2009 and 2008 – 1,000,000,000 shares			
Issued: 2009 – 700,032,654 shares	79,863	—	814,929
2008 – 700,032,654 shares	—	79,863	—
Capital surplus	182,723	182,850	1,864,520
Retained earnings	389,100	383,648	3,970,408
Treasury stock at cost:			
2,083,299 shares in 2009 and 1,437,086 shares in 2008	(2,378)	(1,858)	(24,265)
Total shareholders' equity	649,308	644,504	6,625,592
Valuation, translation adjustments and others:			
Unrealized holding gain on securities	(1,517)	5,702	(15,480)
Unrealized gain from hedging instruments	220	(142)	2,245
Translation adjustments	(62,777)	(21,739)	(640,582)
Total valuation, translation adjustments and others	(64,074)	(16,179)	(653,816)
Minority interests	33,419	39,392	341,010
Total net assets	618,654	667,717	6,312,796
Contingent liabilities *(Note 17)*			
Total liabilities and net assets	¥1,057,786	¥1,100,709	$10,793,735

See accompanying notes to consolidated financial statements.

CONTENTS
PRESIDENT'S MESSAGE
FINANCIAL SECTION
CORPORATE DATA

CONSOLIDATED STATEMENTS OF INCOME

Ajinomoto Co., Inc. and Consolidated Subsidiaries
As of March 31, 2009 and 2008

	2009	2008	2009
	(Millions of yen)		(Thousands of U.S. dollars) (Note 4)
Net sales	¥1,190,371	¥1,216,572	$12,146,643
Cost of sales *(Note 13)*	833,123	856,974	8,501,255
Gross profit	357,247	359,597	3,645,378
Selling, general and administrative expenses *(Note 13)*	316,420	299,074	3,228,776
Operating income	40,827	60,523	416,602
Other income (expenses) *(Note 14)*			
Interest expense	(4,774)	(4,751)	(48,714)
Interest and dividend income	2,000	2,685	20,408
Exchange losses	(12,429)	—	(126,827)
Unrealized loss on securities	(1,056)	(990)	(10,776)
Gain on sales of securities	286	4,101	2,918
Loss on impairment of fixed assets *(Note 15)*	(18,838)	(125)	(192,224)
Loss on liquidation of affiliates	—	(4,137)	—
Equity in earnings of affiliates	2,524	3,541	25,755
Other, net	(5,281)	(8,997)	(53,888)
	(37,570)	(8,673)	(383,367)
Income before income taxes and minority interests	3,256	51,849	33,224
Income taxes *(Note 9)*:			
Current	14,402	18,536	146,959
Deferred	(2,879)	1,903	(29,378)
	11,522	20,439	117,571
Minority interests	(1,961)	(3,180)	(20,010)
Net income (loss) *(Note 18)*	¥ (10,227)	¥ 28,229	$ (104,357)

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

Ajinomoto Co., Inc. and Consolidated Subsidiaries
As of March 31, 2009 and 2008

	Common stock	Capital surplus	Retained earnings	Treasury stock	Unrealized holding gain on securities	Unrealized gain from hedging instruments	Translation adjustments	Minority interests	Total net assets
	(Millions of yen)								
Balance at March 31, 2007	¥79,863	¥111,581	¥365,791	¥(2,902)	¥15,633	¥ 27	¥ (6,549)	¥44,138	¥607,584
Changes for the year ended March 31, 2008									
Exchange of shares		71,269		1,881					73,150
Cash dividends paid			(10,361)						(10,361)
Net income			28,229						28,229
Increase resulting from increase in consolidated subsidiaries			110						110
Pension liability adjustment of an overseas subsidiary			(120)						(120)
Purchases of treasury stock				(905)					(905)
Disposal of treasury stock		(1)		68					67
Net changes in items other than those in shareholders' equity					(9,931)	(169)	(15,190)	(4,746)	(30,037)
Total changes for the year ended March 31, 2008	—	71,268	17,857	1,044	(9,931)	(169)	(15,190)	(4,746)	60,132
Balance at March 31, 2008	¥79,863	¥182,850	¥383,648	¥(1,858)	¥ 5,702	¥(142)	¥(21,739)	¥39,392	¥667,717
Increase (decrease) due to changes in accounting procedures for overseas subsidiaries			26,825					(2,971)	23,853
Changes for the year ended March 31, 2009									
Cash dividends paid			(11,173)						(11,173)
Net loss			(10,227)						(10,227)
Increase resulting from increase in consolidated subsidiaries			222						222
Pension liability adjustment of an overseas subsidiary			(195)						(195)
Purchases of treasury stock				(1,107)					(1,107)
Disposal of treasury stock		(127)		587					460
Net changes in items other than those in shareholders' equity					(7,219)	362	(41,038)	(3,000)	(50,895)
Total changes for the year ended March 31, 2009	—	(127)	(21,373)	(520)	(7,219)	362	(41,038)	(3,000)	(72,916)
Balance at March 31, 2009	¥79,863	¥182,723	¥389,100	¥(2,378)	¥ (1,517)	¥ 220	¥(62,777)	¥33,419	¥618,654

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS (CONT.)

Ajinomoto Co., Inc. and Consolidated Subsidiaries
As of March 31, 2009 and 2008

	Common stock	Capital surplus	Retained earnings	Treasury stock	Unrealized holding gain on securities	Unrealized gain from hedging instruments	Translation adjustments	Minority interests	Total net assets
	(Thousands of U.S dollars) (Note 4)								
Balance at March 31, 2008	$814,929	$1,865,816	$3,914,776	$(18,959)	$ 58,184	$(1,449)	$(221,827)	$401,959	$6,813,439
Increase (decrease) due to changes in accounting procedures for overseas subsidiaries			273,724					(30,316)	243,398
Changes for the year ended March 31, 2009									
Cash dividends paid			(114,010)						(114,010)
Net loss			(104,357)						(104,357)
Increase resulting from increase in consolidated subsidiaries			2,265						2,265
Pension liability adjustment of an overseas subsidiary			(1,990)						(1,990)
Purchases of treasury stock				(11,296)					(11,296)
Disposal of treasury stock		(1,296)		5,990					4,694
Net changes in items other than those in shareholders' equity					(73,663)	3,694	(418,755)	(30,612)	(519,337)
Total changes for the year ended March 31, 2009	—	(1,296)	(218,092)	(5,306)	(73,663)	3,694	(418,755)	(30,612)	(744,041)
Balance at March 31, 2009	$814,929	$1,864,520	$3,970,408	$(24,265)	$(15,480)	$ 2,245	$(640,582)	$341,010	$6,312,796

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Ajinomoto Co., Inc. and Consolidated Subsidiaries
As of March 31, 2009 and 2008

	2009	2008	2009
	(Millions of yen)		(Thousands of U.S. dollars) (Note 4)
Cash flows from operating activities			
Income before income taxes and minority interests	¥ 3,256	¥ 51,849	$ 33,224
Depreciation and amortization	55,192	55,189	563,184
Loss on impairment of fixed assets	18,838	125	192,224
Amortization of goodwill	5,497	4,902	56,092
Accrued employees' retirement benefits	2,134	(6,705)	21,776
Accrued officers' severance benefits	(638)	(572)	(6,510)
Interest and dividend income	(2,000)	(2,685)	(20,408)
Interest expense	4,774	4,751	48,714
Equity in earnings of affiliates	(2,524)	(3,541)	(25,755)
Gain on sales of securities	174	(789)	1,776
Loss on revaluation of securities	799	84	8,153
(Gain) loss on sales of investments in affiliates	(437)	(3,290)	(4,459)
Loss on revaluation of investments in affiliates	257	905	2,622
Loss on liquidation of affiliates	—	4,137	—
Notes and accounts receivable	(3,882)	9,455	(39,612)
Notes and accounts payable	(5,256)	(8,359)	(53,633)
Other *(Note 22)*	(9,826)	(28,779)	(100,265)
Subtotal	66,360	76,695	677,143
Interest and dividends received	3,164	4,413	32,286
Interest paid	(4,938)	(4,580)	(50,388)
Income taxes paid	(12,886)	(25,092)	(131,490)
Net cash provided by operating activities	51,699	51,436	527,541
Cash flows from investing activities			
Acquisition of property, plant and equipment	(56,355)	(62,404)	(575,051)
Proceeds from sales of property, plant and equipment	1,059	7,684	10,806
Acquisition of intangible assets, net of proceeds	(4,679)	(3,742)	(47,745)
Acquisition of investments in securities	(273)	(96)	(2,786)
Proceeds from sales of investments in securities	135	1,606	1,378
Proceeds from sale subsidiaries' stock resulting in change in scope of consolidation	—	5,501	—
Acquisition of subsidiaries' stock resulting in change in scope of consolidation	—	26,693	—
Acquisition of shares of affiliates	(499)	(3,194)	(5,092)
Proceeds from sales of shares of affiliates	480	577	4,898
Other *(Note 22)*	(2,355)	(917)	(24,031)
Net cash used in investing activities	(62,487)	(28,292)	(637,622)
Cash flows from financing activities			
Increase (decrease) in short-term borrowings	341	3,623	3,480
Increase (decrease) in commercial paper	(5,000)	5,000	(51,020)
Proceeds from long-term debt	3,034	1,114	30,959
Repayment of long-term debt	(2,951)	(1,613)	(30,112)
Proceeds from bond issuance	34,986	—	357,000
Repayment of bonds	(20,000)	(15,000)	(204,082)
Cash dividends paid	(11,172)	(10,319)	(114,000)
Acquisition of shares of treasury stock	(1,107)	(905)	(11,296)
Other *(Note 22)*	(252)	509	(2,571)
Net cash (used in) provided by financing activities	(2,119)	(17,592)	(21,622)
Effect of exchange rate changes on cash and cash equivalents	(2,824)	(3,803)	(28,816)
Increase (decrease) in cash and cash equivalents	(15,732)	1,747	(160,531)
Cash and cash equivalents at beginning of year	83,164	81,486	848,612
Increase due to inclusion of subsidiaries in consolidation	358	43	3,653
Decrease due to exclusion of subsidiaries in consolidation	—	(113)	—
Cash and cash equivalents at end of year	¥ 67,790	¥ 83,164	$ 691,735

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Ajinomoto Co., Inc. and Consolidated Subsidiaries
March 31, 2009

1. Summary of Significant Accounting Policies

a. Basis of Presentation

The accompanying consolidated financial statements of Ajinomoto Co., Inc. (the "Company") and its consolidated subsidiaries are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan and are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

As permitted by the Financial Instruments and Exchange Law, amounts of less than one million yen have been omitted. Consequently, the totals shown in the accompanying consolidated financial statements (both in yen and U.S. dollars) do not necessarily agree with the sum of the individual amounts.

Certain amounts in the prior years' financial statements have been reclassified to conform to the current year's presentation.

b. Scope of Consolidation

(1) Number of consolidated subsidiaries:
103 companies
Names of main companies:
Calpis Co., Ltd , Ajinomoto Frozen Foods Co., Inc., Ajinomoto (China) Co., Ltd., Ajinomoto Interamericana Indústria e Comércio Ltda., Ajinomoto Euro-Aspartame S.A.S., AJINOMOTO EUROLYSINE S.A.S.

(2) Names of main non-consolidated subsidiaries:
Bonito Technical Laboratory Co., Inc.
(Reasons for exclusion from scope of consolidation)
Subsidiaries classified as non-consolidated are all small, and none have total assets, sales, net income (corresponding to equity share), or surpluses (corresponding to equity share), etc. that impact the consolidated financial statements significantly.

(3) In consideration of their importance, FREC DESSERT CO., LTD., FREC KANTO CO., LTD. and SHANGHAI AJINOMOTO FOOD RESEARCH AND DEVELOPMENT CENTER CO., LTD. are included in the scope of consolidated companies. Furthermore, Calpis Itochu Mineral Water Co., Ltd. and Shanghai Jinshan Amoy Foods Co., Ltd. are no longer included in the scope of consolidated subsidiaries as a result of liquidation.

c. Scope of application of the equity method

(1) Number of non-consolidated subsidiaries accounted for by the equity method:
Four overseas companies
Names of main companies:
Si Ayutthaya Real Estate Co., Ltd., Erawan Industrial Development Co., Ltd.

(2) Number of affiliated companies accounted for by the equity method:
Six companies
Names of main companies:
Ajinomoto General Foods, Inc., J-OIL MILLS, INC., Nissin-Ajinomoto Alimentos Ltda.

(3) There is one main non-consolidated subsidiary not accounted for the equity method:
Bonito Technical Laboratory Co., Inc. Furthermore, there is one main affiliated company not accounted for by the equity method: Asahi Calpis Beverages Co., Ltd. As each of these companies would have negligible impact on consolidated profit and loss and retained earnings if included in the consolidated results on an equity basis, and as they have minimal overall importance, they are not included in the scope of application of the equity method.

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

Of the consolidated subsidiaries, Ajinomoto del Peru S.A. and 15 other companies have their fiscal year end on December 31, and GABAN Co., Ltd. has its fiscal year end on the last day of February. Of these, 15 companies carry out trial settlements for the period to March 31. In preparing the consolidated financial statements for companies that do not carry out trial settlements; the Company has used the financial statements as of their fiscal year end dates, carrying out adjustments for significant transactions that have occurred in the period leading up to the consolidated fiscal year end date.

Of the companies accounted for by the equity method, Nissin-Ajinomoto Alimentos Ltda. and one other company have their fiscal year end on December 31. Of these companies, one company carries out trial settlements up to March 31. In preparing the consolidated financial statements for the company that does not carry out a trial settlement, the Company has used the financial statements as of its fiscal year end date, carrying out adjustments for significant transactions that have occurred in the period leading up to the consolidated fiscal year end date.

CONTENTS
PRESIDENT'S MESSAGE
FINANCIAL SECTION
CORPORATE DATA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

Ajinomoto Co., Inc. and Consolidated Subsidiaries
March 31, 2009

e. Valuation standards and methods for significant assets

(1) Marketable securities:

Other securities with a market value are stated at the market value at the balance sheet date and changes in appraisal value, are directly charged or credited to net assets. The cost of such securities sold is mainly determined by the moving-average method. Other securities without a market value are stated at cost mainly determined by the moving-average method.

(2) Derivatives:

Market value method

However, with respect to interest rate swaps, in cases where conditions for exceptional treatment are met, exceptional treatment is basically applied.

(3) Inventories:

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

f. Depreciation method for important fixed assets

(1) Tangible fixed assets (excluding leased assets):

The Company and domestic consolidated subsidiaries mainly apply the fixed percentage method, while foreign consolidated subsidiaries mainly apply the straight-line method. However, for buildings acquired after April 1, 1998 by the Company and domestic consolidated subsidiaries (not including facilities attached to buildings), the straight-line method is used. The useful life for buildings and structures is from 3 to 50 years and for machinery, equipment and other is 2 to 20 years.

(2) Intangible fixed assets (excluding leased assets):

The Company and domestic subsidiaries primarily compute the amortization of intangible fixed assets by the straight-line method. Computer software held at the Company and domestic consolidated subsidiaries is amortized by the straight-line method based on their estimated useful life (5 years).

(3) Leased assets:

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

The accounting treatment for finance lease transactions, other than those involving a transfer of title, for which the starting date of the lease was March 31, 2008 or earlier is similar to the accounting treatment for operating lease transactions.

g. Accounting standards for important reserves

(1) Allowance for doubtful receivables:

The allowance for doubtful receivables is provided at the amount estimated based on past bad debt experience for general debtors and based on specific case-by-case estimates of uncollectible amounts for individual debtors where collection is doubtful.

(2) Accrued bonuses:

At certain consolidated subsidiaries, accrued bonuses have been made based on the amount of expenditure projected.

(3) Accrued employees' retirement benefits:

The accrued employees' retirement benefits is provided for at the Company and its main domestic consolidated subsidiaries based on projected benefit obligations and the fair value of pension plan assets at the end of the fiscal year. Prior employment liabilities are amortized by the straight-line method over a period within the average remaining service years for employees (mainly 10 years) at the time of occurrence. Actuarial differences are amortized by the straight-line method over a period within the average remaining service years for employees (mainly 10 years) at the time of occurrence, and allocated proportionately from the consolidated fiscal year following the respective fiscal year of occurrence.

(4) Accrued officers' severance benefits:

At the Company and certain domestic consolidated subsidiaries, in order to provide for payment of severance benefits to directors, corporate auditors and others, required amounts as calculated at the year end are accounted for in accordance with internal rules.

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

(5) Allowance for bonuses for directors:

In preparation for the payment of bonuses to directors, the Company has recorded an allowance for the amount of payment projected for the fiscal year under review.

(6) Allowance for environmental measures:

In preparation for costs relating to disposal of polychlorinated biphenyls (PCBs) and other waste, an allowance for the amount of costs projected to be incurred has been recorded.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(CONT.)*

Ajinomoto Co., Inc. and Consolidated Subsidiaries
March 31, 2009

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

Foreign currency-denominated assets and liabilities have been translated into yen at the rates of exchange in effect at the balance sheet date, with translation differences treated as gains or losses. Furthermore, assets, liabilities, of foreign subsidiaries have been translated into yen at the rates of exchange in effect at the consolidated balance sheet date and income and expenses at the average exchange rate for the period, with translation differences included in the foreign exchange translation adjustment account and minority interests in net assets.

i. Hedge accounting

The Company and its consolidated subsidiaries, in principle, do not adopt deferred hedge accounting.

However, with respect to interest rate swaps, in cases where conditions for exceptional treatment are met, exceptional treatment is basically applied.

j. Accounting for consumption tax

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

k. Standard for recording revenue from finance lease transactions

Revenue from finance lease transactions is not recorded in sales, but instead recorded by allocating the corresponding amount of interest to each period.

l. Valuation of assets and liabilities of consolidated subsidiaries

Total assets and liabilities of consolidated subsidiaries are evaluated by the market value method.

m. Amortization of goodwill

As a general rule, goodwill is amortized on a straight-line basis over the period in which its effects appear. However, consolidated adjustment accounts with extremely small amounts have been treated as gains or losses in the year incurred.

n. Scope of 'Cash and cash equivalents' in the Consolidated Statement of Cash Flows

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

2. Changes in Significant Items for the Preparation of Consolidated Financial Statements

a. Accounting standard for valuation of inventory

From the fiscal year under review, the Company has adopted the "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9 issued on July 5, 2006).

As a result, operating income decreased ¥1,644 million, and ordinary income and income before income taxes and minority interests each decreased ¥59 million.

The impact on segment information is stated in the applicable sections.

b. Adoption of "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements"

From the fiscal year under review, the Company has adopted the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ Practical Issues Task Force (PITF) No. 18 issued on May 17, 2006), and made the necessary amendment to its financial statements.

As a result, operating income increased ¥84 million, and ordinary income and income before income taxes and minority interests each increased ¥116 million. Furthermore, beginning-of-year retained earnings increased ¥26,825 million.

The impact on segment information is stated in the applicable section.

c. Accounting standard for lease transactions

The accounting treatment for finance lease transactions other than those involving a transfer of title was previously based on the operating lease method. However, from the fiscal year under review the Company has adopted the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13 issued on June 17, 1993 (First Committee of the Business Accounting Council); revised on March 30, 2007) and the "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16 issued on January 18, 1994 (Japanese Institute of Certified Public Accountants, Committee on Accounting Systems); revised March 30, 2007), and the accounting treatment for such transactions is based on the capital lease method.

The accounting treatment for finance lease transactions other than those in which a transfer of title of leased assets has been recognized and where the starting date of the lease was before the first year in which the new accounting standards for lease transactions were adopted continue to be based on the operating lease method.

The resulting impact on operating income, ordinary income and income before income taxes and minority interests for the fiscal year under review is immaterial.

d. Depreciation method for tangible fixed assets

In line with the revision to the Corporation Tax Law of Japan, the Company and domestic consolidated subsidiaries have changed the method of depreciation for tangible fixed assets acquired on or after April 1, 2007, based on the revised Corporation Tax Law.

As a result, operating income decreased by ¥949 million, and ordinary income and income before income taxes and minority interests each decreased ¥993 million.

The impact on segment information is stated in the applicable section.

CONTENTS
PRESIDENT'S MESSAGE
FINANCIAL SECTION
CORPORATE DATA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(CONT.)*

Ajinomoto Co., Inc. and Consolidated Subsidiaries
March 31, 2009

3. Additional Information

a. Change of estimates for the useful lives of tangible fixed assets

In line with a revision of the Corporation Tax Law in fiscal 2008, from the fiscal year under review the Company and its main consolidated subsidiaries in Japan have changed their estimates for the useful lives of fixed assets. As a result, operating income increased ¥1,604 million, and ordinary income and income before income taxes and minority interests each increased ¥1,564 million. The impact on segment information is stated in the applicable section.

b. Depreciation method for tangible fixed assets

With respect to tangible fixed assets acquired on or before March 31, 2007, in line with the revision to the Corporation Tax Law, review the Company and major domestic consolidated subsidiaries, from the fiscal year following the fiscal year in which the remaining value of tangible fixed assets reaches 5% of the acquisition price through the application of the depreciation method based on the pre-revised Corporation Tax Law depreciate the difference between the amount equivalent to 5% of the acquisition cost and the memorandum value by the straight-line method over a period of five years and include the amounts in depreciation expenses.

As a result, operating income decreased by ¥1,357 million, and ordinary income and income before income taxes and minority interests each decreased by ¥1,500 million.

The impact on segment information is stated in the applicable section.

4. U.S. Dollar Amounts

The translation of yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and has been made, as a matter of arithmetic computation only, at ¥98=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2009.

The translation should not be construed as a representation that yen have been, could have been, or could in the future be, converted into U.S. dollars at the above or any other rate.

5. Inventories

Inventories at March 31, 2009 and 2008 consisted of the following:

	2009	2008	2009
	(Millions of yen)		(Thousands of U.S. dollars)
Finished goods	¥102,957	¥ 93,759	$1,050,582
Work in process	9,143	7,978	93,296
Raw materials and supplies	35,239	33,819	359,582
	¥147,340	¥135,557	$1,503,469

6. Short-Term Borrowings and Long-Term Debt

Short-term borrowings at March 31, 2009 and 2008 consisted of the following:

	2009	2008	2009
	(Millions of yen)		(Thousands of U.S. dollars)
Short-term loan	¥26,706	¥31,036	$272,510
Commercial paper	—	5,000	—
	¥26,706	¥36,036	$272,510

Average annual interest rates applicable to the short-term loan at March 31, 2009 were 4.47 %.

Long-term debt at March 31, 2009 and 2008 consisted of the following:

	2009	2008	2009
	(Millions of yen)		(Thousands of U.S. dollars)
Bonds without collateral:			
2.05% bonds due 2009	¥ —	¥ 20,000	$ —
0.36% bonds due 2011	15,000	15,000	153,061
0.62% bonds due 2014	20,000	20,000	204,082
0.71% bonds due 2016	15,000	15,000	153,061
1.37% bonds due 2015	14,998	—	153,041
1.89% bonds due 2021	19,988	—	203,959
Loans from banks, insurance companies and government-sponsored agencies:			
With collateral	790	1,796	8,061
Without collateral	35,873	36,496	366,051
	121,650	108,292	1,241,327
Current portion	(3,056)	(23,296)	(31,184)
	¥118,594	¥ 84,996	$1,210,143

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

Ajinomoto Co., Inc. and Consolidated Subsidiaries
March 31, 2009

The annual maturities of long-term debt subsequent to March 31, 2009 are summarized as follows:

Year ending March 31,	(Millions of yen)	(Thousands of U.S. dollars)
2010	¥ 3,056	$ 31,184
2011	18,626	190,061
2012	1,723	17,582
2013	235	2,398
2014 and thereafter	98,010	1,000,102
	¥121,650	$1,241,327

Other interest-bearing debt at March 31, 2009 and 2008 were as follows:

	2009	2008	2009
	(Millions of yen)		(Thousands of U.S. dollars)
Lease obligation (current)	¥ 273	—	$ 2,786
Lease obligation (non-current)	770	—	7,857
	¥1,044	—	$10,653

The annual maturities lease obligation to March 31, 2009 are summarized as follows:

Year ending March 31,	(Millions of yen)	(Thousands of U.S. dollars)
2010	¥ 273	$ 2,786
2011	294	3,000
2012	234	2,388
2013	163	1,663
2014 and thereafter	79	806
	¥1,044	$10,653

7. Notes to Consolidated Balance Sheets

"Other advances" consisted of the following:

	2009	2008	2009
	(Millions of yen)		(Thousands of U.S. dollars)
Long-term loans to third parties	¥ 77	¥ 1,158	$ 786
Allowance for doubtful receivables	(1,169)	(1,396)	(11,929)
Other	13,761	11,131	140,418
Total	¥12,670	¥10,893	$129,286

"Other" consisted of the following:

	2009	2008	2009
	(Millions of yen)		(Thousands of U.S. dollars)
Goodwill	¥39,121	¥57,822	$399,194
Other	22,247	23,293	227,000
Total	¥61,369	¥81,116	$626,214

"Accrued expenses and other current liabilities" consisted of the following:

	2009	2008	2009
	(Millions of yen)		(Thousands of U.S. dollars)
Accrued bonuses	¥ 4,919	¥ 4,761	$ 50,194
Allowance for bonuses for directors	131	246	1,337
Other	82,323	83,095	840,031
Total	¥87,375	¥88,103	$891,582

"Other long-term liabilities" consisted of the following:

	2009	2008	2009
	(Millions of yen)		(Thousands of U.S. dollars)
Allowance for environmental measures	¥ 216	¥ 214	$ 2,204
Other	20,223	20,420	206,357
Total	¥20,439	¥20,634	$208,561

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(CONT.)*

Ajinomoto Co., Inc. and Consolidated Subsidiaries
March 31, 2009

"Machinery, equipment and other" consisted of the following:

	2009	2008	2009
	(Millions of yen)		(Thousands of U.S. dollars)
Machinery and vehicles	¥516,237	¥534,172	$5,267,724
Tools, furniture and fixtures	62,781	63,044	640,622
Leased assets	1,117	—	11,398
Construction in process	22,122	26,684	225,735
Total	¥602,258	¥623,901	$6,145,490

"Accumulated depreciation and impairment losses" consisted of the following:

	2009	2008	2009
	(Millions of yen)		(Thousands of U.S. dollars)
Buildings and structures	¥(183,227)	¥(180,992)	$(1,869,663)
Machinery and vehicles	(372,031)	(401,821)	(3,796,235)
Tools, furniture and fixtures	(50,683)	(48,966)	(517,173)
Leased assets	(157)	—	(1,602)
Total	¥(606,099)	¥(631,779)	$(6,184,684)

8. Pledged Assets

The assets pledged as collateral for short-term borrowings, and long-term debt at March 31, 2009 and 2008 consisted of the following:

	2009	2008	2009
	(Millions of yen)		(Thousands of U.S. dollars)
Buildings and structures	¥1,236	¥1,351	$12,612
Machinery, equipment and other	1,280	2,221	13,061
Land	3,107	3,107	31,704
	¥5,623	¥6,680	$57,378

9. Income Taxes

The Company and its domestic consolidated subsidiaries are subject to a number of taxes based on income which, in the aggregate, resulted in a statutory tax rate of 40.6% in 2009 and 2008. Income taxes of the foreign consolidated subsidiaries are based generally on the tax rates applicable in their countries of incorporation.

The differences between the statutory tax rate and the effective tax rates for the years ended March 31, 2008 have not been disclosed because such differences were less than 5% of the statutory tax rate.

The effective tax rate reflected in the consolidated statements of income for the year ended March 31, 2009 differs from the statutory tax rate for the following reasons:

	2009
Statutory tax rate	40.6%
Effect of:	
Amortization of goodwill	68.6
Equity in earnings of affiliates	(31.5)
Permanent exclusion from expenses	25.9
Dividend income deductible for income tax purposes	31.8
Special deduction of income taxes	(4.7)
Net applied for foreign tax credit	4.6
Impairment loss	224.7
Different tax rates applied to income of foreign consolidated subsidiaries	(38.7)
Net loss of consolidated subsidiaries	37.0
Other, net	(4.5)
Effective tax rate	353.9%

CONTENTS
PRESIDENT'S MESSAGE
FINANCIAL SECTION
CORPORATE DATA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

Ajinomoto Co., Inc. and Consolidated Subsidiaries
March 31, 2009

The significant components of deferred tax assets and liabilities at March 31, 2009 and 2008 were as follows:

	2009	2008	2009
	(Millions of yen)		(Thousands of U.S. dollars)
Deferred tax assets:			
Securities	¥ 5,704	¥ 1,525	$ 58,204
Inventories	1,411	2,548	14,398
Property, plant and equipment	3,404	3,077	34,735
Accrued retirement benefits	19,712	18,540	201,143
Accrued expenses	2,844	1,949	29,020
Accrued bonuses	4,208	5,071	42,939
Unrealized profit	3,608	3,593	36,816
Accrued enterprise tax	517	852	5,276
Loss on impairment of fixed assets	3,073	2,562	31,357
Allowance for doubtful receivables	649	769	6,622
Net operating loss of consolidated subsidiaries	5,043	4,200	51,459
Other	4,193	2,039	42,786
Gross deferred tax assets	54,373	46,729	554,827
Valuation allowance	(12,661)	(8,273)	(129,194)
Total deferred tax assets	41,712	38,455	425,633
Deferred tax liabilities:			
Reserves under Special Taxation Measures Law	10,053	10,752	102,582
Unrealized gain on land	18,100	18,153	184,694
Unrealized holding gain on securities	—	4,483	—
Other	13,297	3,260	135,684
Total deferred tax liabilities	41,452	36,650	422,980
Net deferred tax assets	¥ 259	¥ 1,805	$ 2,643

10. Retirement Benefit Plans

The Company and its domestic consolidated subsidiaries have defined benefit plans, i.e., welfare pension fund plans, tax-qualified pension plans and lump-sum payment plans, covering substantially all employees who are entitled to lump-sum or annuity payments, the amounts of which are determined by reference to their basic rates of pay, length of service, and the conditions under which termination occurs. Certain foreign consolidated subsidiaries have defined contribution plans in addition to defined benefit plans.

The following table sets forth the funded and accrued status of the plans and the amounts recognized in the consolidated balance sheets at March 31, 2009 and 2008 for the Company's and the consolidated subsidiaries' defined benefit plans:

	2009	2008	2009
	(Millions of yen)		(Thousands of U.S. dollars)
Retirement benefit obligation	¥(271,184)	¥(277,954)	$(2,767,184)
Plan assets at fair value	179,166	202,519	1,828,224
Unfunded retirement benefit obligation	(92,017)	(75,435)	(938,949)
Unrecognized actuarial gain or loss	56,314	43,364	574,633
Unrecognized prior service cost	(11,191)	(12,659)	(114,194)
Prepaid pension cost	962	(1,053)	9,816
Accrued retirement benefits	¥ (47,856)	¥ (45,784)	$ (488,327)

The government-sponsored portion of the benefits under the welfare pension fund plans has been included in the amounts shown in the above table.

The components of retirement benefit expenses for the years ended March 31, 2009 and 2008 are outlined as follows:

	2009	2008	2009
	(Millions of yen)		(Thousands of U.S. dollars)
Service cost	¥ 6,098	¥ 5,879	$ 62,224
Interest cost	6,721	6,684	68,582
Expected return on plan assets	(7,016)	(7,232)	(71,592)
Amortization of prior service cost	(2,278)	(2,423)	(23,245)
Amortization of actuarial gain or loss	8,073	6,121	82,378
Other	666	2,049	6,796
Total	¥12,265	¥11,077	$125,153

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

Ajinomoto Co., Inc. and Consolidated Subsidiaries
March 31, 2009

The assumptions used in accounting for the above plans were as follows:

	As of March 31,	
	2009	2008
Discount rate	Mainly 2.5%	Mainly 2.5%
Expected rate of return on plan assets	Mainly 3.5%	Mainly 3.5%

11. Shareholders' Equity

The Corporation Law of Japan provides that an amount equal to 10% of the amount to be distributed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the common stock account. Such distributions can be made at any time by resolution of the shareholders or by the Board of Directors if certain conditions are met, but neither the capital reserve nor the legal reserve is available for distributions.

12. Dividends

Dividends paid for the years ended March 31, 2009 and 2008 are outlined as follows:

Year ended March 31, 2009							
		Total amount of dividends		Dividends per share			
Resolution	Type of shares	Millions of yen	Thousands of U.S. dollars	Yen	U.S. dollars	Record date	Effective date
Annual general meeting of the shareholders on June 27, 2008	Common stock	¥5,588	$57,020	¥8	$0.082	March 31, 2008	June 30, 2008
Meeting of the Board of Directors on November 7, 2008	Common stock	¥5,584	$56,980	¥8	$0.082	September 30, 2008	December 2, 2008

Year ended March 31, 2008					
		Total amount of dividends	Dividends per share		
Resolution	Type of shares	Millions of yen	Yen	Record date	Effective date
Annual general meeting of the shareholders on June 28, 2007	Common stock	¥5,181	¥8	March 31, 2007	June 29, 2007
Meeting of the Board of Directors on November 9, 2007	Common stock	¥5,180	¥8	September 30, 2007	December 4, 2007

The following dividends have a record date during the year ended March 31, 2009 but an effective date during the year ended March 31, 2010:

		Total amount of dividends		Dividends per share			
Resolution	Type of shares	Millions of yen	Thousands of U.S. dollars	Yen	U.S. dollars	Record date	Effective date
Annual general meeting of the shareholders on June 26, 2009	Common stock	¥5,583	$56,969	¥8	$0.082	March 31, 2009	June 29, 2009

13. Selling, General and Administrative Expenses

Selling, general and administrative expenses consisted of the following:

	2009	2008	2009
	(Millions of yen)		(Thousands of U.S. dollars)
Transportation expenses	¥ 34,246	¥ 32,230	$ 349,449
Advertising expenses	31,276	33,301	319,143
Sales commissions	59,974	52,559	611,980
Salaries	41,580	38,018	424,286
Provision for accrued bonuses	15,625	15,456	159,439
Retirement benefit expenses	7,022	5,130	71,653
Depreciation and amortization	8,400	7,440	85,714
Research and development expenses	33,765	32,874	344,541
Amortization of goodwill	5,497	4,902	56,092
Other	79,031	77,159	806,439
Total	¥316,420	¥299,074	$3,228,776

Inventory at the end of period is devaluated due to lower profitability and unrealized loss for inventories included in cost is ¥1,698 million ($17,327 thousand).

Research and development expenses included in manufacturing costs and selling, general and administrative expenses for the years ended March 31, 2009 and 2008 were ¥33,765 million ($344,541 thousand) and ¥32,874 million, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

Ajinomoto Co., Inc. and Consolidated Subsidiaries
March 31, 2009

14. Other income (expenses)

"Interest and dividend income" consisted of the following:

	2009	2008	2009
	(Millions of yen)		(Thousands of U.S. dollars)
Interest income	¥1,046	¥1,326	$10,673
Dividend income	953	1,359	9,724
Total	¥2,000	¥2,685	$20,408

"Unrealized loss on securities" consisted of the following:

	2009	2008	2009
	(Millions of yen)		(Thousands of U.S. dollars)
Loss on valuation of investment securities	¥ 799	¥ 84	$ 8,153
Loss on valuation of investment in affiliates	257	905	2,622
Total	¥1,056	¥990	$10,776

"Gain on sales of securities" consisted of the following:

	2009	2008	2009
	(Millions of yen)		(Thousands of U.S. dollars)
Gain on sale of investment securities	¥ —	¥ 804	$ —
Gain on sale of investment in affiliates	437	3,290	4,459
Other	(150)	5	(1,531)
Total	¥ 286	¥4,101	$ 2,918

"Other, net" consisted of the following:

	2009	2008	2009
	(Millions of yen)		(Thousands of U.S. dollars)
Gain on valuation of derivatives	¥ —	¥ 1,275	$ —
Rental income	932	—	9,510
Loss on valuation of inventory	—	(1,709)	—
Loss on disposal of goods and products	—	(1,932)	—
Gain on prior period adjustments	1,287	701	13,133
Loss on prior period adjustments	—	(683)	—
Gain on sale of fixed assets	799	4,489	8,153
Received cancellation money	560	—	5,714
Reversal of allowance for doubtful accounts	731	359	7,459
Reversal of loss on liquidation of affiliates	576	—	5,878
Loss on sale of fixed assets	—	(677)	—
Loss on disposal of fixed assets	(3,401)	(2,544)	(34,704)
Provision to allowance for doubtful accounts	(703)	(194)	(7,173)
Retirement benefit expenses	—	(1,427)	—
Other	(6,063)	(6,653)	(61,867)
Total	¥(5,281)	¥(8,997)	$(53,888)

Gain and loss on sales of fixed assets mainly consisted of sales of land and machinery.

15. Impairment Loss

The impairment losses for the years ended March 31, 2009 and 2008 are outlined as follows:

Year ended March 31, 2009

The main assets with respect to which impairment losses were recorded in the fiscal year under review are as follows. In addition to these, other impairment losses of ¥167 million were also recorded.

Location	Use	Classification
China (Hong Kong, etc.)	Other	Goodwill
China	Manufacturing facility	Buildings and structures, Machinery, equipment and other
Yokkaichi, Mie Prefecture, Japan	Manufacturing facility	Buildings and structures, Machinery, equipment and other
Kashima, Ibaraki Prefecture, Japan	Dormant asset	Land

CONTENTS
PRESIDENT'S MESSAGE
FINANCIAL SECTION
CORPORATE DATA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

Ajinomoto Co., Inc. and Consolidated Subsidiaries
March 31, 2009

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

The Company reduced the book value of goodwill recorded on the acquisition of Chinese ethnic sauce and frozen food businesses in China (Hong Kong, etc.) to a level corresponding to the recoverable amount, as it estimated that it could no longer expect the income initially projected in its business plan at the time of acquisition of the equity in the businesses. As such, the Company recorded an impairment loss of ¥13,437 million. The recoverable amount was determined through measurement of the value in use, which is calculated by discounting expected future cash flows at a rate of 7.0%.

With respect to certain manufacturing facilities used for the amino acids business in China and Yokkaichi, Mie Prefecture, Japan, the Company reduced the book value to the memorandum price, as operations are suspended at these facilities due to the deterioration of the business environment and, at the present time, the likelihood of future recoverability of initially projected income is low. As such, the Company recorded an impairment loss of ¥4,392 million, the breakdown of which is as follows: "Buildings and structures"—¥1,207 million; "Machinery, equipment and other"—¥3,025 million; and "Other"—¥159 million.

With respect to dormant assets in Kashima, Ibaraki Prefecture, Japan, the Company reduced the book value to the recoverable amount, as the market value of the assets had fallen notably in comparison to the book value. As such, the Company recorded an impairment loss of ¥841 million. The recoverable amount was determined by estimating the net sale value based on the assessed value for fixed property tax purposes.

Year ended March 31, 2008

The assets with respect to which impairment losses were recorded in the fiscal year under review are as follows.

Location	Use	Classification
Yokohama Kanagawa Prefecture, Japan	Dormant asset	Buildings and structures
Awara Fukui Prefecture, Japan	Dormant asset	Buildings and structures
Sagae Yamagata Prefecture, Japan	Manufacturing facility	Leased assets, other

The Company reduced the book value of assets in Yokohama, Kanagawa Prefecture, Japan to a level corresponding to the recoverable amount, as it became dormant due to the restructuring of production and logistics and it no longer plans to use for business purpose. As such, the Company recorded an impairment loss of ¥37 million.

With respect to lending assets in Awara, Fukui Prefecture, Japan, the Company reduced the book value to a level corresponding to the recoverable amount due to liquidation of lessee. As such, the Company recorded an impairment loss of ¥54 million.

With respect to lunch boxes and delicatessen business in Yamagata district, Japan, the Company reduced the book value of machinery, equipment and other to a level corresponding to the memorandum price, as it records loss continuously due to gap between sales plan and results and at the present time the likelihood of future recoverability is low. As for leased assets, the Company also recorded an impairment loss corresponding to unexpired lease payments. As such, the Company recorded an impairment loss of ¥33 million, the breakdown of which is as follows: "Machinery and vehicles"—¥3 million; "Tools, furniture and fixtures"—¥2 million; and "Leased assets"—¥28 million.

16. Lease Transactions

a) Lessees' Accounting

The following pro forma amounts represent the acquisition costs, accumulated depreciation and net book value of the leased assets at March 31, 2009 and 2008, which would have been reflected in the consolidated balance sheets if finance lease accounting had been applied to the finance leases currently accounted for as operating leases:

	March 31, 2009							
	Acquisition costs	Accumulated depreciation	Accumulated impairment loss	Net book value	Acquisition costs	Accumulated depreciation	Accumulated impairment loss	Net book value
	(Millions of yen)				(Thousands of U.S. dollars)			
Buildings and structures	¥ 1,635	¥ 132	¥1,352	¥ 150	$ 16,684	$ 1,347	$13,796	$ 1,531
Machinery, equipment and other	9,559	4,938	127	4,493	97,541	50,388	1,296	45,847
Total	¥11,194	¥5,071	¥1,479	¥4,643	$114,224	$51,745	$15,092	$47,378

	March 31, 2008			
	Acquisition costs	Accumulated depreciation	Accumulated impairment loss	Net book value
	(Millions of yen)			
Buildings and structures	¥ 1,654	¥ 115	¥1,352	¥ 186
Machinery, equipment and other	11,305	5,142	133	6,029
Total	¥12,960	¥5,257	¥1,486	¥6,216

Lease payments relating to finance leases accounted for as operating leases in the accompanying consolidated financial statements amounted to ¥1,747 million ($17,827 thousand) and ¥1,977 million, which were equal to the depreciation of the leased assets computed by the straight-line method over the respective lease terms, for the years ended March 31, 2009 and 2008 respectively. Impairment loss recorded on such leased assets amounted to ¥28 million for the years ended

CONTENTS
PRESIDENT'S MESSAGE
FINANCIAL SECTION
CORPORATE DATA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

Ajinomoto Co., Inc. and Consolidated Subsidiaries
March 31, 2009

March 31, 2008. The reversals of impairment loss applicable the above lease payments for the years ended March 31, 2009 and 2008 amounted to ¥91 million ($929 thousand) and ¥91 million, respectively.

Future minimum lease payments (including the interest portion thereon) subsequent to March 31, 2009 for finance leases accounted for as operating leases are summarized as follows:

Year ending March 31,	(Millions of yen)	(Thousands of U.S. dollars)
2010	¥1,599	$16,316
2011 and thereafter	4,160	42,449
Total	5,759	58,765
Accumulated impairment loss on leased assets	¥1,115	$11,378

Future minimum lease payments subsequent to March 31, 2009 for operating leases are summarized as follows:

Year ending March 31,	(Millions of yen)	(Thousands of U.S. dollars)
2010	¥1,075	$10,969
2011 and thereafter	5,359	54,684
Total	¥6,434	$65,653

b) Lessors' Accounting

The following amounts represent the acquisition costs, accumulated depreciation and net book value of the leased assets relating to finance leases accounted for as operating leases at March 31, 2009 and 2008:

	March 31, 2009					
	Acquisition costs	Accumulated depreciation	Net book value	Acquisition costs	Accumulated depreciation	Net book value
	(Millions of yen)			(Thousands of U.S. dollars)		
Machinery, equipment and other	¥34	¥18	¥16	$347	$184	$163

	March 31, 2008		
	Acquisition costs	Accumulated depreciation	Net book value
	(Millions of yen)		
Machinery, equipment and other	¥269	¥121	¥148

Lease income relating to finance leases accounted for as operating leases in the accompanying consolidated financial statements amounted to ¥7 million ($71 thousand) and ¥53 million for the years ended March 31, 2009 and 2008, respectively. Depreciation of the assets leased under finance leases accounted for as operating leases amounted to ¥7 million ($71 thousand) and ¥53 million for the years ended March 31, 2009 and 2008, respectively.

Future minimum lease income (including the interest portion thereon) subsequent to March 31, 2009 for the finance leases accounted for as operating leases are summarized as follows:

Year ending March 31,	(Millions of yen)	(Thousands of U.S. dollars)
2010	¥ 6	$ 61
2011 and thereafter	9	92
Total	¥16	$163

Future minimum lease income subsequent to March 31, 2009 for operating leases are summarized as follows:

Year ending March 31,	(Millions of yen)	(Thousands of U.S. dollars)
2010	¥159	$1,622
2011 and thereafter	248	2,531
Total	¥408	$4,163

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(CONT.)*

Ajinomoto Co., Inc. and Consolidated Subsidiaries
March 31, 2009

17. Contingent Liabilities

At March 31, 2009 and 2008, the Company and its consolidated subsidiaries had the following contingent liabilities:

	2009	2008	2009
	(Millions of yen)		(Thousands of U.S dollars)
As endorser of documentary export bills and trade notes receivable discounted with banks	¥1,945	¥2,491	$19,847
As guarantor of indebtedness of unconsolidated subsidiaries, affiliates and employees			
KTC (USA)	—	200	—
New Season Foods	245	—	2,500
Kyodo ace butsuryu	1	2	10
Employees	105	150	1,071
	¥ 351	¥ 352	$ 3,582

18. Amounts Per Share

	2009	2008	2009
	(Yen)		(U.S dollars)
Net income (loss)	¥ (14.6)	¥ 41.9	$(0.149)
Cash dividends	16.0	16.0	0.163
Net assets	838.5	899.4	8.556

Net income per share is computed based on the net income available for distribution to shareholders of common stock and the weighted average number of shares of common stock outstanding during the year, and amounts per share of net assets are computed based on the net assets excluding minority interests and the number of shares of common stock outstanding at the year end.

Cash dividends per share represent the cash dividends proposed by the Board of Directors as applicable to the respective years together with the interim cash dividends paid.

19. Related Party Transactions

(Additional information)

From the fiscal year under review, the Company has adopted the "Accounting Standard for Related party disclosures" (ASBJ Statement No. 11 of October 17, 2006) and "Guidance on Related party disclosures" (ASBJ Statement No. 13 of October 17, 2006).

As a result, in addition to the prior scope of disclosure, directors and their close relatives of important subsidiaries and the pension fund for employees are added to scope of disclosure.

For the year ended at March 31, 2009

Attribute	Name	Domicile	"Capitalization (Millions of yen)	Nature of operation	Equity ownership by the Company	Relationship: Operational relationship	Nature of transaction	Trading amount (Millions of yen)	Account	Balance at year end (Millions of yen)
Affiliate	Ajinomoto General Foods,Inc.	Shinjuku-ku, Tokyo	3,862	Bevarages, daily products	"50.0% Direct"	"Purchasing goods and resale Interlocking and secondment of directors"	Purchasing goods	124,995	Account payable	19,323

For the year ended at March 31, 2008

Attribute	Name	Domicile	"Capitalization (Millions of yen)	Nature of operation	Equity ownership by the Company	Relationship		Nature of transaction	Trading amount (Millions of yen)	Account	Balance at year end (Millions of yen)
						Interlocking of directors	Operational relationship				
Affiliate	Ajinomoto General Foods,Inc.	Shinjuku-ku, Tokyo	3,862	Bevarages, daily products	"50.0% Direct"	"Interlocking :2 Secondment: 1"	Purchasing goods and resale	Purchasing goods	118,562	Account payable	18,708

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

Ajinomoto Co., Inc. and Consolidated Subsidiaries
March 31, 2009

CONTENTS
PRESIDENT'S MESSAGE
FINANCIAL SECTION
CORPORATE DATA

20. Securities

a) Information regarding marketable securities classified as other securities with fair value at March 31, 2009 and 2008 is as follows:

	March 31, 2009					
	Acquisition cost	Carrying value	Unrealized gain (loss)	Acquisition cost	Carrying value	Unrealized gain (loss)
	(Millions of yen)			(Thousands of U.S. dollars)		
Securities whose carrying value exceeds their acquisition cost:						
Stock	¥10,914	¥16,732	¥ 5,817	$111,367	$170,735	$ 59,357
Other	—	—	—	—	—	—
Subtotal	10,914	16,732	5,817	111,367	170,735	59,357
Securities whose acquisition cost exceeds their carrying value:						
Stock	26,939	17,861	(9,078)	274,888	182,255	(92,633)
Other	4	4	(0)	41	41	(0)
Subtotal	26,944	17,865	(9,078)	274,939	182,296	(92,633)
Total	¥37,858	¥34,598	¥(3,260)	$386,306	$353,041	$(33,265)

	March 31, 2008		
	Acquisition cost	Carrying value	Unrealized gain (loss)
	(Millions of yen)		
Securities whose carrying value exceeds their acquisition cost:			
Stock	¥26,098	¥36,806	¥10,707
Other	4	7	3
Subtotal	26,103	36,814	10,711
Securities whose acquisition cost exceeds their carrying value:			
Stock	10,738	8,539	(2,198)
Subtotal	10,738	8,539	(2,198)
Total	¥36,842	¥45,354	¥ 8,512

b) Sales of securities classified as other securities for the years ended March 31, 2009 and 2008 are summarized as follows:

	March 31,		
	2009	2008	2009
	(Millions of yen)		(Thousands of U.S. dollars)
Proceeds from sales	¥135	¥1,606	$1,378
Gains on sales	23	804	235
Losses on sales	198	15	2,020

c) Information regarding marketable securities classified as other securities without fair value at March 31, 2009 and 2008 is as follows:

	2009	2008	2009
	(Millions of yen)		(Thousands of U.S. dollars)
	Carrying cost		
Unlisted stock	¥2,280	¥4,111	$23,265
Unlisted domestic bonds	0	0	0
Unlisted foreign bonds	0	0	0
Money management funds etc.	722	3,658	7,367
Total	¥3,002	¥7,770	$30,633

d) The redemption schedule for securities with maturity dates classified as other securities at March 31, 2009 and 2008 is summarized as follows:

	March 31, 2009					
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due in one year or less	Due after one year through five years	Due after five years through ten years
	(Millions of yen)			(Thousands of U.S. dollars)		
Government bonds	¥0	¥—	¥—	$0	$—	$—
Total	¥0	¥—	¥—	$0	$—	$—

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

Ajinomoto Co., Inc. and Consolidated Subsidiaries
March 31, 2009

	March 31, 2008		
	Due in one year or less	Due after one year through five years	Due after five years through ten years
	(Millions of yen)		
Government bonds	¥—	¥0	¥—
Total	¥—	¥0	¥—

21. Derivative Transactions

The Company and certain consolidated subsidiaries have entered into derivatives transactions in order to manage certain risks arising from adverse fluctuation in foreign currency exchange rates, interest rates, and commodity and stock prices.

The Company is exposed to credit risk in the event of nonperformance by the counterparties to its derivatives positions, but any such loss would not be material because the Company enters into such transactions only with financial institutions with high credit ratings. The notional amounts of the derivatives presented below do not necessarily represent the amounts exchanged by the parties and, therefore, are not a direct measure of the Company's risk exposure in this area.

a) Summarized below are the notional amounts and the estimated fair value of the derivatives positions outstanding at March 31, 2009 and 2008:

1) Currency-related transactions

	March 31, 2009					
	Notional amount	Fair value	Unrealized gain (loss)	Notional amount	Fair value	Unrealized gain (loss)
	(Millions of yen)			(Thousands of U.S dollars)		
Forward foreign exchange contracts:						
Sell:						
US$	¥10,259	¥10,455	¥ (195)	$104,684	$106,684	$ (1,990)
Euro	3,816	3,897	(80)	38,939	39,765	(816)
HKD	800	772	27	8,163	7,878	276
RUB	79	84	(4)	806	857	(41)
JPY	706	725	(18)	7,204	7,398	(184)
Buy:						
US$	3,546	3,520	(25)	36,184	35,918	(255)
Euro	6	6	0	61	61	0
JPY	1,298	1,250	(47)	13,245	12,755	(480)
Currency Swap						
Receive/JPY and pay/US$	4,110	(267)	(267)	41,939	(2,724)	(2,724)
Receive/THBand pay/JPY	9,504	(835)	(835)	96,980	(8,520)	(8,520)
			¥(1,448)			$(14,776)

CONTENTS
PRESIDENT'S MESSAGE
FINANCIAL SECTION
CORPORATE DATA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

Ajinomoto Co., Inc. and Consolidated Subsidiaries
March 31, 2009

	March 31, 2008		
	Notional amount	Fair value	Unrealized gain (loss)
	(Millions of yen)		
Forward foreign exchange contracts:			
Sell:			
US$	¥25,543	¥24,167	¥1,375
Euro	2,580	2,573	6
HKD	1,006	945	60
JPY	2,008	2,013	(4)
Buy:			
US$	8,254	7,992	(261)
Euro	389	398	9
JPY	711	709	(1)
Options:			
Put options, Written:			
US$	384	49	(17)
Premium	32		
Call options, Purchased:			
US$	384	3	(8)
Premium	11		
Put options, Written:			
Euro	250	9	15
Premium	24		
Call options, Purchased:			
Euro	250	38	26
Premium	12		
			¥1,198

2) Interest-related transactions

	March 31, 2009					
	Notional amount	Fair value	Unrealized gain (loss)	Notional amount	Fair value	Unrealized gain (loss)
	(Millions of yen)			(Thousands of U.S dollars)		
Interest-rate swaps:						
Pay/fixed and receive/floating	¥ 2,261	¥(151)	¥(151)	$23,071	$(1,541)	$(1,541)
Currency swaps:						
Receive/JPY and pay/US$	12,699	964	964	129,582	9,837	9,837
Total			¥ 812			$8,286

	March 31, 2008		
	Notional amount	Fair value	Unrealized gain (loss)
	(Millions of yen)		
Currency swaps:			
Receive/JPY and pay/US$	¥11,608	¥727	¥727
Receive/JPY and pay/Euro	2,625	(42)	(42)
Coupon swaps:			
Receive/US$ and pay/JPY	1,641	(0)	(0)
Total			¥684

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

Ajinomoto Co., Inc. and Consolidated Subsidiaries
March 31, 2009

22. Supplementary Cash Flow Information

The following is a summary of the assets and liabilities of subsidiaries which were included in consolidation upon acquisition of their stock for the years ended March 31, 2009 and 2008:

	2009	2008	2009
	(Millions of yen)		(Thousands of U.S dollars)
Current assets	—	¥ 59,634	—
Non-current assets	—	71,096	—
Total assets	—	¥130,730	—
Current liabilities	—	¥ 33,197	—
Non-current liabilities	—	19,211	—
Total liabilities	—	¥ 52,409	—

The following is a summary of the assets and liabilities of subsidiaries which were excluded from consolidation upon sale of their stock for the years ended March 31, 2009 and 2008:

	2009	2008	2009
	(Millions of yen)		(Thousands of U.S dollars)
Current assets	—	¥ 8,376	—
Non-current assets	—	4,065	—
Total assets	—	¥12,442	—
Current liabilities	—	¥ 7,750	—
Non-current liabilities	—	406	—
Total liabilities	—	¥ 8,157	—

"Other" consisted of followings:

	2009	2008	2009
	(Millions of yen)		(Thousands of U.S dollars)
Cash flows from operating activities			
Increase (decrease) in allowance for doubtful receivables	¥ (507)	¥ 765	$ (5,173)
Increase (decrease) in accrued bonuses	181	(598)	1,847
Increase (decrease) in accrued bonuses for directors	(114)	16	(1,163)
Increase (decrease) in allowance for environmental measures	0	1	0
Loss (gain) on sale and disposal of tangible fixed assets	2,674	(1,267)	27,286
Decrease (increase) in inventories	(20,798)	(13,996)	(212,224)
Increase (decrease) in accrued consumption tax	1,600	(65)	16,327
unrealized gain (loss) on foreign forward exchange contracts	1,504	—	15,347
Other	5,633	(13,617)	57,480
Cash flows from investing activities			
Decrease (increase) in term deposits	(1,376)	(1,012)	(14,041)
Other	(978)	95	(9,980)
Cash flows from financing activities			
Amount paid for underwriting capital increase by minority shareholders	(737)	(868)	(7,520)
Distribution of dividends to minority shareholders	460	—	4,694
Other	25	1	255

23. Business Combination

In accordance with a share exchange agreement dated June 11, 2007, Calpis Co., Ltd. ("CALPIS"), which operates in the food products industry, became a wholly-owned subsidiary of the Company effective October 1, 2007. CALPIS was an affiliate of the Company accounted for by the equity method,

The Company issued 0.95 shares of its own common stock in exchange for each share of CALPIS common stock and, as a result, acquired an additional 73.3% equity interest of CALPIS in exchange for the Company's common stock of 51,550,914 shares, of which the fair value was ¥73,150 million.

The following is a summary of the assets acquired and liabilities assumed of CALPIS as of October 1, 2007:

	(Millions of yen)
Current assets	¥ 59,634
Non-current assets	71,096
Total assets	130,730
Current liabilities	33,197
Non-current liabilities	19,211
Total liabilities	¥ 52,409

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(CONT.)*

Ajinomoto Co., Inc. and Consolidated Subsidiaries
March 31, 2009

Goodwill of ¥24,053 million arising from this share exchange transaction is to be amortized over 20 years by the straight-line method.

The unaudited pro forma amounts of impact on consolidated operating results of the Company for the year ended March 31, 2008, which were estimated as if this transaction occurred at the beginning of the year ended March 31, 2008, are as follows:

	(Millions of yen)
Net sales	¥15,318
Operating income	3,372
Net income	612

24. Segment Information

The Company and its consolidated subsidiaries are primarily engaged in the manufacture and sale of products in Japan and overseas in the following five business segments.

– Domestic food products segment, which includes "AJI-NO-MOTO," "Hon-Dashi," "Cook Do," soups, mayonnaise, "Pal Sweet" (domestic market), delicatessen, bakery products, "amino VITAL," frozen foods, edible oils, coffee, domestic beverages, chilled dairy products, etc.;
– Overseas food products segment, which includes "AJI-NO-MOTO," flavor seasonings, instant noodles, beverages, etc.;
– Amino acids segment, which includes "AJI-NO-MOTO" for processed food manufactures, nucleotides, various kinds of amino acids, aspartame, specialty chemicals, etc.;
– Pharmaceuticals segment, which includes pharmaceuticals, medical foods;
– Other segment, which includes distribution, various services, etc.

The business and geographical segments of the Company and its consolidated subsidiaries for the years ended March 31, 2009 and 2008 are outlined as follows:

Business Segments

	Year ended March 31, 2009							
	Domestic food products	Overseas food products	Amino acids	Pharma-ceuticals	Other	Total	Corporate and eliminations	Consolidated
	(Millions of yen)							
I. Sales and operating income:								
Sales to third parties	¥653,921	¥148,768	¥246,901	¥85,751	¥ 55,028	¥1,190,371	¥ —	¥1,190,371
Intragroup sales	8,128	2,085	22,118	147	56,520	89,000	(89,000)	—
Total sales	662,049	150,854	269,020	85,899	111,548	1,279,371	(89,000)	1,190,371
Operating expenses	645,054	139,335	259,538	72,245	109,139	1,225,311	(75,767)	1,149,544
Operating income	¥ 16,995	¥ 11,519	¥ 9,482	¥13,653	¥ 2,409	¥ 54,059	¥ (13,232)	¥ 40,827
II. Assets, depreciation and capital expenditures:								
Total assets	¥381,238	¥ 75,715	¥346,083	¥72,132	¥ 62,956	¥ 938,126	¥119,659	¥1,057,786
Depreciation and amortization	15,984	3,197	25,388	3,648	2,099	50,318	4,873	55,192
Impairment losses on fixed assets	5,868	7,694	4,392	—	—	17,955	883	18,838
Capital expenditures	15,054	6,495	27,777	3,348	1,160	53,835	4,457	58,293

	Year ended March 31, 2009							
	Domestic food products	Overseas food products	Amino acids	Pharma-ceuticals	Other	Total	Corporate and eliminations	Consolidated
	(Thousands of U.S. dollars)							
I. Sales and operating income:								
Sales to third parties	$6,672,663	$1,518,041	$2,519,398	$875,010	$ 561,510	$12,146,643	$ —	$12,146,643
Intragroup sales	82,939	21,276	225,694	1,500	576,735	908,163	(908,163)	—
Total sales	6,755,602	1,539,327	2,745,102	876,520	1,138,245	13,054,806	(908,163)	12,146,643
Operating expenses	6,582,184	1,421,786	2,648,347	737,194	1,113,663	12,503,173	(773,133)	11,730,041
Operating income	$ 173,418	$ 117,541	$ 96,755	$139,316	$ 24,582	$ 551,622	$ (135,020)	$ 416,602
II. Assets, depreciation and capital expenditures:								
Total assets	$3,890,184	$ 772,602	$3,531,459	$736,041	$ 642,408	$ 9,572,714	$1,221,010	$10,793,735
Depreciation and amortization	163,102	32,622	259,061	37,224	21,418	513,449	49,724	563,184
Impairment losses on fixed assets	59,878	78,510	44,816	—	—	183,214	9,010	192,224
Capital expenditures	153,612	66,276	283,439	34,163	11,837	549,337	45,480	594,827

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

Ajinomoto Co., Inc. and Consolidated Subsidiaries
March 31, 2009

(Note)

1) The total amount of operating expenses that could not be allocated and were thus included in corporate and eliminations was ¥13,087 million ($133,541 thousand). This mainly consisted of expenses associated with the Company's administrative divisions and some research facilities.

2) Major items in assets included under corporate and eliminations are Company surplus operating funds, long-term investment funds, land not used for business purposes, assets associated with management, and some research facilities. For the fiscal year under review, these items totaled ¥236,257 million ($2,410,786 thousand).

3) Changes in valuation standards and methods for important assets

As described in 2a, inventories held for sale in the ordinary course of business were previously stated based on the lower of cost or market method, cost being determined by the average method, but from the fiscal year under review the Company has adopted the "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9, issued on July 5, 2006), and accordingly such inventories are now mainly stated using the acquisition cost method, cost being determined by the average method (in cases where the profitability has declined, the book value is reduced accordingly).

As a result, operating expenses increased ¥291 million ($2,969 thousand) in domestic food products, ¥0 million ($0 thousand) in overseas food products, ¥25 million ($255 thousand) in amino acids, ¥71 million ($724 thousand) in pharmaceuticals, and ¥1,256 million ($12,816 thousand) in corporate and eliminations. Operating income decreased ¥291 million ($2,969 thousand) in domestic food products, ¥0 million ($0 thousand) in overseas food products, ¥25 million ($255 thousand) in amino acids, ¥71 ($724 thousand) million in pharmaceuticals, and ¥1,256 million ($12,816 thousand) in corporate and eliminations.

4) Adoption of "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements"

As described in 2b, from the fiscal year under review the Company has adopted the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ PITF No. 18, issued on May 17, 2006) and made the necessary revisions to its consolidated financial statements.

As a result, operating expenses increased ¥1 million ($10 thousand) in domestic food products and ¥50 million ($510 thousand) in overseas food products, and decreased ¥136 million ($1,388 thousand) in amino acids. Operating income decreased ¥1 million ($10 thousand) in domestic food products and ¥50 million ($510 thousand) in overseas food products, and increased ¥136 million ($1,388 thousand) in amino acids.

5) Changes in estimates for the useful lives of tangible fixed assets

As described in 3a , in line with a revision of the Corporation Tax Law in fiscal 2008, from the fiscal year under review the Company and its main consolidated subsidiaries in Japan have changed their estimates for the useful lives of fixed assets.

As a result, operating expenses decreased ¥1,109 million ($11,316 thousand) in domestic food products, ¥0 million ($0 thousand) in overseas food products, ¥338 million ($3,449 thousand) in amino acids, and ¥157 ($1,602 thousand) million in pharmaceuticals, and increased ¥0 million ($0 thousand) in other and ¥1 million ($10 thousand) in corporate and eliminations. Operating income increased ¥1,109 million ($11,316 thousand) in domestic food products, ¥0 million ($0 thousand) in overseas food products, ¥338 million ($3,449 thousand) in amino acids, and ¥157 million ($1,602 thousand) in pharmaceuticals, and decreased ¥0 million ($0 thousand) in other and ¥1 million ($10 thousand) in corporate and eliminations.

	Year ended March 31, 2008							
	Domestic food products	Overseas food products	Amino acids	Pharma-ceuticals	Other	Total	Corporate and eliminations	Consolidated
	(Millions of yen)							
I. Sales and operating income:								
Sales to third parties	¥632,719	¥155,509	¥286,042	¥84,074	¥ 58,226	¥1,216,572	¥ —	¥1,216,572
Intragroup sales	3,080	1,975	19,161	113	65,440	89,772	(89,772)	—
Total sales	635,800	157,485	305,203	84,187	123,667	1,306,344	(89,772)	1,216,572
Operating expenses	620,053	142,537	286,047	69,240	120,861	1,238,739	(82,690)	1,156,048
Operating income	¥ 15,746	¥ 14,947	¥ 19,156	¥14,947	¥ 2,805	¥ 67,604	¥ (7,081)	¥ 60,523
II. Assets, depreciation and capital expenditures:								
Total assets	¥395,265	¥ 88,426	¥353,023	¥72,700	¥ 67,555	¥ 976,970	¥123,739	¥1,100,709
Depreciation and amortization	11,954	3,350	30,342	3,398	2,145	51,191	3,998	55,189
Impairment losses on fixed assets	125	—	—	—	—	125	—	125
Capital expenditures	20,945	7,320	27,022	3,176	1,207	59,672	3,108	62,780

(Note)

1) Major unallocated items in operating expenses included under corporate and eliminations amounted to ¥7,122 million, which mainly consisted of expenses at the administrative division and part of at research facilities at the Company.

2) Major items in all company assets included under corporate and eliminations are Company surplus operating funds, long-term investment funds, land not used for business purposes, assets of the administration division, and some research facilities. For the fiscal year under review, these items totaled ¥233,152 million.

3) Change to accounting policy

As described in 2d, in line with the revision to the Corporation Tax Law in Japan, from the period under review the Company and domestic consolidated subsidiaries have changed the method of depreciation for tangible fixed assets acquired on or after April 1, 2007, based on the revised Corporation Tax Law.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(CONT.)*

Ajinomoto Co., Inc. and Consolidated Subsidiaries
March 31, 2009

As a result, operating expenses increased ¥509 million in domestic food products, ¥0 million in overseas food products, ¥257 million in amino acids, ¥85 million in pharmaceuticals, and ¥10 million in other, and ¥86 million in corporate and eliminations. Operating income decreased by the same amounts in each respective segment.

4) Additional information

As described in 3b , with respect to tangible fixed assets acquired on or before March 31, 2007, in line with the revision to the Corporation Tax Law, from the consolidated accounting period under review, the Company and major domestic consolidated subsidiaries, from the fiscal year following the fiscal year in which the remaining value of tangible fixed assets reaches 5% of the acquisition cost through the application of the depreciation method based on the pre-revised Corporation Tax Law, have depreciated the difference between an amount equivalent to 5% of the acquisition cost and the memorandum value by the straight-line method over a period of five years and include the amounts in depreciation expenses.

As a result, operating expenses increased ¥601 million in domestic food products, ¥0 million in overseas food products, ¥583 million in amino acids, ¥92 million in pharmaceuticals, and ¥29 million in other, and operating expenses included under corporate and eliminations increased ¥49 million. Operating income decreased by the same amounts in each respective segment.

Geographical Segments

	Year ended March 31, 2009						
	Japan	Asia	America	Europe	Total	Corporate and eliminations	Consolidated
	(Millions of yen)						
Sales to third parties	¥843,395	¥151,063	¥106,511	¥ 89,400	¥1,190,371	¥ —	¥1,190,371
Interarea sales and transfers	35,573	26,416	21,944	5,022	88,956	(88,956)	—
Total sales	878,968	177,480	128,456	94,423	1,279,328	(88,956)	1,190,371
Operating expenses	852,055	161,438	119,834	92,645	1,225,973	(76,429)	1,149,544
Operating income	¥ 26,913	¥ 16,042	¥ 8,621	¥ 1,777	¥ 53,354	¥ (12,527)	¥ 40,827
Total assets	¥498,901	¥154,121	¥115,091	¥107,230	¥ 875,346	¥182,440	¥1,057,786

	Year ended March 31, 2009						
	Japan	Asia	America	Europe	Total	Corporate and eliminations	Consolidated
	(Thousands of U.S. dollars)						
Sales to third parties	$8,606,071	$1,541,459	$1,086,847	$ 912,245	$12,146,643	$ —	$12,146,643
Interarea sales and transfers	362,990	269,551	223,918	51,245	907,714	(907,714)	—
Total sales	8,969,061	1,811,020	1,310,776	963,500	13,054,367	(907,714)	12,146,643
Operating expenses	8,694,439	1,647,327	1,222,796	945,357	12,509,929	(779,888)	11,730,041
Operating income	$ 274,622	$ 163,694	$ 87,969	$ 18,133	$ 544,429	$ (127,827)	$ 416,602
Total assets	$5,090,827	$1,572,663	$1,174,398	$1,094,184	$ 8,932,102	$1,861,633	$10,793,735

(Note)

1) The total amount of operating expenses that could not be allocated and were thus included in corporate and eliminations was ¥13,087 million ($133,541 thousand). This mainly consisted of expenses associated with the Company's administrative divisions and some research facilities.

2) Major items in assets included under corporate and eliminations are Company surplus operating funds, long-term investment funds, land not used for business purposes, assets associated with management, and some research facilities.

For the fiscal year under review, these items totaled ¥236,257 million ($2,410,786 thousand).

3) Changes in valuation standards and methods for important assets

As described in 2a, inventories held for sale in the ordinary course of business were previously stated based on the lower of cost or market method, cost being determined by the average method, but from the fiscal year under review the Company has adopted the "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9; issued on July 5, 2006), and accordingly such inventories are now mainly stated using the acquisition cost method, cost being determined by the average method (in cases where the profitability has declined, the book value is reduced accordingly).

As a result, operating expenses increased ¥388 million ($3,959 thousand) in "Japan" and ¥1,256 million ($12,816 thousand) in corporate and eliminations. Operating income decreased ¥388 million ($3,959 thousand) in "Japan" and ¥1,256 million ($12,816 thousand) in corporate and eliminations.

4) Adoption of "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements"

As described in 2b, from the fiscal year under review the Company has adopted the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ PITF No. 18 issued on May 17, 2006) and made the necessary revisions to its consolidated financial statements.

As a result, operating expenses increased ¥61 million ($622 thousand) in "Asia" and ¥39 million ($398 thousand) in "America", and decreased ¥186 million ($1,898 thousand) in "Europe". Operating income decreased ¥61 million ($622 thousand) in "Asia" and ¥39 million ($398 thousand) in "America", and increased ¥186 ($1,898 thousand) million in "Europe".

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

Ajinomoto Co., Inc. and Consolidated Subsidiaries
March 31, 2009

5) Change in method of allocation of operating expenses

Previously, expenses associated with the Company's administrative divisions and some research facilities were included in "Japan", but in line with a change in management method, from the fiscal year under review they are included in corporate and eliminations.

As a result, operating expenses decreased ¥12,772 million ($130,327 thousand) in "Japan" and increased ¥12,772 million ($130,327 thousand) in corporate and eliminations. Operating income increased ¥12,772 million ($130,327 thousand) in "Japan" and decreased ¥12,772 million ($130,327 thousand) in corporate and eliminations.

6) Changes in estimates of the useful lives of tangible fixed assets

As described in 3a, in line with a revision of the Corporation Tax Law in fiscal 2008, from the fiscal year under review the Company and its consolidated subsidiaries in Japan have changed their estimates for the useful lives of fixed assets.

As a result, operating expenses decreased ¥1,605 million ($16,378 thousand) in "Japan" and increased ¥1 million ($10 thousand) in corporate and eliminations. Operating income increased ¥1,605 million ($16,378 thousand) in "Japan" and decreased ¥1 million ($10 thousand) in corporate and eliminations.

	Year ended March 31, 2008						
	Japan	Asia	America	Europe	Total	Corporate and eliminations	Consolidated
	(Millions of yen)						
Sales to third parties	¥832,330	¥159,232	¥109,886	¥115,123	¥1,216,572	¥ —	¥1,216,572
Interarea sales and transfers	40,066	24,785	21,970	4,046	90,869	(90,869)	—
Total sales	872,397	184,018	131,857	119,169	1,307,441	(90,869)	1,216,572
Operating expenses	841,369	170,627	122,448	112,472	1,246,918	(90,869)	1,156,048
Operating income	¥ 31,027	¥ 13,390	¥ 9,408	¥ 6,696	¥ 60,523	¥ —	¥ 60,523
Total assets	¥526,790	¥176,401	¥126,977	¥ 97,226	¥ 927,396	¥173,313	¥1,100,709

(Note)

1) Major items in assets included under corporate and eliminations are Company surplus operating funds, long-term investment funds, land not used for business purposes, assets associated with management, and some research facilities.

2) Change to accounting policy

As described in 2d, in line with the revision to the Corporation Tax Law in Japan, from the period under review, the Company and domestic consolidated subsidiaries have changed the method of depreciation for tangible fixed assets acquired on or after April 1, 2007, based on the revised Corporation Tax Law.

As a result, operating expenses increased ¥949 million in "Japan", and operating income decreased by the same amount.

3) Additional information

As described in 3b, with respect to tangible fixed assets acquired on or before March 31, 2007, in line with the revision to the Corporation Tax Law, from the consolidated accounting period under review, the Company and major domestic consolidated subsidiaries will, from the fiscal year following the fiscal year in which the remaining value of tangible fixed assets reaches 5% of the acquisition price through the application of the depreciation method based on the Corporation Tax Law, depreciate the difference between an amount equivalent to 5% of the acquisition cost and the memorandum value by the straight-line method over a period of five years and include the amounts in depreciation expenses.

As a result, operating expenses increased ¥1,357 million in "Japan", and operating income decreased by the same amount.

Overseas Sales

Overseas sales, which include export sales of the Company and its domestic consolidated subsidiaries and sales (other than exports to Japan) of foreign consolidated subsidiaries, for the years ended March 31, 2009 and 2008 are summarized as follows:

	Year ended March 31, 2009			
	Asia	America	Europe	Total
	(Millions of yen)			
Overseas sales	¥169,019	¥110,391	¥96,523	¥ 375,933
Consolidated net sales	—	—	—	1,190,371
	(Thousands of U.S. dollars)			
Overseas sales	$1,724,684	$1,126,439	$984,929	$ 3,836,051
Consolidated net sales	—	—	—	12,146,643
Overseas sales as a percentage of consolidated net sales	14.2%	9.3%	8.1%	31.6%

	Year ended March 31, 2008			
	Asia	America	Europe	Total
	(Millions of yen)			
Overseas sales	¥181,202	¥114,244	¥122,037	¥ 417,485
Consolidated net sales	—	—	—	1,216,572
Overseas sales as a percentage of consolidated net sales	14.9%	9.4%	10.0%	34.3%

CONTENTS
PRESIDENT'S MESSAGE
FINANCIAL SECTION
CORPORATE DATA

ERNST & YOUNG

Ernst & Young ShinNihon LLC
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Chiyoda-ku, Tokyo, Japan 100-0011

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Fax: +81 3 3503 1197

Report of Independent Auditors

The Board of Directors and Shareholders
Ajinomoto Co., Inc.

We have audited the accompanying consolidated balance sheets of Ajinomoto Co., Inc. and consolidated subsidiaries as of March 31, 2009 and 2008, and the related consolidated statements of income, changes in net assets, and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Ajinomoto Co., Inc. and consolidated subsidiaries at March 31, 2009 and 2008, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2009 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 4.

June 26, 2009

Ernst & Young Shin Nihon LLC

A member firm of Ernst & Young Global Limited

CONTENTS
PRESIDENT'S MESSAGE
FINANCIAL SECTION
CORPORATE DATA

MAJOR SUBSIDIARIES AND AFFILIATES (1/2)

(As of March 31, 2009)

● Consolidated subsidiaries
○ Affiliated companies accounted for under the equity method

Company name	Country	Capital Stock (thousands)		Ratio of voting*	Major business

JAPAN

Company name	Country	Capital Stock (thousands)		Ratio of voting*	Major business
● Ajinomoto Frozen Foods Co., Inc.	Japan	JPY	9,537,000	100.0	Frozen Foods
● AJINOMOTO LOGISTICS CORPORATION	Japan	JPY	1,930,000	89.4 (1.1)	Other
● Ajinomoto Medica Co., Ltd.	Japan	JPY	80,000	100.0	Pharmaceuticals
● Ajinomoto Pharma Co., Ltd.	Japan	JPY	4,560,000	100.0	Pharmaceuticals
● Ajinomoto Treasury Management, Inc.	Japan	JPY	500,000	100.0	Other
● Calpis Co., Ltd	Japan	JPY	13,056,000	100.0	Beverages and Dairy Products
● GABAN Co., Ltd.	Japan	JPY	2,827,000	55.4	Domestic Seasonings and Processed Foods
● Knorr Foods Co., Ltd.	Japan	JPY	4,000,000	100.0	Domestic Seasonings and Processed Foods
○ Ajinomoto General Foods, Inc.	Japan	JPY	3,862,000	50.0	Beverages and Dairy Products
○ J-OIL MILLS, INC.	Japan	JPY	10,000,000	27.3	Edible Oils

ASIA

Company name	Country	Capital Stock (thousands)		Ratio of voting*	Major business
● Ajinomoto (China) Co., Ltd.	China	USD	104,108	100.0	Overseas Food Products
● CHUANHUA AJINOMOTO CO., LTD	China	USD	53,396	70.0	Feed-Use Amino Acids
● HENAN AJINOMOTO AMINO ACID CO., LTD.	China	USD	6,000	100.0 (100.0)	Amino Acids for Pharmaceuticals and Foods
● Lianyungang Ajinomoto Frozen Foods Co., Ltd.	China	USD	5,800	100.0 (100.0)	Frozen Foods
● Lianyungang Ajinomoto Ruyi Foods Co., Ltd.	China	USD	5,500	90.0 (90.0)	Frozen Foods
● Shanghai Ajinomoto Amino Acid Co., Ltd.	China	USD	12,000	60.0 (58.0)	Amino Acids for Pharmaceuticals and Foods
● Shanghai Ajinomoto Seasoning Co., Ltd.	China	USD	27,827	100.0 (99.0)	Overseas Food Products
● SHANGHAI HOUSE AJINOMOTO FOODS CO., LTD.	China	USD	17,264	70.0 (65.0)	Overseas Food Products
● Xiamen Ajinomoto Life Ideal Foods Co., Ltd.	China	USD	7,000	51.0 (51.0)	Frozen Foods
● PT Ajinex International	Indonesia	USD	44,000	100.0	Umami Seasonings for Processed Food mfrs
● PT Ajinomoto Calpis Beverage Indonesia	Indonesia	USD	17,920	100.0 (50.0)	Overseas Food Products
● PT Ajinomoto Indonesia**	Indonesia	USD	8,000	50.0	Overseas Food Products
● Ajinomoto (Malaysia) Berhad	Malaysia	MYR	60,798	50.1	Overseas Food Products
● AJINOMOTO PHILIPPINES CORPORATION	Philippines	PHP	665,444	95.0	Overseas Food Products
● Ace Pack Co., (Thailand) Ltd.	Thailand	THB	277,500	100.0 (94.6)	Packaging
● Ajinomoto Betagro Frozen Foods (Thailand) Co., Ltd.	Thailand	THB	764,000	50.0 (50.0)	Frozen Foods

Notes: * Numbers in parentheses indicate indirect equity ownership.
** This company is classified as a subsidiary as it is under the substantial control of Ajinomoto.

CONTENTS
PRESIDENT'S MESSAGE
FINANCIAL SECTION
CORPORATE DATA

MAJOR SUBSIDIARIES AND AFFILIATES (2/2)

(As of March 31, 2009)

● Consolidated subsidiaries
○ Affiliated companies accounted for under the equity method

ASIA (cont.)

	Company name	Country	Capital Stock (thousands)		Ratio of voting*	Major business
●	Ajinomoto Betagro Specality Foods (Thailand) Co., Ltd.	Thailand	THB	390,000	51.0 (51.0)	Frozen Foods
●	Ajinomoto Calpis Beverage (Thailand) Co., Ltd.	Thailand	THB	660,000	100.0 (100.0)	Overseas Food Products
●	Ajinomoto Co., (Thailand) Ltd.	Thailand	THB	796,362	78.7 (4.5)	Overseas Food Products
●	Ajinomoto Frozen Foods (Thailand) Co., Ltd.	Thailand	THB	105,000	100.0 (100.0)	Frozen Foods
●	Fuji Ace Co., Ltd.	Thailand	THB	500,000	51.0 (51.0)	Packaging
●	Ajinomoto Vietnam Co., Ltd.	Vietnam	USD	45,255	100.0	Overseas Food Products

AMERICA

	Company name	Country	Capital Stock (thousands)		Ratio of voting*	Major business
●	Ajinomoto Biolatina Indústria e Comércio Ltda.	Brazil	BRL	144,417	100.0	Feed-Use Amino Acids
●	Ajinomoto Interamericana Indústria e Comércio Ltda.	Brazil	BRL	355,552	100.0	Umami Seasonings for Processed Food mfrs
●	Ajinomoto del Perú S.A.	Peru	PEN	45,282	99.6	Overseas Food Products
●	Ajinomoto Frozen Foods U.S.A., Inc.	United States	USD	15,030	100.0 (100.0)	Frozen Foods
●	Ajinomoto U.S.A., Inc.	United States	USD	750	100.0	Other
●	Calpis U.S.A., Inc.	United States	USD	9,000	100.0 (100.0)	Beverages and Dairy Products
○	Nissin-Ajinomoto Alimentos Ltda.	Brazil	BRL	12,689	50.0	Overseas Food Products

EUROPE

	Company name	Country	Capital Stock (thousands)		Ratio of voting*	Major business
●	S.A. Ajinomoto OmniChem N.V.	Belgium	EUR	21,320	100.0 (0.0)	Amino Acid-Based Sweeteners
●	Ajinomoto Euro-Aspartame S.A.S.	France	EUR	51,000	100.0 (0.0)	Pharmaceutical Fine Chemicals
●	AJINOMOTO EUROLYSINE S.A.S.	France	EUR	26,865	100.0 (0.0)	Feed-Use Amino Acids
●	Ajinomoto Poland Sp. z o.o.	Poland	PLN	39,510	100.0	Overseas Food Products
●	ZAO “AJINOMOTO-GENETIKA Research Institute”	Russia	RBL	468,151	100.0	Other

Notes: * Numbers in parentheses indicate indirect equity ownership.

CONTENTS
PRESIDENT’S MESSAGE
FINANCIAL SECTION
CORPORATE DATA

INVESTOR INFORMATION (1/2)

(As of March 31, 2009)

AJINOMOTO CO., INC.

Established: May 20, 1909

Number of employees: 26,869 (consolidated basis)
3,733 (non-consolidated basis)

Fiscal year: April 1—March 31
Annual shareholders' meeting held in June

Common stock

Authorized: 1,000,000,000 shares

Issued: 700,032,654 shares

Paid-in capital: ¥79,863 million

Listings: Tokyo Stock Exchange and
Osaka Securities Exchange
(Ticker Code: 2802)

Shareholder registrar: Mitsubishi UFJ Trust and
Banking Corporation

Independent auditor: Ernst & Young ShinNihon

Number of shareholders: 73,535

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Tokyo 104-8315, Japan
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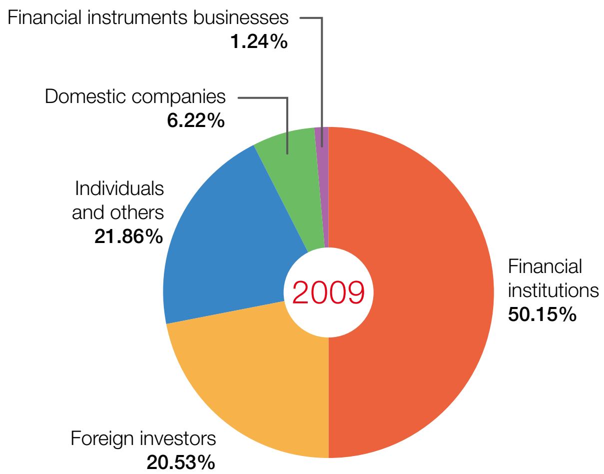
DISTRIBUTION OF SHAREHOLDERS

(By number of shares)



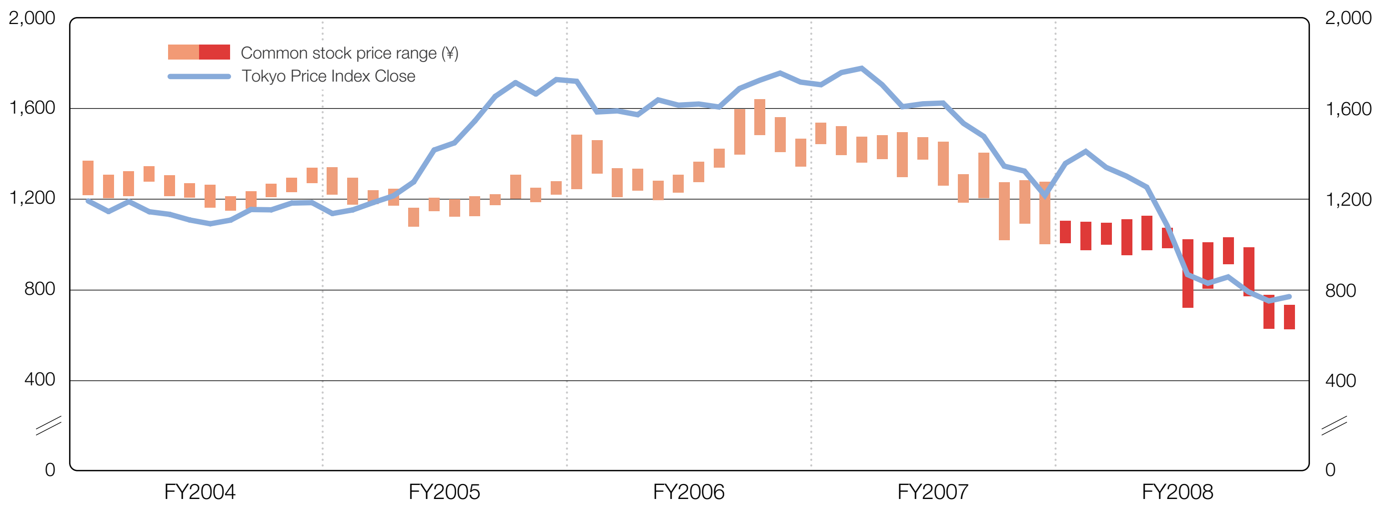
MAJOR SHAREHOLDERS

Name of shareholders	Number of Shares (Thousands)	Equity Position (%)
The Master Trust Bank of Japan, Ltd. (trust account)	52,163	7.45
Japan Trustee Services Bank, Ltd. (trust account)	42,918	6.13
Japan Trustee Services Bank, Ltd. (trust account 4G)	35,496	5.07
The Dai-ichi Mutual Life Insurance Company	26,199	3.74
Nippon Life Insurance Company	25,706	3.67
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	20,149	2.88
NIPPONKOA Insurance Co., Ltd.	16,097	2.30
Meiji Yasuda Life Insurance Company	12,624	1.80
National Mutual Insurance Federation of Agricultural Cooperatives	12,087	1.73
Mitsubishi UFJ Trust and Banking Corporation	11,548	1.65

INVESTOR INFORMATION (2/2)

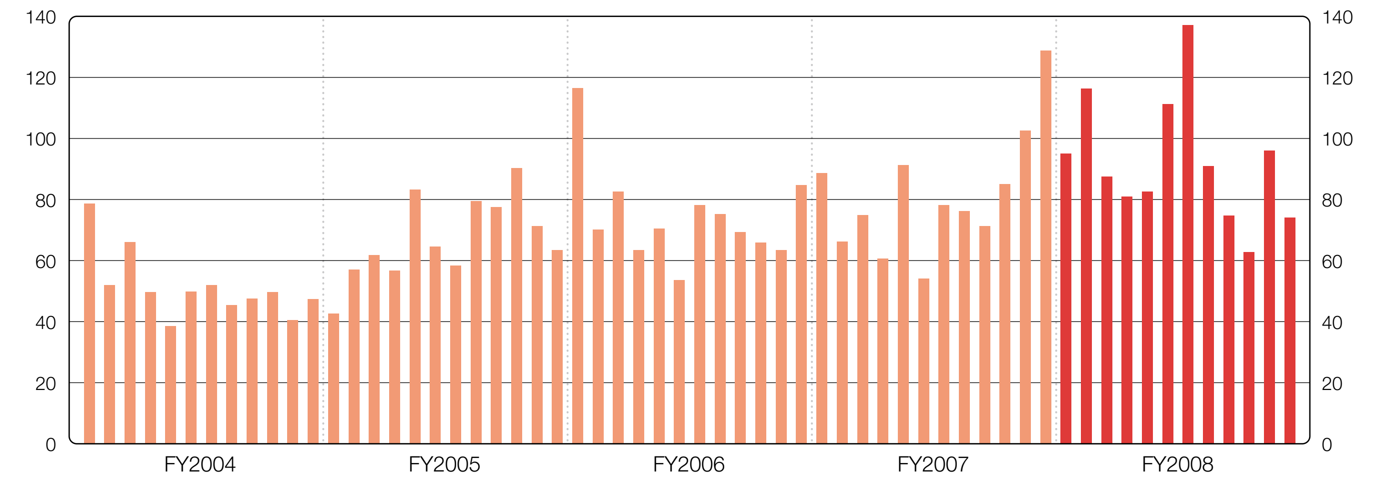
(As of March 31, 2009)

MONTHLY STOCK PRICE RANGE (¥)



Note: Fiscal years beginning April and ending March the following calendar year.

MONTHLY TRADING VOLUME (million shares)



Note: Fiscal years beginning April and ending March the following calendar year.

RELATED LINKS

Ajinomoto Group Home: www.ajinomoto.com

Investor Relations: www.ajinomoto.com/ir/index.html

Corporate Guidance

CSR Report

- *Message to Investors*
- *Financial Information*
- *IR Library*
  (Annual Reports, Investors' Guides, Fact Sheets, etc.)
- *Press Releases*
- *Share Price Information*
- *Shareholder Information*

CONTENTS
PRESIDENT'S MESSAGE
FINANCIAL SECTION
CORPORATE DATA