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AJINOMOTO®

Ajinomoto Co., Inc.

FINANCIAL REPORT 2011

For the year ended March 31, 2011

FINANCIAL REPORT 2011

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

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NAVIGATION

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FORWARD-LOOKING STATEMENTS

This financial report contains forward-looking statements regarding the plans, outlook, strategies and results of the Ajinomoto 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 the Ajinomoto Group is referred to as "the Group", and Ajinomoto Co., Inc. is referred to as "Ajinomoto Co." or "the Company". *AJI-NO-MOTO*® is the trademark of the Ajinomoto Group's umami seasoning products.

*Geographical area segments are categorized on the basis of geographic proximity and indicated in inverted commas.
Main countries and regions in segments other than "Japan":
"Asia": Countries of East and Southeast Asia
"Americas": Countries of North and South America
"Europe": Countries of Europe and Africa

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Strong performance despite grim reminder of nature's power

The earthquake and tsunami that devastated Northeastern Japan on March 11, 2011 overshadowed everything else that happened during the fiscal year under review. It is still difficult to comprehend the scale of destruction and terrible loss of life and livelihoods endured throughout the region, but we have been heartened by the support that Japan has received from people all around the world.

Masatoshi Ito
President

We feel fortunate indeed that the Ajinomoto Group escaped any significant damage from this disaster, and we have of course been doing everything we can to speed the recovery and restoration of the affected area. At the same time I am pleased to be able to report that Ajinomoto Co.'s results for the year under review were strong, with higher revenues and earnings. Sales increased in every business division and, excluding pharmaceuticals, which was negatively affected by NHI drug price revisions, income also increased across the board. There was a marked improvement in two key business areas—feed-use amino acids and sweeteners—and we achieved record levels of operating cash flow and free cash flow.

Before turning to our performance and strategy in each business area, I would like to comment on our new medium-term management plan for FY2011 to FY2013, which we announced in February 2011.

Becoming a "Genuine Global Company"

The core theme of our new management plan is to become what we define as a "Genuine Global Company". Readers will recall that in our previous management plan, for the period FY2005 through FY2010, we also aimed to become a 'global company', so what is the significance of using the word 'genuine' in our new plan?

PRESIDENT'S MESSAGE MASATOSHI ITO (CONT.)

Under our new plan, rather than only pursuing sales and earnings targets on a geographically global basis, we have identified five elements through which we can become a global company in every sense of the word. This means:

1. Contribute to the future progress of humanity
2. Possess our own industry leading technologies
3. Assemble a group of globally capable & diversified talent
4. Achieve the business and profit scale of a global company
5. Meet global efficiency standards to generate profit

The key drivers of growth in our plan are global business development and R&D leadership, with the aim of increasing our overseas sales ratio and income ratio through contributions from all regions while also pursuing companywide strategic R&D themes to develop sources of future growth. Another essential element of the Group strategy is to strengthen our business structure. This means building our long-term competitiveness, particularly in feed-use amino acids and sweeteners business but ultimately in all our business areas, through creating high added value products, rather than fighting for volume.

While ensuring that we maintain a strong balance sheet, we intend to increase our emphasis on cash flow, based on KPI targets for FY2013 that include ROE of 8%, an operating income margin at the 7% level, an overseas sales ratio of 35%, and an overseas operating income ratio of 53%, based on sales of ¥1,366.0 billion and operating income of ¥87.0 billion.

Underpinning these growth targets is a commitment to globalizing our human resources. We will actively engage talented people from around the world, fostering their abilities and creating the strong links with local businesses and communities that are a fundamental part of growing on the global stage. As an example of our approach, by FY2013 we want to increase the proportion of local-hire directors on the boards of our overseas subsidiaries, which is currently 34%, to 50%.

Further growth forecast for next year

Looking ahead to the first year of the plan, ending March 31, 2012, the global economy appears to have entered a recovery phase, but there remain a number of causes for caution. Fuel and raw material prices have been rising, and competition in our industry is intense. Despite this, we are forecasting consolidated sales for the year to increase 3.1%, with operating income essentially unchanged and net income increasing 21.7% due to lower extraordinary losses.

In these forecasts we have included a negative impact from the earthquake of ¥12.0 billion and ¥3.0 billion on sales and operating income respectively, which may be compared with the negative impact of ¥2.3 billion and ¥1.1 billion on sales and operating income respectively that we recorded for the year under review. We estimate that the impact will primarily be in the first six months of the year, and have based our forecasts on being able to minimize the damage and return our business situation to normal during the remainder of the year. We will closely monitor results in the first quarter and may reconsider our forecasts if there is any reason to believe that our assumptions are no longer valid.

Innovation needed as Japan's food market changes

In the year under review our domestic food product sales increased by 0.7%, while operating income increased by nearly 10%. The climb in operating income was attributable to factors such as benefits from cost-cutting initiatives and higher beverage sales during a particularly hot summer.

The fundamental issues we face in Japan are that the population profile is aging, the overall population is trending downward, and consumption patterns are changing accordingly. An example of how this is altering our business environment can be found if we look at the profile of customers shopping at convenience stores. In the space of a few short years, the average age of convenience store customers has increased by around 10 years to reach the mid 40s. One of the probable causes for this change is that older people are less inclined to travel to distant supermarkets, so they shop at smaller stores closer to home. This means that we have to review and think flexibly about our product lineup and sales methods, considering different approaches such as displaying products grouped by particular menus, or making more use of the Ajinomoto Corporate Brand in our marketing.

PRESIDENT'S MESSAGE MASATOSHI ITO (CONT.)

We also have to reconsider our positioning in the market. To date we have focused on providing high added value in our core product range, but our challenge now is to increase the proportion of these products in our sales mix and grow profitability by offering a wider range of consumption options. In this era it is more important than ever to impress on consumers the quality, taste and safety of every Ajinomoto Group product available.

Continuing to grow internationally

In overseas food products, we grew sales by over 8% and operating income by 6.5%. Top line growth was supported by higher sales volumes and some unit price improvements. This was sufficient to overcome the negative impact of currency translation, and was reflected in a similar level of operating income growth.

Overseas sales of our flavor seasonings have remained strong. In Indonesia, for example, sales volumes of our *Masako*® seasoning have outstripped *HON-DASHI* in Japan to become our highest volume flavor seasoning product worldwide, and with sales continuing to grow we have begun construction of a second Indonesian manufacturing plant. We are also preparing to increase our operations in other emerging markets during FY2011, with new sales subsidiaries planned for Ivory Coast in West Africa, Egypt and Turkey in the Near and Middle East, and Bangladesh in South Asia.

High potential in sweeteners market

Our Bioscience Products and Fine Chemicals sales increased 2.5% year on year, with operating income climbing 60.6%. The sales increase was primarily attributable to higher sales of fine chemicals and increases in feed-use amino acid unit prices. At the operating income level, a reduction in fixed expenses also contributed to profits.

These results were achieved despite the negative impact of foreign exchange rates.

In feed-use amino acids we are continuing to strengthen our business structure. As I will outline further on, our strategy here combines the use of lower-resource fermentation technology, for cost competitiveness, with the production of high value added products, and we are aggressively developing new market opportunities in feed-use Valine, Lysine for dairy cows and other products.

In May 2011 we began final preparations for the launch of Advantame in the United States. This is a new product with 100 times the sweetness of Aspartame, and in FY2012 we intend to launch sales in Brazil, the Philippines, India, Taiwan and elsewhere. Looking ahead to FY2014, we are aiming to launch another sweetener, Monatin, in the United States. Monatin is a plant originated product with a sweetness quality very close to that of sugar. With sugar prices expected to continue rising there is a real possibility that emerging nations will not be able to obtain adequate supplies of sugar, so in those countries it is reasonable to expect that demand will increase for affordable new sugar replacements that we can launch. Another factor driving the market for low calorie sweeteners is the increasing number of consumers who for health reasons are avoiding consuming sugar. Our aim is for sales to retail customers to comprise 50% of our sweeteners business by FY2016.

Specializing in digestion-related health

Although pharmaceuticals sales were largely flat, operating income decreased by a little more than 32% due to factors such as NHI drug price revisions and higher R&D expenses.

Our overall aim in this business segment is to operate as a specialty pharmaceuticals supplier company based on using our amino acid technology in the digestion-related health domain. Our most pressing issue is to develop and maintain the strongest possible product pipeline, and while aiming to form strong alliances we do not envisage joining the current trend among pharmaceutical companies of engaging in M&A.

Adopting lower-resource fermentation technology

We have developed a revolutionary manufacturing technology for MSG that, through the use of cutting-edge biotechnology, greatly reduces the consumption of raw materials. This is a fundamental improvement, based on intellectual property that we developed and own, that we are introducing at our Iowa plant in the U.S. and will subsequently roll out in Thailand and other ASEAN countries. The technology uses newly-developed Glutamate-producing microorganisms that reduce the consumption of acids, alkalis, fuel and water.

This is just one example of a lower-resource fermentation process, and in combination with other such initiatives we expect this approach to lift earnings by ¥7.0 billion in FY2013 and ¥8.0 billion in FY2014, compared to FY2010.

Share repurchasing and managing currency risk

Before closing, I would like to mention two elements of our financial policy, regarding capital efficiency and currency risk.

Until recently we have not had sufficient excess capital to give proper consideration to share repurchases. However, a number of factors have combined to change this, including solid financial results for the year under review and a forecast for similar earnings levels in the year ahead. In our latest medium-term management plan of February 25, 2011 we stated an intention to flexibly consider share repurchases as a means of enhancing shareholder value and optimizing capital efficiency, and on May 9 we announced our first program to repurchase and retire shares. We intend to continue assessing opportunities for repurchases over the course of the three-year plan.

Turning to currencies, our basic approach to managing risk is to spread our production across multiple regions. As our business becomes increasingly global we are carefully examining our manufacturing and distribution networks from this perspective. For example, Brazil is currently our main production and export base for feed-use amino acids, but this exposes us to the risk of fluctuations in the exchange rate of BRL against other foreign currencies. We are therefore reducing this exposure by strengthening regional production of feed-use amino acids in other countries.

Opportunities for growth

During my two years as president of Ajinomoto Co. I have become convinced that our biggest opportunity for growth lies in our R&D focus areas of seasonings and our cutting-edge biotechnology platform. In seasonings, we aim to combine mastery of the five basic tastes—saltiness, sweetness, bitterness, sourness and umami—with new developments in overall flavor and texture, to create a technological structure that brings our consumers a new level of deliciousness and makes us the world's number one dry seasonings company.

In biotechnology, we intend to concentrate our resources and build strong platforms through which we can contribute to the environment and resource management, animal and plant nutrition, and advanced human medical care and nutrition. I am sure that we can help resolve pressing issues facing humanity in the 21st century—issues such as global sustainability, food resources, and healthy living—while developing our business in a way that benefits everyone associated with Ajinomoto Group.

Masatoshi Ito
President

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SIX-YEAR SUMMARY OF SELECTED FINANCIAL DATA

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

Millions of yen	2011	2010	2009	2008	2007	2006
FOR THE YEAR:						
Net sales	¥1,207,695	¥1,170,876	¥1,190,371	¥1,216,572	¥1,158,510	¥1,106,807
Cost of sales	804,716	785,578	833,123	856,974	828,050	795,007
Gross profit	402,978	385,298	357,247	359,597	330,459	311,799
Selling, general and administrative expenses	333,604	321,264	316,420	299,074	266,658	251,476
Operating income	69,374	64,034	40,827	60,523	63,800	60,322
Other income (expenses)	(20,929)	(19,242)	(37,570)	(8,673)	(8,079)	(3,153)
Income before income taxes and minority interests	48,444	44,791	3,256	51,849	55,721	57,169
Net income (loss)	30,400	16,646	(10,227)	28,229	30,229	34,912
Capital expenditures	45,772	44,117	58,293	62,780	76,386	79,162
Depreciation and amortization	49,825	55,382	55,192	55,189	45,138	40,341
AT YEAR-END:						
Shareholders' equity*1	¥ 608,191	¥ 602,770	¥585,234	¥628,325	¥563,446	¥528,762
Total assets	1,077,418	1,082,238	1,057,786	1,100,709	1,061,688	997,405
Long-term debt	110,984	116,372	119,365	84,996	108,088	110,382
PER SHARE (YEN):						
Net income (loss)	¥ 43.6	¥ 23.9	¥ (14.7)	¥ 41.9	¥ 46.7	¥ 53.6
Shareholders' equity	871.6	863.7	838.5	899.4	870.0	815.8
Cash dividends	16.0	16.0	16.0	16.0	15.0	14.0
VALUE INDICATORS:						
Liquidity ratios:						
Debt/equity ratio (%)*2	21.9	24.5	25.5	23.0	26.8	27.5
Interest coverage ratio (times)*3	29.3	19.1	9.0	13.3	13.3	19.1
Investment indicators:						
Price/earnings ratio (times)*4	19.9	38.8	—	24.1	29.0	23.4
Price/book value (times)*5	1.0	1.1	0.8	1.1	1.6	1.5
Return indicators:						
Return on assets (%)*6	2.8	1.6	(0.9)	2.6	2.9	3.7
Return on equity (%)*7	5.0	2.8	(1.7)	4.7	5.5	7.0
Number of employees	28,084	27,215	26,869	25,893	24,733	26,049

Notes: 1. Shareholders' equity for the years ended March 31, 2007, 2008, 2009 and 2010 = 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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Ajinomoto Co., Inc. and Consolidated Subsidiaries
For fiscal 2010, ended March 31, 2011

OVERVIEW OF FINANCIAL STRATEGY

Financial impact of the Great East Japan Earthquake of March 11, 2011
We are fortunate to be able to report that the March earthquake in Japan did not cause any significant damage to our production facilities, although there was some damage to stock and shipments at some warehouses. We are closely watching for any decline in general consumption, primarily in the disaster region, and in our forecasts for the year to March 2012 have included a negative impact on first half sales and operating income of ¥12.0 billion and ¥3.0 billion respectively, reflecting factors such as a decline in demand and general consumption, delivery capability, reduced marketing opportunities and lower marketing expenses. We expect consumption to return to normal in the second half, but given the continuing uncertainties will review the situation and our forecasts as necessary. There is no change to the basic policies of our medium-term management plan.

The financial strategy of the Ajinomoto Group for the implementation of its medium-term management plan for FY2011 through FY2013, as announced February 25, 2011, can be categorized into three areas: investment for growth, cash flow and funding procurement, and shareholder returns.

1. Investment for growth

Under the management plan, Ajinomoto Co. has established a capital expenditure framework of a maximum of ¥180.0 billion over three years, focusing on capital expenditure that will drive growth over the medium to long term. We generally aim to invest within or at slightly more than the scope of depreciation, which is approximately ¥56.0 billion per year, to help strengthen cash flow. Capital expenditure will be weighted toward emerging economies such as those in Asia.

In the year under review, capital expenditure was ¥45.8 billion, lower than the ¥57.0 billion that had been budgeted across all companies. This was primarily due to the deferment of some large-scale projects arising from changes in the business environment, and slight delays in implementing other projects. For FY2011, the first year of the new medium-term management plan, we are forecasting capital expenditure of ¥62.0 billion.

M&A will be considered as a means of accelerating growth, primarily to establish brands and channels in the overseas foods business, and to acquire technology and operating bases in seasonings and cutting-edge biotechnology platforms.

We have a number of investment criteria that we apply to M&A and capital expenditure. 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.

2. Cash flow and funding procurement

During the year under review Ajinomoto Co. had ample liquidity, supported by the record level of free cash flow that was generated. Three factors contributed to this strong cash flow: a near record level of operating income; a lower level of capital expenditure, well within the amount of depreciation; and an improved balance sheet, with a higher balance of cash equivalents due to improved asset efficiency. Our overall environment for funding was favorable, reflecting sufficient commitment lines, the ability to issue new commercial paper as required, strong relationships with banks, and a generally benign low interest rate environment with only limited impact from the March 2011 earthquake. No new funding procurement was undertaken during the year, and a maturing bond issue of ¥15.0 billion was repaid from available cash.

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

Ajinomoto Co., Inc. and Consolidated Subsidiaries
For fiscal 2010, ended March 31, 2011

We aim to maintain a sound level of cash and cash equivalents. Assets are continually reviewed, and any that are not essential to business operations are liquidated. Improved liquidity management will continue to support financial performance. Ajinomoto Co. 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 98% of their funding requirements through group pooling. In Thailand, China, North America, Brazil and Europe, funding is secured in each region to minimize costs, and over the next three years we aim to increase the scope of this intra-regional pooling and expand the system to enable inter-regional pooling. Funding for capital investment and M&A is sourced through long-term borrowing, and 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. We are prepared to increase the proportion of short-term debt on a temporary basis if it seems prudent to do so. Our target for the medium-term management plan is to maintain interest-bearing debt below ¥200.0 billion. Long-term debt is spread out over multiple repayment dates.

R&D is an important driver of growth in the Ajinomoto Group. In the previous year we concentrated our nine domestic research centers into three locations, and also tightened the focus of our research themes. We are also pursuing the development of a local R&D structure in overseas locations, with five research operations in Asia, the United States and Europe. We have set an R&D budget until FY2013 of approximately ¥37.0 billion per year, unchanged from FY2010, and will direct this funding to core areas.

3. Shareholder returns

The Company's basic principle on returns to shareholders is to ensure continuous and stable dividends, taking into consideration consolidated earnings. Our policy is to pay dividends twice a year, via 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.

For the fiscal year under review (ended March 31, 2011), the Company plans to pay a dividend of ¥16 per share (with an interim dividend of ¥8 per share), the same level as the previous fiscal year (ended March 31, 2010). For the next fiscal year (ending March 31, 2012), we plan 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 providing returns to shareholders through stable dividends.

Our aim is improve ROE, achieving 8% in FY2013 and 10% by FY2016. Our strategy to realize this goal includes maximizing net profit, containing total asset levels, accessing funding as required (mainly using interest-bearing debt) and managing shareholders' equity appropriately. As part of this, we will continue to consider share repurchases on a flexible basis, as evidenced by our decision on May 9, 2011 to undertake a share repurchase. This decision followed a careful calculation of recent trends in our share price and available consolidated free cash flow after payment of the year-end dividend for FY2010.

CREDIT RATING

Ajinomoto Co. 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, including bonds and syndicated loans. We intend to maintain the D/E ratio at approximately 30% on a consolidated basis, although the ratio may be allowed to increase to approximately 50% on a short-term basis in the event of a major investment, such as M&A.

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, 2011, and apply to the parent company.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

Ajinomoto Co., Inc. and Consolidated Subsidiaries
For fiscal 2010, ended March 31, 2011

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 and 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.

Ajinomoto Co.'s operations encompass transactions in a range of currencies, including the Brazilian real and the Thai baht. The impact of exchange rate movements can be large, not only with respect to the yen and local currencies at manufacturing locations but also between various non-yen currencies used at different Ajinomoto Group locations. Forecasting the impact of exchange rates over the medium or longer term is therefore extremely difficult, and managing the potential impact of exchange rate movements, for example by ensuring an optimal relationship between sales regions and manufacturing locations, is a key element of Ajinomoto Co.'s strategy. Our approach to risk management is based on the Group-wide Foreign Exchange Risk Management Policy. This policy includes reconciliation of currency positions throughout the Group, with oversight at the board level and through other measures.

EMPLOYEE PENSION FUND

On April 1, 2011, the Company received approval from the Minister of Health, Labor and Welfare to adjust projected benefit obligations of the substitutable portion of the Ajinomoto Co. Employees' Pension Fund. Accordingly, on the date of approval for the return of the substitutable portion of the Employees' Pension Fund related to past employee services, the Company will recognize actuarial differences and adjust projected benefit obligations on the substitutable portion. This is expected in the first half of FY2012.

CONSOLIDATED TAX ACCOUNTING

Effective the year under review, the Company and some of its consolidated subsidiaries have adopted the consolidated taxation system.

IFRS

In April 2011 we established an accounting group to prepare for the adoption of International Financial Reporting Standards (IFRS) in Japan. Assuming that the use of IFRS becomes compulsory in Japan from no earlier than FY2014, accounts for the prior year will also need to be disclosed under IFRS, so we are making preparations to be able to begin IFRS reporting from FY2013.

OPERATING ENVIRONMENT

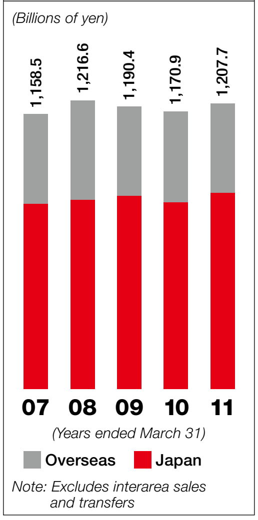
In the period under review, the global economy saw moderate expansion in emerging markets and showed a recovery trend overall, despite instability in financial markets mainly in Europe and volatility in commodity markets.

Against the backdrop of a recovery in the global economy and other factors, the Japanese economy had been gradually picking up amid a continued recovery in corporate profits, but this recovery has been pausing, with conditions remaining severe due to factors including the rising unemployment rate and the sharp appreciation of the yen. The impact of the Great East Japan Earthquake has also started to emerge.

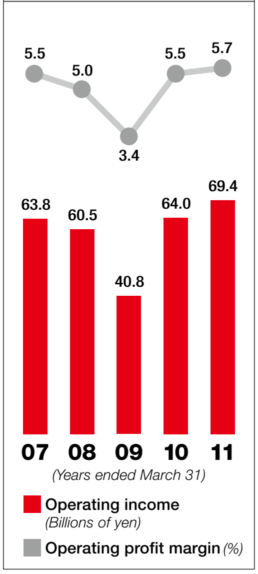
The environment in the Japanese food industry also remained severe, with rising costs of raw materials for foods amid moderate deflation.

Within this environment, the Ajinomoto Group focused its efforts on pursuing structural reform, continuing to create new demand, pioneering new markets, reducing costs and strengthening the business structure, based on the three key strategies of emphasizing value-added businesses and products, accelerating business growth overseas and stabilizing earnings in Japan, and strengthening and reorganizing the Group management structure, aiming to succeed in the difficult operating environment and overcome competitive pressures.

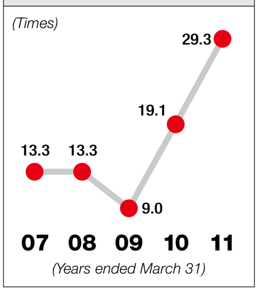
Domestic and Overseas Sales



Operating Income & Operating Profit Margin



Interest Coverage Ratio



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

Ajinomoto Co., Inc. and Consolidated Subsidiaries
For fiscal 2010, ended March 31, 2011

As a result of the above, consolidated net sales for the fiscal year ended March 31, 2011 increased 3.1% (¥36.8 billion) year on year to ¥1,207.6 billion, operating income increased 8.3% (¥5.3 billion) to ¥69.3 billion, and ordinary income increased 4.3% (¥2.8 billion) to ¥70.4 billion. Net income increased 82.6% (¥13.7 billion) to ¥30.4 billion, despite factors including an extraordinary loss on manufacturing facilities in the bioscience products and fine chemicals business, a loss on devaluation of securities, and a loss from natural disaster.

ANALYSIS OF STATEMENTS OF OPERATIONS

Note: All comparisons are with the previous fiscal year, ended March 31, 2010, unless stated otherwise.

Net Sales

Net sales increased 3.1%, or ¥36.8 billion, year on year to ¥1,207.6 billion. By region, sales in "Japan" increased 2.3% to ¥830.8 billion, due to factors including favorable sales of coffee sold under a business tie-up, and sales overseas increased 5.2% to ¥376.8 billion, driven primarily by overseas seasonings, despite the negative impact of foreign exchange rates due to the appreciation of the yen. Sales increased 9.4% to ¥174.8 billion in "Asia" and 7.7% to ¥113.5 billion in "The Americas", but decreased 5.0% to ¥88.4 billion in "Europe".

Cost of Sales and SG&A Expenses

In line with the increase in sales, the cost of sales increased 2.4%, or ¥19.1 billion, to ¥804.7 billion. The ratio of the cost of sales to net sales fell 0.5 percentage points to 66.6%.

Selling, general and administrative expenses rose 3.8%, or ¥12.3 billion, from the previous fiscal year to ¥333.6 billion. The main reasons for this increase were higher personnel costs, primarily retirement benefit expenses, as well as higher sales commissions and transportation expenses.

Costs, Expenses and Income as Percentages of Net Sales

	2011		2010		2009	
Years ended March 31	Percentage	Change	Percentage	Change	Percentage	Change
Cost of sales	66.6%	(0.5)	67.1%	(2.9)	70.0%	(0.4)
Gross profit	33.3	0.4	32.9	2.9	30.0	0.4
SG&A expenses	27.6	0.4	27.4	0.9	26.6	2.0
Operating income	5.7	0.2	5.5	2.0	3.4	(1.6)
Income before income taxes & minority interests	4.0	0.2	3.8	3.6	0.3	(4.0)
Net income	2.5	0.2	1.4	2.3	(0.9)	(3.2)

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

Operating Income

Operating income increased 8.3%, or ¥5.3 billion, from the previous fiscal year to ¥69.3 billion. By region, operating income in "Japan" increased 10.8% to ¥32.5 billion, while operating income from operations overseas increased 10.4% to ¥47.1 billion, and the adjustment amount was minus ¥10.2 billion.

The overall increase in operating income in Japan was attributable to favorable performance in the domestic food products business on contributions from frozen foods, beverages and others, an improvement on the previous year in the bioscience products and fine chemicals business mainly due to specialty chemicals, and, in the wellness business, the absence in the fiscal year under review of the voluntary recall of *amino VITAL®* products and the valuation loss on certain raw materials that occurred in the previous fiscal year. This offset a decline in income in the pharmaceuticals business due to the impact of the NHI drug price revisions, an increase in research and development expenses, and other factors. Overseas, the increase in operating income was mainly attributable to feed-use amino acids and overseas processed foods. Operating income increased 0.8% to ¥26.3 billion in "Asia", 21.9% to ¥10.3 billion in "The Americas", and 29.6% to ¥10.4 billion in "Europe".

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

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

Other Income (Expenses)

Other income, net totaled minus ¥20.9 billion, compared to other income, net of minus ¥19.2 billion for the previous fiscal year. Key contributing items included equity in earnings of affiliate of ¥3.0 billion. Devaluation of securities was ¥7.4 billion, compared to nil in the previous year. Loss from natural disaster was ¥3.2 billion, compared to nil in the previous year. Impairment losses were ¥8.5 billion, mainly with respect to the manufacturing facilities of Feed-use amino acids business, compared to ¥14.3 billion in the previous year. A reversal of accrued expenses on contract alteration of ¥1.4 billion was recorded, an increase of ¥1.4 billion. Loss on disposal of fixed assets was ¥0.0 billion, ¥3.2 billion less than in the previous year.

Net Income

Net income for the period under review increased 82.6%, or ¥13.7 billion, to ¥30.4 billion. Net income per share for the year was ¥43.56, compared to ¥23.85 the year before.

SEGMENT INFORMATION

Note: All comparisons are with the previous fiscal year, ended March 31, 2010, unless stated otherwise.

Domestic Food Products

Domestic food product sales increased 0.7%, or ¥3.1 billion, to ¥447.1 billion. Operating income increased 9.8%, or ¥2.6 billion, to ¥29.6 billion. The slight increase in sales came despite the impact of the Great East Japan Earthquake. The favorable increase in operating income was partly attributable to cost-cutting initiatives.

Seasonings and Processed Foods: Sales of seasonings for the retail market were impacted by the hot summer and the earthquake. Sales of *HON-DASHI* decreased from the previous year, despite active advertising and marketing initiatives aimed at expanding the uses for this product. Sales of consommé and umami seasoning *AJI-NO-MOTO®* decreased, while sales of Chinese dashi products decreased slightly.

In processed foods for the retail market, sales of soups were steady overall, on favorable growth in sales of *Knorr® Cup Soup* resulting from active advertising and marketing initiatives aimed at creating demand by focusing on combining the product with bread. Impacted by the earthquake, sales of the *Cook Do®* line decreased slightly, while sales of mayonnaise and mayonnaise-type dressings declined, influenced by rising prices of vegetables. Sales of *Kellogg's®* products were maintained at around the same level as the previous fiscal year.

Sales of products for the commercial market were maintained at around the same level as the previous fiscal year, amid the decline in consumer spending at restaurants. Sales of *ACTIVA®*, an enzyme (transglutaminase) used to enhance food texture and quality, to food processing companies increased slightly, and sales of savory seasoning products both grew steadily.

Sweeteners and Nutritional Foods: Sales of low-calorie sweeteners for home and restaurant use decreased slightly. For amino acid supplement *amino VITAL®*, sales of granulated products increased, and sales of the jelly drink type also rose due to the impact of the hot summer.

Delicatessen and Bakery Products: Sales of lunchboxes and prepared dish delicatessen products and sales of bakery products both grew steadily.

Frozen Foods: Sales of products for the retail market increased from the previous year, due to favorable growth in sales of core product *Gyoza* and rice products, as well as steady growth in sales of *Yawaraka Wakadori Kara-Age*, although sales of some products for lunchboxes declined and sales of *Puripuri-no-Ebi Shumai* were at the same level as the previous year. Sales of products for restaurant and institutional use were at around the same level as the previous fiscal year, due to the decline in consumer spending at restaurants and continuing trend of lower prices, despite growth in sales of processed chicken products.

Beverages: Beverage sales increased, partly due to the hot summer.

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

Ajinomoto Co., Inc. and Consolidated Subsidiaries
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Market Share in Main Product Areas (Household Market in Japan)

Product Area	Brand	2011	
		Market size (Billions of yen)	Ajinomoto Share (Position)
Umami seasonings	*AJI-NO-MOTO®, Hi-Me®*	7.7	89% (1)
Japanese flavor seasonings	*HON-DASHI*	43.0	51% (1)
Consommé	*Ajinomoto KK Consommé*	12.6	68% (1)
Soup	*Knorr®*	87.3	38% (1)
Mayonnaise and mayonnaise-type dressings	*Pure Select®*	46.6	27% (2)
Seasonings for Chinese dishes	*Cook Do®*	45.0	37% (1)

Note: Market size is based on consumer purchase prices.

Overseas Food Products

Overseas food product sales increased 8.1%, or ¥17.3 billion, to ¥231.9 billion. Operating income increased 6.5%, or ¥1.8 billion, to ¥30.2 billion.

Seasonings: In Asia, sales of *AJI-NO-MOTO®* trended favorably, while sales of flavor seasonings for home use also grew strongly. Sales grew in The Americas, driven by favorable sales of flavor seasonings for home use in South America. In Europe and Africa, sales only increased slightly, due to the negative impact of foreign exchange rates, despite significant growth in sales of *AJI-NO-MOTO®* for home use within West African countries.

Processed Foods: In Asia, sales of instant noodles and powdered drink *Birdy® 3 in 1* increased substantially, while sales beverages such as *Birdy®* canned coffee also trended favorably.

Umami Seasonings for Processed Food Manufacturers: Sales of *AJI-NO-MOTO®* for the food processing industry grew steadily in Japan and grew favorably overseas on a substantial increase in sales volumes primarily in Europe, despite the negative impact of foreign exchange rates. Sales of nucleotides decreased slightly, despite growth in sales volumes, reflecting the negative impact of foreign exchange rates.

Bioscience Products and Fine Chemicals

Bioscience products and fine chemicals sales increased 2.5%, or ¥4.7 billion, to ¥194.3 billion. Operating income increased 60.6%, or ¥3.5 billion, to ¥9.3 billion. The increase in sales and substantial increase in operating income, which came despite the negative impact of foreign exchange rates, reflected contributions from electronic materials and feed-use amino acids.

Feed-Use Amino Acids: Amid decreases in sales volumes, sales of Threonine decreased slightly, while sales of Tryptophan fell considerably, due in part to a decline in unit prices. However, sales of Lysine grew strongly, on an increase in unit prices, resulting in an increase in sales overall.

Market Size of Feed-Use Amino Acids and Ajinomoto Group's Shares *(Ajinomoto Co.' estimate)*

(Thousands of metric tons)

	2011	2010	2009	2008	2007
Lysine	1,480	1,330	1,200	1,100	960
Ajinomoto Group's share	20% (approx.)	23% (approx.)	25% (approx.)	30% (approx.)	30% (approx.)
Threonine	230	190	160	125	105
Ajinomoto Group's share	40% (approx.)	50% (approx.)	45% (approx.)	60% (approx.)	60% (approx.)
Tryptophan	4.8	4.5	3.1	2.5	2.2
Ajinomoto Group's share	55% (approx.)	70% (approx.)	70% (approx.)	85% (approx.)	80% (approx.)

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

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Amino Acids for Pharmaceuticals and Foods: Overall sales increased only slightly compared to the previous fiscal year, as sales grew strongly in North America but decreased slightly in Japan and decreased in Europe partly due to the negative impact of foreign exchange rates.

Sweeteners: Sales of aspartame, a sweetener, for the processing industry decreased from the previous fiscal year, due to the unfavorable impact of foreign exchange rates, despite a steady increase in sales volumes. Sales of powdered juice *Refresco MID®*, which contains aspartame, in South America trended favorably.

Pharmaceutical Fine Chemicals: Sales decreased substantially in Europe, due partly to a decline in sales volumes, as well as the negative impact of foreign exchange rates.

Specialty Chemicals: Sales of cosmetic ingredients grew steadily both in Japan and overseas. Sales of amino acid-based cosmetics *Jino®* increased slightly, while sales of insulation film for build-up printed wiring board increased strongly.

Pharmaceuticals

Pharmaceutical sales increased 0.1%, or ¥50 million, to ¥82.6 billion. Operating income decreased 32.3%, or ¥4.1 billion, to ¥8.6 billion. Sales remained at around the same level as the previous fiscal year due to a slight fall in sales of self-distributed products as well as a decrease in royalty revenue, despite favorable growth in sales of products sold through business tie-ups. The significant decline in operating income partly reflected an increase in research and development expenses.

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

Ajinomoto Pharmaceutical Co.'s Main Pharmaceuticals Sales by Product

(Ajinomoto Pharmaceutical Co. estimate) (Billions of yen)

Field	Main Products	Launch Date	Indication or formulation	Sales		
				2011	2010	2009
Clinical nutrition, Gastrointestinal diseases	*LIVACT®*	May 1996	Amino acid formula for treatment of liver cirrhosis	15.8	16.4	15.8
	ELENTAL®	Sept. 1981	Elemental diet	8.0	7.9	7.7
	SOLITA®-T	Feb. 1962	Electrolyte solution	4.6	5.3	6.4
	CARBOSTAR®	June 2007	Artificial kidney dialysate	4.3	2.8	—
	NIFLEC®	June 1992	Oral cleaning solution for the intestine	2.4	2.5	2.5
	Heparin	Apr. 1972	Anticoagulant	2.4	2.4	2.5
	LOWHEPA®	Nov. 1996	Anticoagulant	2.2	2.6	2.1
	PNTWIN®	Dec. 1993	Glucose, electrolyte and amino acid infusion for total parenteral nutrition	2.2	2.7	3.1
	TWINPAL®	Sept. 2004	Peripheral infusion with glucose, electrolyte and amino acids	1.6	1.7	1.8
	HYSORB®	Dec. 1998	Hemodialysis powders for use in artificial kidneys	0.9	1.6	1.8
Metabolic deseases, etc.	*ATELEC®*	Dec. 1995	Long-acting calcium channel blocker	17.4	18.8	16.4
	ACTONEL®	May 2002	Osteoporosis treatment	14.6	13.9	11.5
	FASTIC®	Aug. 1999	Diabetes mellitus. Fast-acting insulin secretagogue	5.2	5.7	5.8

**NHI (National Health Insurance) reimbursement price basis. Effect of NHI drug price revision implemented: April 2008 approx.-6%, April 2010 approx.-6%*

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

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

Ajinomoto Pharmaceutical Co.'s Pharmaceutical Product Pipeline

(March 31, 2011)

Field	Name	Development Status	Indication	Notes
Gastrointestinal diseases	AJM300	Phase III	Crohn's disease	
		Phase II	Ulcerative colitis	
	AJG501	Phase III	Ulcerative colitis	In-license (Dr. Falk Pharma)
	AJA777	Phase II	Functional dyspepsia	
	AJG522	Phase III	Bowel cleansing prior to coloscopy	In-license (Norgine)
Metabolic diseases	AJH801	Phase III	Hypertension	
	ACTONEL	Phase III	Osteoporosis	Additional formulation/ Monthly administration
Other	AC-7700 (AVE8062)*	Phase III*	Solid tumor	

**Clinical studies are being conducted by Sanofi (worldwide exclusive licensee for the rights to develop, manufacture and sell the drug).*

Business Tie-Ups

Business tie-up sales increased 2.3% (¥4.1 billion) to ¥184.5 billion. Operating income decreased 0.6% (¥1.2 billion) to ¥2.0 billion.

Edible Oils: Sales decreased compared to the previous fiscal year, on a decline in sales volume and fall in unit prices.

Coffee Products: Coffee product sales grew favorably, driven by stick-type mixed coffee and bottled coffee.

Other business

Sales from other business increased 12.4%, or ¥7.3 billion, to ¥66.9 billion. Operating loss was ¥0.5 billion.

Net Sales by Business and Region

(Figures in parentheses represent YoY change) (Billions of yen)

Years ended March 31		Japan	Asia	Americas	Europe	Total
Domestic Food Products	2011	432.3 (2.0)	6.3 (0.2)	7.1 (1.0)	1.4 (-0.1)	447.2 (3.1)
	2010	430.3	6.1	6.1	1.5	444.0
Overseas Food Products	2011	11.7 (0.8)	150.2 (12.4)	44.6 (3.5)	25.6 (0.6)	232.0 (17.4)
	2010	10.9	137.7	41.1	24.9	214.6
Bioscience Products & Fine Chemicals	2011	59.8 (4.9)	11.3 (1.4)	61.8 (3.7)	61.5 (-5.2)	194.3 (4.7)
	2010	54.9	9.9	58.1	66.7	189.6
Pharmaceuticals	2011	82.6 (0.1)	—	—	—	82.6 (0.1)
	2010	82.6	—	—	—	82.6
Business Tie-Ups	2011	184.6 (4.1)	—	—	—	184.6 (4.1)
	2010	180.4	—	—	—	180.4
Other Business	2011	59.8 (6.4)	7.1 (1.0)	0.1 (-0.0)	—	67.0 (7.4)
	2010	53.4	6.1	0.1	—	59.6
Total	2011	830.8 (18.4)	174.8 (15.0)	113.6 (8.1)	88.5 (-4.7)	1,207.7 (36.8)
	2010	812.5	159.8	105.4	93.2	1,170.9

Note: Unaudited figures; for reference only.

LIQUIDITY AND FINANCIAL CONDITION

Total assets as of March 31, 2011 were ¥1,077.4 billion, ¥4.8 billion less than the ¥1,082.2 billion recorded one year earlier. This decrease was primarily due to a decrease in tangible fixed assets attributable to factors including recording of impairment losses on manufacturing facilities of overseas subsidiaries and a decrease in yen values of the balance sheets of overseas subsidiaries after translation, as well as devaluation of securities, which offset an increase in cash and cash equivalents.

Total interest-bearing debt was ¥133.3 billion, ¥14.5 billion lower than on March 31, 2010, due to a decrease in the current portion of corporate bonds and other factors.

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Net assets increased ¥7.1 billion compared to March 31, 2010, reflecting factors such as an increase in retained earnings and a change in foreign exchange translation adjustments. Shareholders' equity, which is net assets minus minority interests, was ¥608.1 billion, and the shareholders' equity ratio was 56.4%.

Balance Sheet (Excerpts)

As of March 31	Millions of yen (Percentage of respective total) 2011		Millions of yen (Percentage of respective total) 2010		Thousands of U.S. dollars 2011
Total assets	1,077,418	(100.0%)	1,082,238	(100.0%)	12,980,940
Notes and accounts receivable	186,309	(17.3)	188,808	(17.4)	2,244,687
Cash and cash equivalents	133,744	(12.4)	95,063	(8.8)	1,611,373
Inventories	135,311	(12.6)	146,810	(13.6)	1,630,253
Investments and long-term advances	97,357	(9.0)	101,583	(9.4)	1,172,976
Property, plant and equipment	388,050	(36.0)	411,839	(38.1)	4,675,301
Total liabilities	427,134	(39.6)	439,058	(40.6)	5,146,108
Notes and accounts payable	104,225	(9.7)	99,642	(9.2)	1,255,723
Short-term borrowings	16,209	(1.5)	9,963	(0.9)	195,289
Current portion of long-term debt	5,316	(0.5)	20,923	(19.3)	64,048
Accrued income taxes	7,900	(0.7)	13,095	(12.1)	95,181
Long-term debt	109,272	(10.1)	114,788	(10.6)	1,316,530
Shareholders' equity	608,192	(56.4)	602,769	(55.7)	7,327,614

Notes: Shareholders' equity = Net assets - Minority interests

Cash Flow

Net cash provided by operating activities increased ¥6.7 billion over the previous year to ¥112.7 billion. This increase was mainly attributable to factors such as an increase in operating income and an inflow from working capital accompanying changes in notes and accounts payable and inventories, which offset an increase in the amount of income and other taxes paid.

Net cash used in investing activities decreased ¥17.4 billion over the previous year to ¥45.8 billion. The main factors for this decrease included a decrease in acquisition of intangible fixed assets.

Net cash used in financing activities was ¥25.8 billion. This mainly reflected redemption of corporate bonds and payment of dividends.

As a result of the foregoing, cash and cash equivalents at March 31, 2011 was ¥133.7 billion, an increase of ¥38.6 billion compared to March 31, 2010.

Cash Flow Highlights

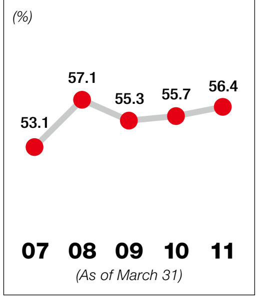
(Millions of yen)

Years ended March 31	2011	2010	2009
Net cash provided by operating activities	112,716	105,924	51,699
Net cash used in investing activities	(45,882)	(63,327)	(62,487)
Net cash provided by (used in) financing activities	(25,893)	(18,011)	(2,119)
Cash and cash equivalents at end of year	133,744	95,063	67,790

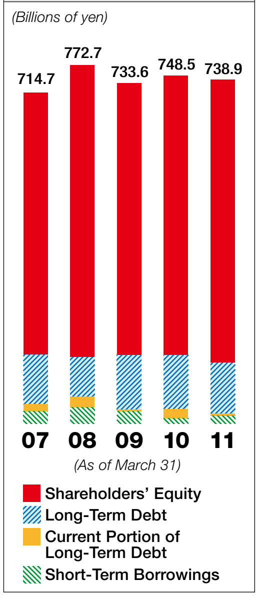
OUTLOOK FOR THE FISCAL YEAR ENDING MARCH 31, 2012

The global economy has entered a recovery phase, but the Group's operating environment is expected to remain severe, on factors including rising prices of fuels as well as grain, a main raw material, a contraction of the Japanese food market, and increasingly intense competition in fermentation-related business. At the same time, the impact that the Great East Japan Earthquake will have on the Japanese economy will be considerable, and it is difficult to predict the outlook for the next fiscal year.

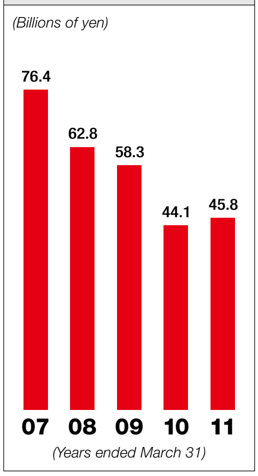
Shareholders' Equity Ratio



Total Capital



Capital Expenditure



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Ajinomoto Co., Inc. and Consolidated Subsidiaries
For fiscal 2010, ended March 31, 2011

Given such conditions, in the fiscal year ending March 31, 2012, the first year of its new medium-term business plan, Ajinomoto Co. will proceed with laying the foundations for becoming a "Genuine Global Company". In domestic food products Ajinomoto Co. will endeavor to expand its market share by launching high value-added products and using enhanced marketing methodology, so as to establish a stable profit base. In overseas food products Ajinomoto Co. will seek to achieve growth by developing new markets and increasing the Group's presence in existing markets. In bioscience products and fine chemicals, while continuing to reform its business structure Ajinomoto Co. will increasingly focus on value-added businesses, by pursuing innovation in fermentation technologies and accelerating the development of growth areas. In pharmaceuticals, Ajinomoto Co. intends to endeavor to maximize product value and foster growth drivers through continued research and development aimed at steadily bringing new drugs to market.

As a result of these initiatives, Ajinomoto Co. forecasts consolidated sales for the fiscal year ending March 31, 2012 to increase 3.1% to ¥1,245.0 billion, but projects that operating income will decrease 0.4% to ¥69.1 billion and that ordinary income will decrease 2.1% to ¥69.0 billion, partly due to the impact on the domestic market of the Great East Japan Earthquake and increases in the cost of raw materials and fuels. Net income is forecast to increase 21.7% to ¥37.0 billion, due to an expected decline in extraordinary losses.

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

These forecasts are based on an assumed exchange rate of ¥85.0 to the U.S. dollar.

OPERATIONAL RISK

Operational risks faced by Ajinomoto Group that could affect its performance and financial position are outlined as follows. Future risks outlined in this document are as judged by the Group as of March 31, 2011.

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 104 sites in 15 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, The Americas and Europe) were ¥358.4 billion and ¥376.8 billion, respectively, comprising 30.6% and 31.2% of consolidated sales. Operating income derived from these regions in the same periods was ¥42.6 billion and ¥47.1 billion, comprising 66.7% and 68.0% 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 bioscience products and fine chemicals business Ajinomoto Group 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 Group 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.

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

Ajinomoto Co., Inc. and Consolidated Subsidiaries
For fiscal 2010, ended March 31, 2011

Natural Disasters, Social Disruption, Political Changes

Building on business foundations in Japan, Ajinomoto Group 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

As it conducts business on a global basis, within Japan and overseas Ajinomoto Group endeavors to comply with all laws and regulations relating to food, pharmaceuticals, the environment, recycling, permission to operate or invest, import and export rules, foreign exchange and foreign trade control, and various tax-related 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 that risks may arise due to the diversity of interpretations of laws. Complying with any such changes may restrict the Group's operations and adversely affect financial performance.

Food Safety Issues

Ajinomoto Group 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 logistics. 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 accepted the Group's arguments with respect to part of the claims and rejected the claims of the plaintiffs. 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 close to 2,500,000 euro, and the appeals court accepted part of the claims. However, the Group is continuing to seek a rejection of these claims. 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.

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Changes in Cost of Raw Materials

The prices of certain raw materials and energy resources including crude oil used by Ajinomoto Group 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 Group 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.

Impact from Application of Impairment Accounting

Ajinomoto Group 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 Group 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 Group 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, 2011 and 2010

	2011	2010	2011
	(Millions of yen)		(Thousands of U.S. dollars) (Note 4)
ASSETS			
Current assets:			
Cash and cash equivalents	¥ 133,744	¥ 95,063	$ 1,611,373
Time deposits and short-term investments *(Note 22)*	8,568	3,042	103,229
Notes and accounts receivable:			
Trade	186,309	188,808	2,244,687
Unconsolidated subsidiaries and affiliates	9,156	7,380	110,313
Allowance for doubtful receivables	(1,238)	(1,643)	(14,916)
Inventories *(Note 5)*	135,311	146,810	1,630,253
Deferred tax assets *(Note 9)*	11,204	12,032	134,988
Prepaid expenses and other current assets	33,376	35,857	402,120
Total current assets	516,432	487,351	6,222,072
Investments and long-term advances *(Note 22)*:			
Investments in and advances to unconsolidated subsidiaries and affiliates	51,755	50,613	623,554
Investment securities	32,418	39,314	390,578
Other advances *(Note 7)*	13,183	11,656	158,831
Total investments and long-term advances	97,357	101,583	1,172,976
Property, plant and equipment *(Note 8)*:			
Land	98,167	98,628	1,182,735
Buildings and structures	350,654	357,010	4,224,747
Machinery, equipment and other *(Note 7)*	596,443	609,130	7,186,060
	1,045,265	1,064,769	12,593,554
Accumulated depreciation and accumulated impairment losses *(Note 7)*	(657,215)	(652,930)	(7,918,253)
Property, plant and equipment, net	388,050	411,839	4,675,301
Other assets:			
Deferred tax assets *(Note 9)*	10,090	7,828	121,556
Other *(Note 7)*	65,487	73,634	789,000
Total other assets	75,578	81,463	910,578
Total assets	¥1,077,418	¥1,082,238	$12,980,940

See accompanying notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEETS *(CONT.)*

Ajinomoto Co., Inc. and Consolidated Subsidiaries
As of March 31, 2011 and 2010

	2011	2010	2011
	(Millions of yen)		(Thousands of U.S. dollars) (Note 4)
LIABILITIES AND NET ASSETS			
Current liabilities:			
Short-term borrowings *(Notes 6 and 8)*	¥ 16,209	¥ 9,963	$ 195,289
Current portion of long-term debts *(Notes 6 and 8)*	5,316	20,923	64,048
Notes and accounts payable			
Trade	70,180	67,357	845,542
Unconsolidated subsidiaries and affiliates	33,240	31,806	400,482
Construction	805	479	9,699
Accrued income taxes *(Note 9)*	7,900	13,095	95,181
Deferred tax liabilities *(Note 9)*	348	515	4,193
Accrued expenses and other current liabilities *(Note 7)*	84,340	84,094	1,016,145
Total current liabilities	218,348	228,236	2,630,614
Long-term liabilities:			
Long-term debt *(Notes 6 and 8)*	109,272	114,788	1,316,530
Accrued retirement benefits for employees *(Note 10)*	58,554	52,623	705,470
Accrued officers' severance benefits	1,331	1,113	16,036
Deferred tax liabilities *(Note 9)*	15,591	19,470	187,843
Other long-term liabilities *(Note 7)*	24,035	22,826	289,578
Total long-term liabilities	208,786	210,822	2,515,494
Net assets:			
Shareholders' equity: *(Notes 11 and 12)*			
Common stock, without par value:			
Authorized: 2011 and 2010 – 1,000,000,000 shares			
Issued: 2011 – 700,032,654 shares	79,863	—	962,205
2010 – 700,032,654 shares	—	79,863	—
Capital surplus	182,716	182,719	2,201,398
Retained earnings	414,189	394,672	4,990,229
Treasury stock at cost:			
2,255,060 shares in 2011 and 2,160,069 shares in 2010	(2,514)	(2,437)	(30,289)
Total shareholders' equity	674,255	654,818	8,123,554
Accumulated other comprehensive income:			
Unrealized holding gain (loss) on securities	1,339	(232)	16,133
Unrealized loss from hedging instruments	(31)	(16)	(373)
Adjustment in pension liabilities of overseas subsidiaries	(327)	—	(3,940)
Translation adjustments	(67,045)	(51,799)	(807,771)
Total accumulated other comprehensive income	(66,064)	(52,048)	(795,952)
Minority interests	42,099	40,409	507,217
Total net assets	650,291	643,179	7,834,831
Contingent liabilities *(Note 18)*			
Total liabilities and net assets	¥1,077,418	¥1,082,238	$12,980,940

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

Ajinomoto Co., Inc. and Consolidated Subsidiaries
Years ended March 31, 2011 and 2010

	2011	2010	2011
	(Millions of yen)		(Thousands of U.S. dollars) (Note 4)
Net sales	¥1,207,695	¥1,170,876	$14,550,542
Cost of sales	804,716	785,578	9,695,373
Gross profit	402,978	385,298	4,855,157
Selling, general and administrative expenses *(Note 13)*	333,604	321,264	4,019,325
Operating income	69,374	64,034	835,831
Other income (expenses) *(Note 14)*			
Interest expense	(2,440)	(3,468)	(29,398)
Interest and dividend income	2,171	2,174	26,157
Exchange gains (losses)	(205)	2,639	(2,470)
Loss on devaluation of securities	(7,416)	(64)	(89,349)
Loss on devaluation of investments in affiliates	(92)	(322)	(1,108)
Gain on sales of securities	900	66	10,843
Loss on impairment of fixed assets *(Note 15)*	(8,503)	(14,325)	(102,446)
Loss on liquidation of affiliates	—	(178)	—
Equity in earnings of affiliates	2,990	3,461	36,024
Other, net	(8,331)	(9,225)	(100,373)
	(20,929)	(19,242)	(252,157)
Income before income taxes and minority interests	48,444	44,791	583,663
Income taxes *(Note 9)*:			
Current	18,150	21,741	218,675
Deferred	(5,581)	681	(67,241)
	12,568	22,423	151,422
Minority interests	(5,475)	(5,721)	(65,964)
Net income *(Note 19)*	¥ 30,400	¥ 16,646	$ 366,265

See accompanying notes to consolidated financial statements.

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CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Ajinomoto Co., Inc. and Consolidated Subsidiaries
Years ended March 31, 2011 and 2010

	2011	2010	2011
	(Millions of yen)		(Thousands of U.S. dollars) (Note 4)
Net income before minority interests	¥35,876	—	$432,243
Other comprehensive income			
Unrealized holding gain on securities	1,677	—	20,207
Unrealized gain from hedging instruments	34	—	421
Translation adjustments	(16,713)	—	(201,372)
Adjustment in pension liabilities of overseas subsidiaries	5	—	64
Share of other comprehensive income of equity-method affiliates	(626)	—	(7,548)
Total other comprehensive income	(15,622)	—	(188,228)
Comprehensive income	¥20,253	—	$244,015
(Breakdown)			
Comprehensive income attributable to the Ajinomoto shareholders			
Company	¥16,717	—	$201,410
Comprehensive income attributable to minority interests	¥ 3,536	—	$ 42,604

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

Ajinomoto Co., Inc. and Consolidated Subsidiaries
Years ended March 31, 2011 and 2010

	Common stock	Capital surplus	Retained earnings	Treasury stock	Unrealized holding gain (loss) on securities	Unrealized gain (loss) from hedging instruments	Translation adjustments	Adjustment in pension liabilities of over seas subsidiaries	Minority interests	Total net assets
	(Millions of yen)									
Balance at March 31, 2009	¥79,863	¥182,723	¥389,100	¥(2,378)	¥(1,517)	¥220	¥(62,777)	¥ —	¥33,419	¥618,654
Changes for the year ended March 31, 2010										
Cash dividends paid			(11,166)							(11,166)
Net income			16,646							16,646
Pension liability adjustment of an overseas subsidiaries			92							92
Purchases of treasury stock				(69)						(69)
Disposal of treasury stock		(3)		10						7
Net changes in items other than those in shareholders' equity					1,284	(236)	10,977		6,990	19,015
Total changes for the year ended March 31, 2010	—	(3)	5,572	(59)	1,284	(236)	10,977	—	6,990	24,525
Balance at March 31, 2010	¥79,863	¥182,719	¥394,672	¥(2,437)	¥ (232)	¥ (16)	¥(51,799)	¥ —	¥40,409	¥643,179
Transfer to adjustment in pension liabilities of overseas subsidiaries			332					(332)	0	—
Changes for the year ended March 31, 2011										
Cash dividends paid			(11,165)							(11,165)
Net income			30,400							30,400
Change in scope of consolidation			(50)							(50)
Purchases of treasury stock				(87)						(87)
Disposal of treasury stock		(2)		10						7
Net changes in items other than those in shareholders' equity					1,572	(15)	(15,245)	5	1,689	(11,993)
Total changes for the year ended March 31, 2011	—	(2)	19,184	(76)	1,572	(15)	(15,245)	5	1,689	7,111
Balance at March 31, 2011	¥79,863	¥182,716	¥414,189	¥(2,514)	¥ 1,339	¥ (31)	¥(67,045)	¥(327)	¥42,099	¥650,291

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS *(CONT.)*

Ajinomoto Co., Inc. and Consolidated Subsidiaries
Years ended March 31, 2011 and 2010

	Common stock	Capital surplus	Retained earnings	Treasury stock	Unrealized holding gain (loss) on securities	Unrealized gain (loss) from hedging instruments	Translation adjustments	Adjustment in pension liabilities of over seas subsidiaries	Minority interests	Total net assets
	(Thousands of U.S dollars) (Note 4)									
Balance at March 31, 2010	$962,214	$2,201,443	$4,755,094	$(29,372)	$ (2,806)	$ (197)	$ (624,094)	$ —	$486,866	$7,749,150
Transfer to adjustment in pension liabilities of overseas subsidiaries			4,007					(4,007)		
Changes for the year ended March 31, 2011										
Cash dividends paid			(134,527)							(134,527)
Net income			366,270							366,270
Change in scope of consolidation			(604)							(604)
Purchases of treasury stock				(1,048)						(1,048)
Disposal of treasury stock		(34)		130						96
Net changes in items other than those in shareholders' equity					18,945	(181)	(183,686)	64	20,361	(144,498)
Total changes for the year ended March 31, 2011	—	(34)	231,139	(918)	18,945	(181)	(183,686)	64	20,361	85,688
Balance at March 31, 2011	$962,214	$2,201,408	$4,990,239	$(30,290)	$16,139	$ (378)	$ (807,780)	$(3,942)	$507,227	$7,834,838

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Ajinomoto Co., Inc. and Consolidated Subsidiaries
Years ended March 31, 2011 and 2010

	2011	2010	2011
	(Millions of yen)		(Thousands of U.S. dollars) (Note 4)
Cash flows from operating activities			
Income before income taxes and minority interests	¥ 48,444	¥ 44,791	$ 583,633
Depreciation and amortization	49,825	55,382	600,301
Loss on impairment of fixed assets	8,503	14,325	102,446
Amortization of goodwill	4,505	5,000	54,277
Accrued employees' retirement benefits	6,036	4,988	72,723
Accrued officers' severance benefits	220	(204)	2,651
Interest and dividend income	(2,171)	(2,174)	(26,157)
Interest expense	2,440	3,468	29,398
Equity in earnings of affiliates	(2,990)	(3,461)	(36,024)
Gain on sales of securities	(900)	(66)	(10,843)
Loss on devaluation of securities	7,416	64	89,349
Loss on devaluation of investments in affiliates	—	322	—
Changes in operating assets and liabilities:			
Notes and accounts receivable	(2,054)	(5,340)	(24,747)
Notes and accounts payable	5,527	4,114	66,590
Other	14,541	2,176	175,193
Subtotal	139,347	123,387	1,678,880
Interest and dividends received	3,521	3,040	42,422
Interest paid	(2,518)	(3,704)	(30,337)
Income taxes paid	(27,633)	(16,799)	(332,928)
Net cash provided by operating activities	112,716	105,924	1,358,024
Cash flows from investing activities			
Acquisition of property, plant and equipment	(40,634)	(38,273)	(489,566)
Proceeds from sales of property, plant and equipment	1,507	494	18,157
Acquisition of intangible assets, net of proceeds	(3,488)	(23,352)	(42,024)
Acquisition of investments in securities	(1,020)	(634)	(12,289)
Proceeds from sales of investments in securities	3,757	97	45,265
Acquisition of shares of affiliates	(149)	(679)	(1,795)
Other	(5,854)	(979)	(70,530)
Net cash used in investing activities	(45,882)	(63,327)	(552,795)
Cash flows from financing activities			
Increase (decrease) in short-term borrowings	6,922	(17,387)	83,398
Proceeds from long-term debt	52	17,013	627
Repayment of long-term debt	(5,956)	(3,208)	(71,759)
Repayment of bonds	(15,000)	—	(180,723)
Cash dividends paid	(11,162)	(11,154)	(134,482)
Acquisition of shares of treasury stock	(87)	(69)	(1,048)
Other	(661)	(3,204)	(7,964)
Net cash used in financing activities	(25,893)	(18,011)	(311,964)
Effect of exchange rate changes on cash and cash equivalents	(2,245)	2,717	(27,048)
Increase (decrease) in cash and cash equivalents	38,695	27,303	466,205
Cash and cash equivalents at beginning of year	95,063	67,790	1,145,337
Increase due to inclusion of subsidiaries in consolidation	9	—	108
Decrease due to exclusion of subsidiaries in consolidation	(23)	(30)	(277)
Cash and cash equivalents at end of year	¥133,744	¥ 95,063	$1,611,373

See accompanying notes to consolidated financial statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Ajinomoto Co., Inc. and Consolidated Subsidiaries
March 31, 2011

1. Notes regarding Significant Items for the Preparation of Consolidated Financial Statements

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:
95 companies
Names of main companies:
Calpis Co., Ltd., Ajinomoto Frozen Foods Co., Inc., Ajinomoto (China) Co., Ltd., Ajinomoto do Brasil Ind. e Com. de Alimentos Ltda., Ajinomoto Sweeteners Europe 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 small, and none has total assets, net sales, net income (corresponding to the percentage of shares held), or retained earnings (corresponding to the percentage of shares held), etc. that impact the consolidated financial statements significantly.

(3) AJINOMOTO PHARMACEUTICALS CO., LTD. has been included in the scope of consolidated subsidiaries, due to its increased materiality after part of the Company's pharmaceuticals business was separated and merged into AJINOMOTO PHARMACEUTICALS CO., LTD, and Ajinomoto Pharma Co., Ltd. and Ajinomoto Medica Co., Ltd were merged into AJINOMOTO PHARMACEUTICALS CO., LTD. Furthermore, Ajinomoto Pharma Co., Ltd. and Ajinomoto Medica Co., Ltd. have been excluded from the scope of consolidated subsidiaries.

Ajinomoto Interamericana Industria e Comercio Ltda. (specified subsidiary) has been excluded from the scope of consolidated subsidiaries as a result of being merged into Ajinomoto do Brasil Ind. e Com. de Alimentos Ltda. SHANGHAI HOUSE AJINOMOTO FOODS CO., LTD. has been excluded from the scope of consolidated subsidiaries as a result of liquidation. CHUANHUA AJINOMOTO CO., LTD. has been excluded from the scope of consolidated subsidiaries as a result of the transfer of the Company's equity interest to the Chinese investment partner, Sichuan Chemical Group Co., Ltd. AJINOMOTO PHARMACEUTICALS EUROPE LTD. has been excluded from the scope of consolidated subsidiaries as the decision has been made to dissolve this company which does not materially impact the consolidated financial statements.

c. Scope of application of the equity method

(1) Number of non-consolidated subsidiaries accounted for by the equity method:
4 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:
6 companies
Names of main companies:
Ajinomoto General Foods, Inc., J-OIL MILLS, INC., Nissin-Ajinomoto Alimentos Ltda.

(3) As consolidated net income and retained earnings (corresponding to the percentage of shares held) of non-consolidated subsidiary not accounted for by the equity method (such as Bonito Technical Laboratory Co., Inc.) and affiliated companies not accounted for by the equity method (such as Asahi Calpis Beverages Co., Ltd.) are immaterial to the consolidated net results; therefore, these companies do not have a material impact, they are not included in the scope of the equity method.

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

The fiscal year end of Ajinomoto del Perú S.A. and 13 other consolidated subsidiaries are December 31, and the fiscal year of GABAN Co., Ltd. is the end of February. Out of these companies, 13 companies prepare their financial statements as of March 31 for consolidation purposes. With regard to the other companies, the Company used their financial statements as of their own fiscal year end in the preparation of the consolidated financial statements making adjustments, if necessary, for significant transactions that occurred in the period from their fiscal year end to the consolidated fiscal year end.

The fiscal year end of Nissin-Ajinomoto Alimentos Ltda. and 1 other company accounted for by the equity method are December 31. One company out of these 2 companies prepares its financial statements as of March 31 for consolidated purposes. With regard to the other company, the Company used its financial statements as of its own fiscal year end in the preparation of the consolidated financial statements making adjustments, if necessary, for significant transactions that occurred in the period from its fiscal year end to the consolidated fiscal year end.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(CONT.)*

Ajinomoto Co., Inc. and Consolidated Subsidiaries
March 31, 2011

e. Valuation standards and methods for significant assets

Marketable securities and methods for significant assets:

Other securities:

Other securities for which market value is available are stated at market value at the fiscal year end and the changes in market value, net of applicable income taxes, are directly charged or credited to net assets. The cost of such securities sold is mainly determined by the moving-average method. Other securities for which market value is not available are stated at cost mainly determined by the moving-average method.

(2) Derivative instruments:

Derivatives are carried at fair value

However, with respect to interest rate swaps meeting the criteria for the exceptional treatment, the exceptional treatment is, in principle, applied.

(3) Inventories:

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

f. Depreciation and amortization for significant depreciable assets

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

The Company and its domestic consolidated subsidiaries recognize their depreciation expense mainly by using the declining-balance method and its overseas consolidated subsidiaries calculate their depreciation expense mainly using the straight-line method. However, for buildings (excluding building improvements) acquired on or after April 1, 1998 by the Company and its domestic consolidated subsidiaries, the depreciation expense is calculated by the straight-line method. The range of useful life is from 3 to 50 years for buildings and structures and from 2 to 20 years for machinery and vehicles.

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

Amortization of intangible fixed assets is mainly calculated by the straight-line method for the Company and its domestic subsidiaries. Computer software held by the Company and its domestic consolidated subsidiaries for internal use is amortized by the straight-line method over the 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.

Finance lease transactions that do not transfer ownership, for which the starting date of the lease was March 31, 2008 or earlier, are accounted for as operating leases.

g. Accounting for significant reserves

(1) Allowance for doubtful receivables:

An allowance for doubtful receivables is provided for possible bad debts at the amount estimated based on historical bad debt experience for normal receivables and by reference to the individual collectability of specific doubtful receivables.

(2) Accrued bonuses for employees:

At certain consolidated subsidiaries, accrued bonuses for employees have been provided based on the amount to be paid to employees.

(3) Accrued retirement benefits for employees:

Accrued retirement benefits for employees are provided for at the Company and its major domestic consolidated subsidiaries based on projected benefit obligations and the fair value of pension plan assets at the end of the fiscal year. Prior service cost is amortized by the straight-line method over a period within the average remaining service years for employees (mainly 10 years) at the time of recognition. Actuarial gain and loss is amortized by the straight-line method over a period within the average remaining service years for employees (mainly 10 years) at the time of recognition, from the fiscal year following the respective fiscal year of recognition.

(4) Accrued officers' severance benefits:

At the Company and certain of its consolidated subsidiaries, accrued officers' severance benefits are provided at the amount required to be paid in accordance with internal rules in order to provide for payment of severance benefits to officers.

The Company abolished the system of payment of severance benefits to officers 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) Bonus reserve for officers:

In preparation for the payment of bonuses to officers, bonus reserve for officers included in "Accrued expenses and other current liabilities" have been provided for the amount of payment expected for the fiscal year ended March 31, 2011.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

Ajinomoto Co., Inc. and Consolidated Subsidiaries
March 31, 2011

(6) Allowance for environmental measures:
In preparation for payment relating to disposal of polychlorinated biphenyl (PCB) included in "Other long-term liabilities" and other waste, an allowance for environmental measures has been provided for the amount of costs expected to be incurred.

h. Translation of significant assets and liabilities denominated in foreign currencies into yen
Monetary assets and liabilities denominated in foreign currencies have been translated into yen at the rates of exchange in effect at the fiscal year end. The resulting exchange gain or loss is charged or credited to income. Assets and liabilities of overseas subsidiaries have been translated into yen at the exchange rates in effect as of the fiscal year end, and revenues and expenses of overseas subsidiaries have been translated into yen at the average rates prevailing during the fiscal years. The resulting translation differences are included in minority interests and translation adjustments in net assets.

i. Hedge accounting
(1) Hedge accounting method
The Company and its consolidated subsidiaries adopt deferred hedge accounting.
The exceptional treatment is, in principle, applied with respect to interest rate swaps, in cases where criteria for the exceptional treatment are met.

(2) Hedging instruments and hedged transactions

Hedging instruments	Hedged transactions
Foreign exchange forward contracts	Forecasted transactions and sales transactions pertaining to the acquisition of stock of or investments in affiliated companies denominated in foreign currencies
Interest rate swaps	Interest paid on borrowings

(3) Hedging policy
The Company and some of its consolidated subsidiaries hedge foreign exchange fluctuation rate risk and interest rate risk for certain transactions, mainly those that are financially significant and that can be recognized individually, based on internal rules for derivative transactions.

(4) Methods for evaluating the effectiveness of hedges
Assessment of hedge effectiveness is not undertaken for forward exchange contracts, as the material conditions pertaining to the hedging instrument and the hedged item are identical. For interest rate swaps for which the exceptional treatment is applied, evaluation of effectiveness is not conducted.

j. Amortization of goodwill
As a general rule, goodwill is amortized on a straight-line basis over its estimated useful life. However, immaterial goodwill is charged or credited to expense or income at the time of acquisition.

k. 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.

l. Other significant items for the preparation of consolidated financial statements
(1) Accounting for consumption taxes
Transactions of the Company and domestic consolidated subsidiaries subject to consumption tax and/or regional consumption tax are recorded at amounts exclusive of the consumption tax. Consumption tax refundable is included in "Prepaid expenses and other current assets," while consumption tax payable is included in "Accrued expenses and other current liabilities."

(2) Adoption of consolidated taxation system
Effective the fiscal year ended March 31, 2011, the Company and some of its consolidated subsidiaries have adopted the consolidated taxation system, with Ajinomoto Co., Inc. as the taxable parent company.

(3) Recognition of revenue from finance lease transactions
Revenue from finance lease transactions is not recorded in sales, but recorded in interest income by allocating the corresponding amount of interest to each period.

2. Changes in Accounting Policies

a. Accounting Standard for Asset Retirement Obligations
Effective the fiscal year ended March 31, 2011, the Company and its domestic subsidiaries has adopted the "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18 of March 31, 2008) and the "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21 of March 31, 2008).
The effect of this change was to decrease operating income by ¥19 million ($228 thousand) and income before income taxes and minority interests by ¥649 million ($7,819 thousand).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

Ajinomoto Co., Inc. and Consolidated Subsidiaries
March 31, 2011

b. Accounting Standard for Business Combinations

Effective the fiscal year ended March 31,2011, the Company has adopted the "Accounting Standard for Business Combinations" (ASBJ Statement. No. 21; December 26, 2008), the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, December 26, 2008), "Partial Amendments to Accounting Standard for Research and Development Costs" (ASBJ Statement No. 23, December 26, 2008), "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, December 26, 2008), "Revised Accounting Standard for Equity Method of Accounting for Investments" (ASBJ Statement No.16, (Revised) December 26, 2008), and "Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, (Revised) December 26, 2008).

The adoption of these standards had no impact on the financial results for the fiscal year ended March 31, 2011.

3. Additional Information

Comprehensive Income

Effective the fiscal year ended March 31, 2011, the Company has adopted the "Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement. No. 25 of June 30, 2010). The amounts for "Valuation and translation adjustments and others" and "Total valuation, translation adjustments and others" of prior years are presented as the amounts of "Accumulated other comprehensive income" and "Total accumulated other comprehensive income" in the accompanying financial statements.

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 ¥83=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2011.

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, 2011 and 2010 consisted of the following:

	2011	2010	2011
	(Millions of yen)		(Thousands of U.S. dollars)
Finished goods	¥ 87,445	¥ 96,964	$1,053,554
Work in process	7,370	8,791	88,795
Raw materials and supplies	40,495	41,053	487,892
	¥135,311	¥146,810	$1,630,253

6. Short-Term Borrowings and Long-Term Debt

Short-term borrowings at March 31, 2011 and 2010 consisted of the following:

	2011	2010	2011
	(Millions of yen)		(Thousands of U.S. dollars)
Short-term borrowings	¥16,209	¥9,963	$195,289
	¥16,209	¥9,963	$195,289

The average annual interest rate applicable to the short-term borrowings at March 31, 2011 was 1.13%.

Long-term debt at March 31, 2011 and 2010 consisted of the following:

	2011	2010	2011
	(Millions of yen)		(Thousands of U.S. dollars)
Bonds without collateral:			
0.36% bonds due 2011	—	¥ 15,000	—
0.62% bonds due 2014	¥ 20,000	20,000	$ 240,964
0.71% bonds due 2016	15,000	15,000	180,723
1.37% bonds due 2015	14,999	14,998	180,711
1.89% bonds due 2021	19,990	19,989	240,843
Loans from banks, insurance companies and government-sponsored agencies:			
With collateral	44	287	530
Without collateral	44,555	50,436	536,807
	114,588	135,712	1,380,578
Current portion	(5,316)	(20,923)	(64,048)
	¥109,272	¥114,788	$1,316,530

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The annual maturities of long-term debt subsequent to March 31, 2011 were summarized as follows:

Year ending March 31,	(Millions of yen)	(Thousands of U.S. dollars)
2012	¥ 5,316	$ 64,048
2013	4,459	53,723
2014	23,410	282,048
2015	3,410	41,084
2016 and thereafter	77,991	939,651
	¥114,588	$1,380,578

Other interest-bearing debt at March 31, 2011 and 2010 were as follows:

	2011	2010	2011
	(Millions of yen)		(Thousands of U.S. dollars)
Lease obligation (current)	¥ 882	¥ 641	$10,627
Lease obligation (non-current)	1,711	1,583	20,614
	¥2,593	¥2,225	$31,241

The annual maturities of lease obligations subsequent to March 31, 2011 were summarized as follows:

Year ending March 31,	(Millions of yen)	(Thousands of U.S. dollars)
2012	¥ 882	$10,627
2013	755	9,096
2014	517	6,229
2015	332	4,000
2016 and thereafter	106	1,277
	¥2,593	$31,241

7. Notes to Consolidated Balance Sheets

"Other advances" in "Investments and long-term advances" consisted of the following:

	2011	2010	2011
	(Millions of yen)		(Thousands of U.S. dollars)
Long-term loans to third parties	¥ 770	¥ 88	$ 9,277
Allowance for doubtful receivables	(1,252)	(732)	(15,084)
Other	13,665	12,299	164,639
Total	¥13,183	¥11,656	$158,831

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

	2011	2010	2011
	(Millions of yen)		(Thousands of U.S. dollars)
Machinery and vehicles	¥508,083	¥528,039	$6,121,482
Tools, furniture and fixtures	65,762	65,670	792,313
Leased assets	3,583	2,653	43,169
Construction in process	19,013	12,766	229,072
Total	¥596,443	¥609,130	$7,186,060

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

	2011	2010	2011
	(Millions of yen)		(Thousands of U.S. dollars)
Buildings and structures	¥(209,127)	¥(201,973)	$(2,519,602)
Machinery and vehicles	(391,574)	(396,473)	(4,717,759)
Tools, furniture and fixtures	(55,340)	(53,912)	(666,747)
Leased assets	(1,172)	(570)	(14,120)
Total	¥(657,215)	¥(652,930)	$(7,918,253)

"Other" in "Other assets" consisted of the following:

	2011	2010	2011
	(Millions of yen)		(Thousands of U.S. dollars)
Goodwill	¥29,586	¥34,106	$356,458
Other	35,901	39,528	432,542
Total	¥65,487	¥73,634	$789,000

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

	2011	2010	2011
	(Millions of yen)		(Thousands of U.S. dollars)
Accrued bonuses for employees	¥ 6,784	¥ 5,290	$ 81,735
Bonus reserve for officers	360	326	4,337
Other	77,196	78,476	930,072
Total	¥84,340	¥84,094	$1,016,145

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

	2011	2010	2011
	(Millions of yen)		(Thousands of U.S. dollars)
Allowance for environmental measures	¥ 574	¥ 403	$ 6,916
Other	23,461	22,422	282,663
Total	¥24,035	¥22,826	$289,578

8. Pledged Assets

The assets pledged as collateral for current portion of long-term debts, and long-term debts at March 31, 2011 and 2010 consisted of the following:

	2011	2010	2011
	(Millions of yen)		(Thousands of U.S. dollars)
Buildings and structures	¥238	¥1,139	$2,867
Machinery, equipment and other	—	1,576	—
Land	499	3,107	6,012
	¥737	¥5,823	$8,880

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 40.7% for the years ended March 31, 2011 and 2010. Income taxes of the foreign consolidated subsidiaries are based generally on the tax rates applicable in their countries of incorporation.

The effective tax rates reflected in the consolidated statements of income and comprehensive income for the years ended March 31, 2011 and 2010 differ from the statutory tax rate for the following reasons:

	2011	2010
Statutory tax rate	40.7%	40.7%
Effect of:		
Amortization of goodwill	3.8	4.5
Equity in earnings of affiliates	(2.5)	(3.1)
Loss on liquidation of affiliates	(3.7)	—
Permanent non-deductible expenses (entertainment expenses and other)	—	2.1
Special deduction of income taxes	(2.1)	—
Different tax rates applied to income of foreign consolidated Subsidiaries	(8.3)	(9.2)
Net loss of consolidated subsidiaries	—	1.4
Write-off of deferred tax assets	—	13.7
Other, net	(1.9)	(0.1)
Effective tax rates	25.9%	50.1%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

Ajinomoto Co., Inc. and Consolidated Subsidiaries
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The significant components of deferred tax assets and liabilities at March 31, 2011 and 2010 were as follows:

	2011	2010	2011
	(Millions of yen)		(Thousands of U.S. dollars)
Deferred tax assets:			
Loss on devaluation of securities	¥ 3,216	¥ 2,394	$ 38,747
Loss on devaluation of inventories	1,089	2,074	13,120
Property, plant and equipment	2,505	3,970	30,181
Accrued retirement benefits for employees	23,971	21,141	288,807
Accrued expenses	2,703	1,678	32,566
Accrued bonuses for employees	5,326	4,793	64,169
Unrealized profit	3,154	3,124	38,000
Accrued enterprise tax	802	783	9,663
Loss on impairment of fixed assets	10,565	8,121	127,289
Allowance for doubtful receivables	629	844	7,578
Net operating loss	6,469	—	77,940
Net operating loss of consolidated subsidiaries	—	4,920	—
Asset retirement obligations	272	—	3,277
Other	2,929	3,401	35,289
Gross deferred tax assets	63,636	57,430	766,699
Valuation allowance	(16,512)	(15,523)	(198,940)
Total deferred tax assets	47,123	41,906	567,747
Deferred tax liabilities:			
Reserves under Special Taxation Measures Law	8,957	9,472	107,916
Unrealized gain on land	18,048	18,095	217,446
Other	14,760	14,461	177,831
Total deferred tax liabilities	41,768	42,031	503,229
Net deferred tax assets (liabilities)	¥ 5,355	¥ (124)	$ 64,518

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 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, 2011 and 2010 for the Company's and the consolidated subsidiaries' defined benefit plans:

	2011	2010	2011
	(Millions of yen)		(Thousands of U.S. dollars)
Retirement benefit obligation	¥(276,532)	¥(274,747)	$(3,331,711)
Plan assets at fair value	184,329	187,064	2,220,831
Unfunded retirement benefit obligation	(92,202)	(87,682)	(1,110,867)
Unrecognized actuarial gain or loss	39,738	44,702	478,771
Unrecognized prior service cost	(5,207)	(8,869)	(62,735)
Prepaid pension cost	882	773	10,627
Accrued retirement benefits for employees	¥ (58,554)	¥ (52,623)	$ (705,470)

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, 2011 and 2010 were outlined as follows:

	2011	2010	2011
	(Millions of yen)		(Thousands of U.S. dollars)
Service cost	¥ 6,328	¥ 5,862	$ 76,241
Interest cost	6,673	6,549	80,398
Expected return on plan assets	(4,764)	(6,139)	(57,398)
Amortization of prior service cost	(2,172)	(2,321)	(26,169)
Amortization of actuarial gain or loss	9,826	10,115	118,386
Other	734	411	8,843
Total	¥16,627	¥14,478	$200,325

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

	As of March 31,	
	2011	2010
Discount rate	Mainly 2.5%	Mainly 2.5%
Expected rate of return on plan assets	Mainly 2.5%	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, 2011 and 2010 were outlined as follows:

Year ended March 31, 2011							
		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 29, 2010	Common stock	¥5,582	$67,253	¥8	$0.096	March 31, 2010	June 30, 2010
Meeting of the Board of Directors on November 4, 2010	Common stock	¥5,582	$67,253	¥8	$0.096	September 30, 2010	December 2, 2010

Year ended March 31, 2010					
		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 26, 2009	Common stock	¥5,583	¥8	March 31, 2009	June 29, 2009
Meeting of the Board of Directors on November 6, 2009	Common stock	¥5,583	¥8	September 30, 2009	December 2, 2009

The following dividends have a record date during the year ended March 31, 2011 but an effective date during the year ending March 31, 2012:

		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 29, 2011	Common stock	¥5,582	$67,253	¥8	$0.096	March 31, 2011	June 30, 2011

13. Selling, General and Administrative Expenses

Selling, general and administrative expenses consisted of the following:

	2011	2010	2011
	(Millions of yen)		(Thousands of U.S. dollars)
Transportation expenses	¥ 33,450	¥ 31,675	$ 403,012
Advertising expenses	33,628	34,213	405,157
Sales commissions	62,089	58,560	748,060
Salaries	42,981	42,847	517,843
Provision for accrued bonuses	17,898	16,938	215,639
Retirement benefit expenses	9,484	8,365	114,265
Depreciation and amortization	10,543	9,583	127,024
Research and development expenses	36,906	35,633	444,651
Amortization of goodwill	4,505	5,000	54,277
Other	82,115	78,445	989,337
Total	¥333,604	¥321,264	$4,019,325

Inventories as of March 31, 2011 and 2010 were written down due to lower profitability and unrealized losses on inventories included in cost of sales were ¥229 million ($2,759 thousand) and ¥1,067 million, respectively.

Research and development expenses included in manufacturing costs and selling, general and administrative expenses for the years ended March 31, 2011 and 2010 were ¥36,906 million ($444,651 thousand) and ¥35,633 million, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

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14. Other Income (Expenses)

"Interest and dividend income" consisted of the following:

	2011	2010	2011
	(Millions of yen)		(Thousands of U.S. dollars)
Interest income	¥1,232	¥1,162	$14,843
Dividend income	939	1,012	11,313
Total	¥2,171	¥2,174	$26,157

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

	2011	2010	2011
	(Millions of yen)		(Thousands of U.S. dollars)
Gain on sale of investment securities	¥912	¥66	$10,988
Loss on sale of investment securities	(12)	—	(145)
Total	¥900	¥66	$10,843

"Other, net" consisted of the following:

	2011	2010	2011
	(Millions of yen)		(Thousands of U.S. dollars)
Rental income	¥ 789	¥ 944	$ 9,506
Gain on prior year adjustments	—	1,322	—
Reversal of accrued expenses on contract alteration	—	1,437	—
Loss on disposal of fixed assets	—	(4,536)	—
Provision for allowance for doubtful accounts	—	(711)	—
Litigation expenses	—	(853)	—
Loss from natural disaster	(3,231)	—	(38,928)
Loss on voluntary recall	—	(1,004)	—
Other	(5,889)	(5,824)	(70,952)
Total	¥(8,331)	¥(9,225)	$(100,373)

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, 2011 and 2010 were outlined as follows:

Year ended March 31, 2011

The main assets with respect to which impairment losses were recorded in the fiscal year ended March 31, 2011 were as follows. In addition to these, other impairment losses of ¥633 million ($7,626 thousand) were also recorded.

Location	Use	Classification
Saga, Saga Prefecture, Japan	Manufacturing facility	Buildings and structures, Machinery and vehicles, Other
Brazil	Manufacturing facility	Buildings and structures, Machinery and vehicles, Other

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

With respect to shared-use facilities such as utilities relating to manufacturing facilities for sweeteners and amino acids for pharmaceuticals and foods in Saga, Saga Prefecture, Japan, the Company reduced the book value to the recoverable amount, as the level of capacity utilization is significantly low 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 ¥1,643 million ($19,795 thousand), the breakdown of which is as follows: "Buildings and structures"—¥705 million ($8,493 thousand); "Machinery and vehicles"—¥935 million ($11,265 thousand); and "Other"—¥2 million ($24 thousand). 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 4.4%.

With respect to the manufacturing facilities used for feed-use amino acids business in Brazil, these operations have continued to post losses, impacted by factors including a deterioration in export profits due to a stronger Brazilian real and the cost of fuels and materials rising significantly above initial projections. Given this fact, and because at the present time the likelihood of future recovery of initially projected income is low, the Company reduced the book value to the recoverable amount. As such, the Company recorded an impairment loss of ¥6,226 million ($75,012 thousand), the breakdown of which is as follows: "Buildings and structures"—¥3,810 million ($45,903 thousand); "Machinery and vehicles"—¥1,544 million ($18,602 thousand); and "Other"—¥871 million ($10,493 thousand). 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 12.7%, taking into consideration the current situation in Brazilian financial markets.

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Year ended March 31, 2010

The main assets with respect to which impairment losses were recorded in the fiscal year ended March 31, 2010 were as follows. In addition to these following assets, other impairment losses of ¥509 million were also recorded.

Location	Use	Classification
Yokkaichi, Mie Prefecture, Japan	Manufacturing facility	Buildings and structures, Machinery and vehicles, Other
Saga, Saga Prefecture, Japan	Manufacturing facility	Buildings and structures, Machinery and vehicles, Other
Brazil	Manufacturing facility	Buildings and structures, Machinery and vehicles, Other

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

With respect to the manufacturing facilities used for sweetener business in Yokkaichi, Mie Prefecture and Saga, Saga Prefecture, Japan, the Company reduced the book value to the nominal amount, as these operations have continued to post losses due to factors including a deterioration in export profits attributable to the appreciation of the yen and falling sales prices resulting from intense competition with competitors, 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 ¥5,175 million, the breakdown of which is as follows: "Buildings and structures"—¥1,817 million; "Machinery and vehicles"—¥3,280 million; and "Other"—¥76 million.

With respect to the manufacturing facilities used for pharmaceutical fine chemicals business in Yokkaichi, Mie Prefecture, Japan, these operations have continued to post losses, influenced by a considerable delay in production plans due to the impact of factors such as a decline in the number of new drugs being developed in the pharmaceuticals market. Given this fact, and because at the present time the likelihood of future recoverability of initially projected income is low, the Company reduced the book value to the recoverable amount. As such, the Company recorded an impairment loss of ¥1,318 million, the breakdown of which is as follows: "Buildings and structures"—¥502 million; "Machinery and vehicles"—¥744 million; and "Other"—¥71 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 5.3%.

With respect to the manufacturing facilities used for feed-use amino acids business in Brazil, these operations have continued to post losses, impacted by factors including a deterioration in export profits due to a stronger Brazilian real and the cost of raw materials and fuels rising significantly above initial projections. Given this fact, and because at the present time the likelihood of future recovery of initially projected income is low, the Company reduced the book value to the recoverable amount. As such, the Company recorded an impairment loss of ¥7,321 million, the breakdown of which is as follows: "Buildings and structures"—¥3,951 million; "Machinery and vehicles"—¥2,608 million; and "Other"—¥761 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 12.5%, taking into consideration the current situation in Brazilian financial markets.

16. Consolidated Statement of Comprehensive Income

a. Comprehensive income for the fiscal year ended March 31,2010 for comparative purposes

	(Millions of yen)
Comprehensive income attributable to the Ajinomoto shareholders	¥28,672
Comprehensive income attributable to minority interests	7,634
Total	¥36,307

b. Other comprehensive income for the fiscal year prior to the fiscal year ended March 31,2010

	(Millions of yen)
Unrealized holding gain on securities	¥ 1,112
Unrealized loss from hedging instruments	(3)
Translation adjustments	11,637
Share of other comprehensive income of equity- method affiliates	1,192
Total	¥13,938

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17. Lease Transactions

a) Lesses' Accounting

The following pro forma amounts represent the acquisition costs, accumulated depreciation and net book value of the leased assets at March 31, 2011 and 2010, 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, 2011							
	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	¥ 1,533	¥ 98	¥1,352	¥ 82	$ 18,470	$ 1,181	$16,289	$ 988
Machinery, equipment and other	9,132	6,811	127	2,193	110,024	82,060	1,530	26,422
Total	¥10,666	¥6,909	¥1,479	¥2,276	$128,506	$83,241	$17,819	$27,422

	March 31, 2010			
	Acquisition costs	Accumulated depreciation	Accumulated impairment loss	Net book value
	(Millions of yen)			
Buildings and structures	¥ 1,641	¥ 151	¥1,352	¥ 137
Machinery, equipment and other	9,255	5,829	127	3,298
Total	¥10,896	¥5,980	¥1,479	¥3,436

Lease payments relating to finance leases accounted for as operating leases in the accompanying consolidated financial statements amounted to ¥1,563 million ($18,831 thousand) and ¥1,717 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, 2011 and 2010, respectively. The reversals of impairment loss applicable the above lease payments for the years ended March 31, 2011 and 2010 amounted to ¥80 million ($964 thousand) and ¥90 million, respectively.

Future minimum lease payments (including the interest portion thereon) subsequent to March 31, 2011 for finance leases accounted for as operating leases were summarized as follows:

Year ending March 31,	(Millions of yen)	(Thousands of U.S. dollars)
2012	¥1,662	$20,024
2013 and thereafter	1,558	18,771
Total	3,221	38,807
Accumulated impairment loss on leased assets	¥ 944	$11,373

Future minimum lease payments subsequent to March 31, 2011 for operating leases were summarized as follows:

Year ending March 31,	(Millions of yen)	(Thousands of U.S. dollars)
2012	¥1,661	$20,012
2013 and thereafter	3,402	40,988
Total	¥5,063	$61,000

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, 2011 and 2010:

	March 31, 2011					
	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	¥15	¥12	¥2	$181	$145	$24

	March 31, 2010		
	Acquisition costs	Accumulated depreciation	Net book value
	(Millions of yen)		
Machinery, equipment and other	¥29	¥19	¥9

Lease income relating to finance leases accounted for as operating leases in the accompanying consolidated financial statements amounted to ¥4 million ($48 thousand) and ¥6 million for the years ended March 31, 2011 and 2010, respectively. Depreciation of the assets leased under finance leases accounted for as operating leases amounted to ¥4 million ($48 thousand) and ¥6 million for the years ended March 31, 2011 and 2010, respectively.

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Future minimum lease income (including the interest portion thereon) subsequent to March 31, 2011 for the finance leases accounted for as operating leases were summarized as follows:

Year ending March 31,	(Millions of yen)	(Thousands of U.S. dollars)
2012	¥2	$24
2013 and thereafter	0	0
Total	¥2	$24

Future minimum lease income subsequent to March 31, 2011 for operating leases were summarized as follows:

Year ending March 31,	(Millions of yen)	(Thousands of U.S. dollars)
2012	¥232	$2,795
2013 and thereafter	267	3,217
Total	¥499	$6,012

18. Contingent Liabilities

At March 31, 2011 and 2010, the Company and its consolidated subsidiaries had the following contingent liabilities:

	2011	2010	2011
	(Millions of yen)		(Thousands of U.S. dollars)
As endorser of documentary export bills and trade notes receivable discounted with banks	¥472	¥ 27	$5,687
As guarantor of indebtedness of unconsolidated subsidiaries, affiliates and employees			
New Season Foods	174	269	2,096
Itoham Betagro Foods	78	—	940
Kyodo ace butsuryu	2	1	24
Employees	49	71	590
	¥304	¥342	$3,663

19. Amounts Per Share

	2011	2010	2011
	(Yen)		(U.S. dollars)
Net income	¥43.5	¥23.9	$0.525
Cash dividends	16.0	16.0	0.193
Net assets	871.6	863.7	10.501

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.

20. Related Party Transactions

For the year ended March 31, 2011

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) (Thousands of U.S. dollars)	Account	Balance at year end (Millions of yen) (Thousands of U.S. dollars)
Affiliate	Ajinomoto General Foods,Inc.	Shinjuku-ku, Tokyo	¥3,862	Beverages	50.0% Direct	Purchasing goods and resale Interlocking and secondment of directors	Purchasing goods	¥137,342 $1,654,722	Account payable	¥22,191 $267,361

For the year ended March 31, 2010

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	Beverages	50.0% Direct	Purchasing goods and resale Interlocking and secondment of directors	Purchasing goods	¥129,773	Account payable	¥20,557

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21. Financial Instruments

a. Status of financial instruments

(1) Policy for Financial instruments

The Company and its consolidated subsidiaries undertake fund procurement using commercial paper, bond issuances, borrowings from financial institutions and other methods, aiming to balance direct and indirect financing with long-term and short-term financing needs while considering procurement costs and risk diversification. With respect to cash management, funds are allocated only to saving and other financial instruments with low risk. Derivative transactions are undertaken only for the purposes of hedging risks outlined below, and as a matter of policy, are not undertaken for speculative purposes.

(2) Characteristics and risks of financial instruments

Trade notes and accounts receivable form part of the customer credit risk faced by the Company. Foreign currency-denominated notes and accounts receivable are also subject to risk from foreign exchange rates fluctuations, but this risk is mainly hedged through the adoption of forward foreign exchange contracts. Investment securities primarily comprise stock in transaction partner companies, and are subject to the risk of changes in stock market prices.

Trade notes and accounts payable are mainly settled within one year. Foreign currency denominated trade notes and accounts payable are subject to risk from foreign exchange rates fluctuations, but this risk is mainly hedged through the adoption of forward foreign exchange contracts. A certain amount of borrowing is undertaken using floating interest rates and is therefore subject to risk from movements in interest rates, but this is hedged through the adoption of interest-rate swaps.

Derivative transactions undertaken include forward foreign exchange contracts and currency swaps to hedge the risk associated with foreign currency-denominated payables and receivables, and interest rate swaps are undertaken to hedge interest rate risks associated with borrowings, lending to Group companies and other such activities. Hedge accounting details with regard to hedging instruments, hedged transactions, hedging policy and assessment of hedge effectiveness are outlined in "Hedge Accounting" in the previous section, "1. Notes regarding Significant Items for the Preparation of Consolidated Financial Statements."

(3) System for financial instruments risk management

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

Each business and sales management division within the Company conducts periodic monitoring of key transaction partners to assess risks associated with notes and accounts receivable. In addition to monitoring due dates and amounts outstanding, the Company assesses the financial status of transaction partners with the aim of identifying and minimizing any heightened risks. The same system of risk management is used at consolidated subsidiaries.

In managing the risks of derivative positions, counterparty risk is minimized by entering into transactions only with financial institutions with high credit ratings.

The Company's maximum potential exposure to credit risk is shown in the balance sheets as of the end of the fiscal year ended March 31, 2011.

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

In managing foreign currency denominated accounts payable and receivable, the Company and certain consolidated subsidiaries assess exchange rate movement risk by currency on a monthly basis, and hedge such risks through forward foreign exchange contracts and currency swaps. Given the nature of the foreign exchange market, forward foreign exchange contracts are in principle limited to a six-month period, applicable to foreign currency denominated assets or liabilities for which planned transactions are deemed certain to take place. The Company and certain consolidated subsidiaries also undertake interest-rate swaps for the purpose of controlling risk associated with movements in interest rates on borrowings.

Investment securities are periodically assessed with respect to market value and the financial status of the issuing entity (transaction partner), and the merits or otherwise of holding such securities are continually reviewed, taking into account the Company's relationship with respective transaction partners.

Derivative transactions are undertaken by the finance division, based on a system that places limits on transaction authorizations and amounts. The performance of transactions is periodically reported to directors responsible for the finance division and to the management committee. Transaction management at consolidated subsidiaries is undertaken in the same manner.

3) Funding procurement liquidity risk management (risk of being unable to meet due dates)

The Company and main domestic consolidated subsidiaries have adopted a cash management system for the purposes of reducing consolidated interest-bearing debt and reducing liquidity risk. The system is managed in such a way as to ensure that available liquidity, including the unused portion of commitment lines established by the Company, is maintained at a certain level. Main overseas consolidated subsidiaries maintain a similar level of liquidity on a company-by-company basis.

(4) Supplementary explanation on fair value of financial instruments

The fair value of financial instruments is based on market price for items having a market price. For items not having market price, the fair value is calculated based on reasonable estimates. As a number of variables are incorporated in such estimates, the fair values arrived at are subject to change as a result of the use of different assumptions in the calculations. Furthermore, with respect to the contract prices of derivative transactions in "Note 23. Derivative Transactions", the amounts do not indicate the market risk relating to the derivative transactions.

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b. Fair value of financial instruments

The book values, fair values and any differences as of March 31, 2011 were as follows:

	Book value in consolidated financial statements	Estimated fair value	Difference	Book value in consolidated financial statements	Estimated fair value	Difference
	(Millions of yen)			(Thousands of U.S. dollars)		
(1) Cash and cash equivalents	¥141,801	¥141,801	—	$1,708,446	$1,708,446	—
(2) Notes and accounts receivable	195,465	195,465	—	2,355,000	2,355,000	—
(3) Marketable securities and investment securities						
Investments in stock of subsidiaries and affiliates	18,907	10,547	¥(8,359)	227,795	127,072	$(100,711)
Other marketable securities	29,635	29,635	—	357,048	357,048	—
Total assets	¥385,810	¥377,450	¥(8,359)	$4,648,313	$4,547,590	$(100,711)
(1) Notes and accounts payable	¥103,420	¥103,420	—	$1,246,024	$1,246,024	—
(2) Short-term borrowings	16,209	16,209	—	195,289	195,289	—
(3) Current portion of long-term debt	5,316	5,316	—	64,048	64,048	—
(4) Corporate bonds	69,989	71,438	¥ 1,448	843,241	860,699	$ 17,446
(5) Long-term debt	39,282	40,967	1,684	473,277	493,578	20,289
Total liabilities	¥234,218	¥237,350	¥ 3,132	$2,821,904	$2,859,639	$ 37,735
Derivative transactions*	¥ 708	¥ 708	¥ —	$ 8,530	$ 8,530	$ —

The assets or liabilities arising from derivative transactions are shown as a net amount.

Note 1: Method of calculating fair value of financial instruments, and notes relating to investment securities and derivative transactions.

ASSETS

(1) Cash and cash equivalents, and (2) Notes and accounts receivable

These items are recorded at book value, as the short settlement period means that fair value and book value are effectively the same.

(3) Marketable securities and investment securities

The fair value of equities is based on prices at listing exchanges. The fair value of bonds is based on prices at listing exchanges or transaction prices disclosed by financial institutions. For notes relating to marketable securities according to holding purpose such securities, please refer to "Note 22. Securities."

LIABILITIES

(1) Notes and accounts payable, (2) Short-term borrowings, and (3) Current portion of long-term debt

These items are recorded at book value, as the short settlement period means that fair value and book value are effectively the same.

(4) Corporate bonds

The fair value of bonds issued by the Company is based on market price for those items having a market price. The fair value of items without a market price is calculated based on the current total amount of principal and interest, discounted for the remaining period of each bond and adjusted for credit risk.

(5) Long-term debt

The fair value of long-term debt with fixed interest rates is calculated based on the current total amount of principal and interest, discounted by the expected interest rate if the debt were refinanced at current rates. The book value is used for the fair value of long-term debt with floating interest rates, as the fair value of such debt is almost identical to its book value, because it reflects market rates over the short term.

Derivative transactions

Interest-rate swaps for which the exceptional method is applied are recorded at fair value including the fair value of the underlying long-term debt, as such swaps are treated as a single item incorporating the hedged long-term debt. For information relating to derivative transactions, please refer to "Note 23. Derivative Transactions."

Note 2: Financial instruments for which the appraisal of fair value is recognized as being extremely difficult.

	Amount recorded on consolidated balance sheet	Amount recorded on consolidated balance sheet
	(Millions of yen)	(Thousands of U.S. dollars)
Investments in stock of subsidiaries and affiliates		
Unlisted shares	¥31,779	$382,880
Other securities		
Unlisted shares	2,672	32,193
Unlisted domestic bonds	0	0
Money management funds, etc.	621	7,482
Total	¥35,073	$422,566

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Ajinomoto Co., Inc. and Consolidated Subsidiaries
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These are items that do not have a market value and for which estimating future cash flows would incur excessive costs. Accordingly, appraising the fair value of such items is recognized as being extremely difficult, and they are excluded from "Assets (3) Marketable securities and investment securities."

c. Planned redemptions after the consolidated balance sheet date for monetary claims and marketable securities with maturities

	2012	2013 and thereafter	2012	2013 and thereafter
	(Millions of yen)		(Thousands of U.S. dollars)	
Cash and cash equivalents	¥141,801	—	$1,708,446	—
Notes and accounts receivable	195,465	—	2,355,000	—
Investment securities				
"Other marketable securities" with maturities	—	—	—	—

d. Planned amount of repayments after the consolidated balance sheet date of corporate bonds and long-term debt

	Corporate bonds	Long-term debt	Corporate bonds	Long-term debt
Year ending	(Millions of yen)		(Thousands of U.S. dollars)	
2012	—	¥ 5,316	—	$ 64,048
2013	—	4,459	—	53,723
2014	¥20,000	3,410	$240,964	41,084
2015	15,000	3,410	180,723	41,084
2016	15,000	15,002	180,723	180,747
2017 and thereafter	20,000	13,000	240,964	156,627

22. Securities

a) Information regarding marketable securities classified as other securities with fair value at March 31, 2011 and 2010 was as follows:

	March 31, 2011					
	Carrying value	Acquisition cost	Unrealized gain (loss)	Carrying value	Acquisition cost	Unrealized gain (loss)
	(Millions of yen)			(Thousands of U.S. dollars)		
Securities whose carrying value exceeds their acquisition cost:						
Stocks	¥13,306	¥ 8,358	¥4,947	$160,313	$100,699	$59,602
Bonds						
Government bonds	—	—	—	—	—	—
Corporate bonds	—	—	—	—	—	—
Other bonds	—	—	—	—	—	—
Other	—	—	—	—	—	—
Subtotal	13,306	8,358	4,947	160,313	100,699	59,602
Securities whose acquisition cost exceeds their carrying value:						
Stocks	16,329	19,322	(2,993)	196,735	232,795	(36,060)
Bonds						
Government bonds	—	—	—	—	—	—
Corporate bonds	—	—	—	—	—	—
Other bonds	—	—	—	—	—	—
Other	—	—	—	—	—	—
Subtotal	16,329	19,322	(2,993)	196,735	232,795	(36,060)
Total	¥29,635	¥27,681	¥1,954	$357,048	$333,506	$23,542

	March 31, 2010		
	Acquisition cost	Carrying value	Unrealized gain (loss)
	(Millions of yen)		
Securities whose carrying value exceeds their acquisition cost:			
Stocks	¥11,856	¥18,728	¥ 6,871
Other	—	—	—
Subtotal	11,856	18,728	6,871
Securities whose acquisition cost exceeds their carrying value:			
Stocks	25,962	17,659	(8,302)
Subtotal	25,962	17,659	(8,302)
Total	¥37,819	¥36,387	¥(1,431)

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b) Sales of securities classified as other securities for the years ended March 31, 2011 and 2010 were summarized as follows:

	March 31, 2011					
	Proceeds from sales	Gains on sales	Losses on sales	Proceeds from sales	Gains on sales	Losses on sales
	(Millions of yen)			(Thousands of U.S. dollars)		
Stocks	¥3,470	¥692	—	$41,807	$8,337	—
Bonds						
Government bonds	0	—	¥ 0	0	—	$ 0
Corporate bonds	—	—	—	—	—	—
Other bonds	—	—	—	—	—	—
Other	—	—	—	—	—	—
Total	¥3,470	¥692	¥ 0	$41,807	$8,337	$ 0

	March 31, 2010		
	Acquisition cost	Carrying value	Unrealized gain (loss)
	(Millions of yen)		
Stocks	¥86	¥65	—
Bonds			
Government bonds	—	—	—
Corporate bonds	—	—	—
Other bonds	—	—	—
Other	10	1	—
Total	¥97	¥66	—

c) Securities recognized as impaired for the year ended March 31, 2011

Impairment of ¥7,409 million ($89,265 thousand) has been recognized on other securities.

23. Derivative Transactions

a) Summarized below were the notional amounts and the estimated fair value of the derivatives positions for which hedge accounting is not applied outstanding at March 31, 2011 and 2010:

1) Currency-related transactions

	March 31, 2011					
	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:						
USD	¥13,314	¥ 73	¥ 73	$160,410	$ 880	$ 880
Euro	3,641	(146)	(146)	43,867	(1,759)	(1,759)
HKD	326	3	3	3,928	36	36
JPY	370	(7)	(7)	4,458	(84)	(84)
THB	7	0	0	84	0	0
Buy:						
USD	2,891	(9)	(9)	34,831	(108)	(108)
Euro	9	0	0	108	0	0
JPY	1,672	4	4	20,145	48	48
CAD	32	0	0	386	0	0
HKD	2	0	0	24	0	0
THB	163	1	1	1,964	12	12
Currency swaps						
Receive/JPY and pay/USD	1,045	4	4	12,590	48	48
Receive/THB and pay/JPY	10,656	51	51	128,386	614	614
Total	¥34,134	¥ (22)	¥ (22)	$411,253	$ (265)	$ (265)

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	March 31, 2010		
	Notional amount	Fair value	Unrealized gain (loss)
	(Millions of yen)		
Forward foreign exchange contracts:			
Sell:			
USD	¥11,621	¥(186)	¥(186)
Euro	4,631	10	10
HKD	741	5	5
JPY	713	23	23
Buy:			
USD	791	(16)	(16)
Euro	3	0	0
JPY	1,584	(57)	(57)
Currency swaps			
Receive/JPY and pay/USD	1,081	46	46
Receive/THB and pay/JPY	10,955	511	511
Total	¥32,123	¥ 338	¥ 338

2) Interest-related transactions

	March 31, 2011					
	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	¥1,635	¥ (85)	¥ (85)	$19,699	$(1,024)	$(1,024)
Currency swaps:						
Receive/JPY and pay/USD	3,348	816	816	40,337	9,831	9,831
Total	¥4,984	¥730	¥730	$60,048	$ 8,795	$ 8,795

	March 31, 2010		
	Notional amount	Fair value	Unrealized gain (loss)
	(Millions of yen)		
Interest-rate swaps:			
Pay/fixed and receive/floating	¥ 1,986	¥ (116)	¥ (116)
Currency swaps:			
Receive/JPY and pay/USD	10,275	1,220	1,220
Total	¥12,261	¥1,103	¥1,103

b) Summarized below were the notional amounts and the estimated fair value of the derivatives positions for which hedge accounting is applied outstanding at March 31, 2011 and 2010:

1) Interest-related transactions

	March 31, 2011			
	Notional amount	Fair value	Notional amount	Fair value
	(Millions of yen)		(Thousands of U.S. dollars)	
Exceptional treatment is applied with respect to interest-rate swaps for long-term debt:				
Pay/fixed and receive/floating	¥14,600	¥(116)	$175,904	$(1,398)
Receive/fixed and pay/floating	44	0	530	0
Total	¥14,644	¥(116)	$176,434	$(1,398)

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	March 31, 2010	
	Notional amount	Fair value
	(Millions of yen)	
Exceptional treatment is applied with respect to Interest-rate swaps for long-term debt:		
Pay/fixed and receive/floating	¥18,000	¥(91)
Receive/fixed and pay/floating	54	0
Total	¥18,054	¥(91)

2) Currency-related transactions
No applicable items.

24. Business Combination

Previous fiscal year ended March 31,2010
There are no applicable items.

Fiscal year ended March 31,2011
Common control transactions, etc.
(Corporate separation and merger of subsidiaries)

a. Name and main business of applicable subsidiaries, date of business combination, legal form of business combination, name of entity after combination and objective of transaction

(1) Name and main business of applicable subsidiaries
Name of subsidiaries: AJINOMOTO PHARMACEUTICALS CO., LTD., Ajinomoto Pharma Co., Ltd. and Ajinomoto Medica Co., Ltd.
Main business of subsidiaries: Manufacture and sale of pharmaceutical products

(2) Date of business combination April 1, 2010

(3) Legal form of business combination
Part of the Company's pharmaceutical business was separated and merged into AJINOMOTO PHARMACEUTICALS CO., LTD. (a consolidated subsidiary of the Company), and Ajinomoto Pharma Co., Ltd. and Ajinomoto Medica Co., Ltd. (both consolidated subsidiaries of the Company) were merged into AJINOMOTO PHARMACEUTICALS CO., LTD.

(4) Name of entity after combination
AJINOMOTO PHARMACEUTICALS CO., LTD. (a consolidated subsidiary of the Company)

(5) Other matters relating to the transaction
In order to strengthen the competitiveness of the Company by unifying into one entity research and development, production and sales in the pharmaceutical field and achieve the growth strategies of the pharmaceutical business, which supports the development of the Ajinomoto Group, the Company established AJINOMOTO PHARMACEUTICALS CO., LTD. and separated and merged part of the pharmaceutical business managed by the Company into AJINOMOTO PHARMACEUTICALS CO., LTD. Ajinomoto Medica Co., Ltd., which was responsible for sales and marketing, and Ajinomoto Pharma Co., Ltd., which was responsible for production and distribution, were merged into AJINOMOTO PHARMACEUTICALS CO., LTD.

b. Overview of accounting treatment used
The business combination has been treated as a common control transaction, based on the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21 of December 26, 2008) and "Revised Guidance on Accounting Standard for Business Combination and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10 of December 26, 2008).

(Merger of subsidiaries)
1. Name and main business of applicable subsidiaries, date of business combination, legal form of business combination, name of entity after combination and objective of transaction

(1) Name and main business of applicable subsidiaries
Name of subsidiaries: Ajinomoto do Brasil Ind. e Com. de Alimentos Ltda. and Ajinomoto Interamericana Indústria e Comércio Ltda.
Main business of subsidiaries: Manufacture and sale of seasonings, amino acids, etc.

(2) Date of business combination
June 1, 2010

(3) Legal form of business combination
Ajinomoto Interamericana Indústria e Comércio Ltda. (a consolidated subsidiary of the Company) was merged into Ajinomoto do Brasil Ind. e Com. de Alimentos Ltda. (a consolidated subsidiary of the Company).

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(4) Name of entity after business combination

Ajinomoto do Brasil Ind. e Com. de Alimentos Ltda.

(5) Other matters relating to the transaction

The objectives of the business combination are to improve capital efficiency, strengthen the financial position, improve management efficiency, strengthen governance and so forth, by integrating Ajinomoto do Brasil Ind. e Com. de Alimentos Ltda. and Ajinomoto Interamericana Indústria e Comércio Ltda.

2. Overview of accounting treatment used

The business combination has been treated as a common control transaction, based on "Accounting Standard for Business Combinations" (ASBJ Statement No. 21 of December 26, 2008) and "Revised Guidance on Accounting Standard for Business Combination and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10 of December 26, 2008).

25. Segment Information

Segment information

Fiscal year ended March 31, 2011

1. Overview of reporting segments

The Company's reporting segments mainly consist of product-based segments, with the food products business further subdivided into domestic and overseas segments. The Company has five reporting segments: domestic food products, overseas food products, bioscience products and fine chemicals, pharmaceuticals, and business tie-ups.

Among the Group's units, separate financial information is also obtainable for each reporting segment, and the Board of Directors and the Management Committee regularly consider these segments in order to decide on allocation of business resources and evaluate business performance.

The product categories and products belonging to each reporting segment are as follows.

Reporting Segment	Product Category	Main Products
Domestic Food Products	Seasonings and Processed Foods	*AJI-NO-MOTO®*, *HON-DASHI*, *Ajinomoto KK Consommé*, *Cook Do®*, *Knorr® Cup Soup*, *Pure Select® Mayonnaise*, *Kellogg's®* products, savory seasonings, food enzyme *ACTIVA®*, etc.
	Sweeteners and Nutritional Foods	*PAL SWEET®*, *amino VITAL®*, etc.
	Delicatessen and Bakery Products	Lunchboxes and delicatessen products, bakery products, etc.
	Frozen Foods	*Gyoza*, *Yawaraka Wakadori Kara-Age*, *Puripuri-no-Ebi Shumai*, *Ebi-yose Fry*, *Fried rice with various ingredients*, etc.
	Beverages	*CALPIS®*, *CALPIS Water®*, etc.
Overseas Food Products	Seasonings	*AJI-NO-MOTO®*, *Ros Dee®* (flavor seasoning), *Masako®* (flavor seasoning), *Sazón®* (flavor seasoning), etc.
	Processed Foods	*YumYum®* (instant noodles), *VONO®* (noodle soup) *Birdy®* (canned coffee), *Birdy® 3in1* (powdered drink), etc.
	Umami Seasonings for Processed Food Manufacturers	*AJI-NO-MOTO®* for the food processing industry, nucleotides
Bioscience Products and Fine Chemicals	Feed-Use Amino Acids	Feed-use Lysine, feed-use Threonine, feed-use Tryptophan
	Amino Acids for Pharmaceuticals and Foods	Arginine, glutamine, valine, leucine, isoleucine, and other amino acids
	Sweeteners	Aspartame, etc.
	Pharmaceutical Fine Chemicals	Pharmaceutical fine chemicals
	Specialty Chemicals	*Amisoft®*, *Jino®* (cosmetics), Insulation film for build-up printed wiring board, etc.
Pharmaceuticals	Pharmaceuticals	*LIVACT®*, *SOLITA®-T*, *ELENTAL®*, *FASTIC®*, *ATELEC®*, *ACTONEL®*, etc.
Business Tie-Ups	Edible Oils	*Salad Oil*, *Sara-Sara Canola Oil*, *Kenko Sarara®*, etc.
	Coffee	*MAXIM®*, *Blendy®*, *Blendy® Bottled Coffee*, etc.

2. Methods of calculating amounts for net sales, income or loss, assets and other items by reporting segment

The accounting treatment methods for each reported business segment are broadly similar to those outlined in "Significant items for the preparation of consolidated financial statements, " except for valuation of inventories and allocations, etc. to inventory of cost variances in the standard cost system adopted by the Company. The Company's inventories in each business segment are stated, except in certain cases, at their values before reducing the book value based on declines in profitability. Meanwhile, the Company's cost variances in each business segment are the figures before allocation to inventory.

Reporting segment income figures are on an operating income basis.

Internal sales between segments are mainly based on prices for third-party transactions.

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3. Information on sales, income or loss, assets and other items by reporting segment

	Fiscal year ended March 31, 2011								
	Millions of yen								
	Reporting segments								
	Domestic Food Products	Overseas Food Products	Bioscience Products and Fine Chemicals	Pharma-Ceuticals	Business Tie-ups	Other Business*1	Total	Adjustment amount*2	Consolidated
Sales									
(1) Sales to third parties	¥447,150	¥231,990	¥194,335	¥82,645	¥184,574	¥ 66,998	¥1,207,695	—	¥1,207,695
(2) Intra-group sales and transfers	6,471	6,752	9,880	126	218	68,199	91,649	¥ (91,649)	—
Total sales	453,622	238,742	204,216	82,771	184,793	135,197	1,299,344	(91,649)	1,207,695
Segment income (loss)	29,669	30,223	9,361	8,623	2,015	(538)	79,355	(9,981)	69,374
Segment assets	298,373	214,291	228,467	68,933	54,975	72,920	937,961	139,456	1,077,418
Other									
Depreciation	13,670	9,969	13,780	3,593	—	2,398	43,411	6,413	49,825
Increase in tangible and intangible fixed assets	¥ 10,787	¥ 17,325	¥ 10,061	¥ 2,984	¥ —	¥ 1,736	¥ 42,896	¥ 2,887	¥ 45,783

	Thousands of U.S. dollars								
	Reporting segments								
	Domestic Food Products	Overseas Food Products	Bioscience Products and Fine Chemicals	Pharma-Ceuticals	Business Tie-ups	Other Business*1	Total	Adjustment amount*2	Consolidated
Sales									
(1) Sales to third parties	$5,387,349	$2,795,060	$2,341,386	$995,723	$2,223,783	$ 807,205	$14,550,542	$ —	$14,550,542
(2) Intra-group sales and transfers	77,964	81,349	119,036	1,518	2,627	821,675	1,104,205	(1,104,205)	—
Total sales	5,465,325	2,876,410	2,460,434	997,241	2,226,422	1,628,880	15,654,747	(1,104,205)	14,550,542
Segment income (loss)	357,458	364,133	112,783	103,892	24,277	(6,482)	956,084	(120,253)	835,831
Segment assets	3,594,855	2,581,819	2,752,614	830,518	662,349	878,554	11,300,735	1,680,193	12,980,940
Other									
Depreciation	164,699	120,108	166,024	43,289	—	28,892	523,024	77,265	600,301
Increase in tangible and intangible fixed assets	$ 129,964	$ 208,735	$ 121,217	$ 35,952	$ —	$ 20,916	$ 516,819	$ 34,783	$ 551,602

Notes

1. Other business includes the wellness business, the packaging business, the logistics business and other service businesses.

2. The adjustment amounts are as follows:

The adjustments of negative ¥9,981 million ($120,253 thousand) for segment income mainly includes expenses associated with the Company's administrative divisions and expenses associated with some research facilities (¥12,282 million) ($147,975 thousand), and an adjustment amount with respect to valuation of inventory (¥823 million) ($9,915 thousand).

The adjustments of ¥139,456 million ($1,680,192 thousand) for segment assets mainly includes 'Corporate' assets of ¥239,281 million ($2,882,903 thousand) and intersegment offsetting of receivables against payables of negative ¥97,947 million ($1,180,084 thousand). 'Corporate' assets primarily consist of accumulated working capital, long-term investments, land not used in operations, and certain assets associated with the Company's administrative divisions and research facilities.

The adjustments of ¥6,413 million ($77,265 thousand) for depreciation is for depreciation of 'Corporate' assets.

The adjustments of ¥2,887 million ($34,783 thousand) for increases in tangible fixed assets and intangible fixed assets is for acquisitions of 'Corporate' tangible and intangible fixed assets

3. Segment income is equal to operating income as recorded in the consolidated statement of income.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(CONT.)*

Ajinomoto Co., Inc. and Consolidated Subsidiaries
March 31, 2011

	Fiscal year ended March 31, 2010								
	Millions of yen								
	Reporting segments								
	Domestic Food Products	Overseas Food Products	Bioscience Products and Fine Chemicals	Pharma-Ceuticals	Business Tie-ups	Other Business*1	Total	Adjustment amount*2	Consolidated*3
Sales									
(1) Sales to third parties	¥444,014	¥214,613	¥189,597	¥82,594	¥180,435	¥ 59,620	¥1,170,876	—	¥1,170,876
(2) Intra-group sales and transfers	6,236	7,444	10,075	186	213	62,801	86,956	¥ (86,956)	—
Total sales	450,250	222,057	199,672	82,781	180,649	122,421	1,257,833	(86,956)	1,170,876
Segment income	27,024	28,376	5,828	12,744	2,028	(3,483)	72,518	(8,484)	64,034
Segment assets	309,501	206,338	248,736	70,772	54,631	69,927	959,905	122,333	1,082,238
Other									
Depreciation	14,946	10,366	18,240	3,689	—	2,149	49,392	5,990	55,382
Increase in tangible and intangible fixed assets	¥ 9,971	¥ 13,354	¥ 11,466	¥ 3,689	¥ —	¥ 2,334	¥ 40,816	¥ 22,457	¥ 63,274

Notes

1. Other business includes the wellness business, the packaging business, the logistics business and other service businesses.

2. The adjustment amounts are as follows:

The adjustments of negative ¥8,484 million for segment income mainly includes expenses associated with the Company's administrative divisions and expenses associated with some research facilities (¥12,088 million), and an adjustment amount with respect to valuation of inventory (¥678 million).

The adjustments of ¥122,333 million for segment assets mainly includes 'Corporate' assets of ¥229,083 million and intersegment offsetting of receivables against payables of negative ¥105,117 million. 'Corporate' assets primarily consist of accumulated working capital, long-term investments, land not used in operations, and certain assets associated with the Company's administrative divisions and research facilities.

The adjustments of ¥5,990 million for depreciation is for depreciation of 'Corporate' assets.

The adjustments of ¥22,457 million for increases in tangible fixed assets and intangible fixed assets is for acquisitions of 'Corporate' tangible and intangible fixed assets

3. Segment income is equal to operating income as recorded in the consolidated statement of income.

b. Related information

Information by geographical area

Fiscal year ended March 31, 2011

(1) Sales

	Millions of yen				
	Japan	Asia	Americas	Europe	Total
Sales	¥803,680	¥195,675	¥118,260	¥90,078	¥1,207,695
Percentage of total consolidated sales	66.5%	16.2%	9.8%	7.5%	100.0%

	Thousands of U.S .dollars				
	Japan	Asia	Americas	Europe	Total
Sales	$9,682,892	$2,357,530	$1,424,819	$1,085,277	$14,550,542
Percentage of total consolidated sales	66.5%	16.2%	9.8%	7.5%	100.0%

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

(2) Tangible fixed assets

	Millions of yen				
	Japan	Asia	Americas	Europe	Total
Tangible fixed assets	¥226,259	¥62,253	¥44,524	¥55,014	¥388,050

	Thousands of U.S .dollars				
	Japan	Asia	Americas	Europe	Total
Tangible fixed assets	$2,726,012	$750,036	$536,434	$662,819	$4,675,301

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(CONT.)*

Ajinomoto Co., Inc. and Consolidated Subsidiaries
March 31, 2011

c. Impairment losses on fixed assets by reporting segment

Fiscal year ended March 31, 2011

	Millions of yen								
	Reporting segments								
	Domestic Food Products	Overseas Food Products	Bioscience Products and Fine Chemicals	Pharma-Ceuticals	Business Tie-ups	Other Business	Subtotal	Adjustment amount	Total
Impairment losses	¥431	¥ —	¥8,072	¥ —	¥ —	¥ —	¥8,503	¥ —	¥8,503

	Thousands of U.S. dollars								
	Reporting segments								
	Domestic Food Products	Overseas Food Products	Bioscience Products and Fine Chemicals	Pharma-Ceuticals	Business Tie-ups	Other Business	Subtotal	Adjustment amount	Total
Impairment losses	$5,193	$ —	$97,253	$ —	$ —	$ —	$102,446	$ —	$102,446

d. Amortization of goodwill and remaining amounts by reporting segment

Fiscal year ended March 31, 2011

	Millions of yen								
	Reporting segments								
	Domestic Food Products	Overseas Food Products	Bioscience Products and Fine Chemicals	Pharma-Ceuticals	Business Tie-ups	Other Business	Subtotal	Adjustment amount	Total
Amortization	¥ 2,673	¥ 148	¥ 36	¥1,646	¥ —	¥ —	¥ 4,505	¥ —	¥ 4,505
Remaining amounts	¥24,541	¥2,195	¥104	¥2,744	¥ —	¥ —	¥29,586	¥ —	¥29,586

	Thousands of U.S. dollars								
	Reporting segments								
	Domestic Food Products	Overseas Food Products	Bioscience Products and Fine Chemicals	Pharma-Ceuticals	Business Tie-ups	Other Business	Subtotal	Adjustment amount	Total
Amortization	$ 32,205	$ 1,783	$ 434	$19,831	$ —	$ —	$ 54,277	$ —	$ 54,277
Remaining amounts	$295,675	$26,446	$1,253	$33,060	$ —	$ —	$356,458	$ —	$356,458

(Additional information)

From the fiscal year ended March 31, 2011, the Company has adopted the "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No. 17 of March 27, 2009) and the "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20 of March 21, 2008).

26. Loss on Disaster

A loss was recorded as a result of the Great East Japan Earthquake on March 11, 2011.

The outline and breakdown of details is as follows. The impairment loss includes an estimated amount, which is calculated based on an approximate calculation.

a. Damage to facilities

Damage was suffered to buildings and facilities of the Company and its subsidiaries, in particular Ajinomoto Logistics Corporation Sendai Low-Temperature Logistics Center and the Ajinomoto Pharmaceuticals Co., Ltd. Fukushima Plant. As such the Company recorded a loss of ¥819 million ($9,867 thousand).

b. Damage to inventories

Inventories in distribution centers and manufacturing facilities of the Company and its subsidiaries mainly in the Tohoku and Kanto region, also suffered damage as a result of falling, etc., caused by the earthquake and tsunami. As such, the Company recorded a loss of ¥1,487 million ($17,915 thousand). A valuation loss was recorded with regard to inventories at the Company's Kawasaki Logistics Center. This was rationally estimated from book inventories in accordance with estimate of damage calculated by examining the actual damages.

c. Other

The Company also recorded a loss of ¥924 million ($11,132 thousand) pertaining to the payment of expenses that could not be recognized as operating costs and related expenses, such as fixed costs for plants at which operations are suspended.

Of the losses recorded due to damage, with regards to those losses relating to fixed assets and inventory and expenses for clean-up, the Company has property insurance (including an earthquake coverage clause) for a total amount in excess of the amount of damages.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

Ajinomoto Co., Inc. and Consolidated Subsidiaries
March 31, 2011

27. Important post-balance sheet events

a. Return of substitutable portion of Ajinomoto Employee's Welfare Pension Fund Plans

On April 1, 2011, the Company received approval from the Minister of Health, Labour and Welfare to adjust the projected benefit obligation of the substitutable portion of the Ajinomoto Employee's Welfare Pension Fund Plans.

Accordingly, on the date of approval for the return of the substitutable portion of the Ajinomoto Employee's Welfare Pension Fund Plans related to past employee service, the Company will recognize actuarial differences and adjust the projected benefit obligation on the substitutable portion.

b. Share repurchase based on the Articles of Incorporation pursuant to Article 165-2 of the Corporation Law

The Company passed a resolution at the board of directors meeting on May 9, 2011 related to a share repurchase plan based on Article 156 of the Corporation Law as applied pursuant to Article 165-3 of the same law, as outlined below.

(1) Reason for conducting the share repurchase plan

The purpose is to increase the level of shareholder returns and improve capital efficiency.

(2) Details of the repurchase

1) Class of shares: Common stock
2) Total number of shares to be repurchased: 25 million (maximum)
(3.58 percent of total shares outstanding, excluding treasury stock)
3) Total amount to be paid for repurchase: ¥20.0 billion (maximum) ($240,964 thousand)
4) Period of share repurchase: May 10, 2011 to July 22, 2011
5) Method of repurchase: Purchase in the market through a trust bank
6) Other: Ajinomoto plans to retire all of the shares repurchased under this program by resolution of the board of directors, pursuant to Article 178 of the Corporation Law.

*For reference (as of March 31, 2011)
Total number of shares outstanding (excluding treasury stock): 697,777,594

c. Reduction of capital reserve

At the Company's 133rd annual general meeting of shareholders on June 29, 2011, it was resolved to reduce capital reserve, as outlined below.

(1) Purpose of reduction of capital reserve

The purpose is to ensure flexibility in future financial policies, including share repurchases.

(2) Summary of the reduction of capital reserve

The capital reserve of ¥180,774,945,090 ($2,178,011,964 thousand) will be reduced by ¥176,500,000,000 ($2,126,506 thousand) to ¥4,274,945,090 ($51,505 thousand). This reduction will be transferred to other capital surplus, and therefore the total amount of shareholders' equity will not change.

(3) Schedule for reduction of capital reserve

1) Resolution of the board of directors: May 9, 2011
2) Resolution of the annual general meeting of shareholders: June 29, 2011
3) Deadline for creditors' objections: August 1, 2011 (planned)
4) Effective date: August 2, 2011 (planned)

d. Reduction of voluntary reserves

At the Company's 133rd annual general meeting of shareholders on June 29, 2011 it was resolved to reduce the voluntary reserve, as outlined below.

(1) Purpose of reduction of voluntary reserves

The purpose is to facilitate stable and sustainable returns to shareholders.

(2) Summary of reduction of voluntary reserves

1) Items and amount of surplus to be decreased
Reserve for employee retirement allowance: ¥1,460,000,000 (reduction in full) ($17,590 thousand)
Special reserve: ¥133,320,000,000 (reduction in full) ($1,606,265 thousand)
2) Account to be increased and amount
Retained earnings: ¥134,780,000,000 ($1,623,855 thousand)
3) Date reduction to take effect
This reduction took effect upon approval at the 133rd annual general meeting of shareholders scheduled for June 29, 2011.

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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, 2011 and 2010, and the related consolidated statements of income, changes in net assets, and cash flows for the years then ended, and statement of comprehensive income for the year ended March 31, 2011 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, 2011 and 2010, 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.

Supplemental Information

1. As described in Note 27, on April 1, 2011, the Company received approval from the Minister of Health, Labour and Welfare to adjust projected benefit obligation of the substitutable portion of the Ajinomoto Employees' Welfare Pension Fund.

2. As described in Note 27, the Company passed a resolution at the board of directors meeting on May 9, 2011 related to a share repurchase plan. In addition, at the annual general meeting of shareholders on June 29 2011, it was resolved to reduce both the capital reserve and voluntary reserve of the Company.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2011 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 29, 2011

Ernst & Young ShinNihon LLC

A member firm of Ernst & Young Global Limited

MAJOR SUBSIDIARIES AND AFFILIATES (1/2)

(As of March 31, 2011)

■ Consolidated subsidiaries
■ Affiliated companies accounted for under the equity method

Company name	Country	Capital stock (thousands)		Voting rights*	Major business
JAPAN					
■ Ajinomoto Frozen Foods Co., Inc.	Japan	JPY	9,537,650	100.0	Frozen Foods
■ AJINOMOTO LOGISTICS CORPORATION	Japan	JPY	1,930,240	89.4 (1.1)	Logistics
■ Ajinomoto Pharmaceuticals Co., Ltd.	Japan	JPY	4,650,000	100.0	Pharmaceuticals
■ Ajinomoto Treasury Management, Inc.	Japan	JPY	500,000	100.0	Service, etc.
■ Calpis Co., Ltd	Japan	JPY	13,056,750	100.0	Beverages
■ GABAN Co., Ltd.	Japan	JPY	2,827,868	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	3,862,697	50.0	Beverages
■ J-OIL MILLS, INC.	Japan	JPY	10,000,000	27.3	Edible Oils
ASIA					
■ Ajinomoto (China) Co., Ltd.	China	USD	104,108	100.0	Overseas Food Products
■ 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	61.0 (59.0)	Amino Acids for Pharmaceuticals and Foods
■ Shanghai Ajinomoto Seasoning Co., Ltd.	China	USD	27,827	100.0 (99.0)	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	95.0	Umami Seasonings for Processed Food mfrs.
■ PT Ajinomoto Calpis Beverage Indonesia	Indonesia	USD	22,920	100.0 (95.9)	Beverages
■ 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
■ 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)	Beverages
■ 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	50,255	100.0	Overseas Food Products

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

MAJOR SUBSIDIARIES AND AFFILIATES (2/2)

(As of March 31, 2011)

■ Consolidated subsidiaries
■ Affiliated companies accounted for under the equity method

AMERICA

Company name	Country	Capital stock (thousands)		Voting rights*	Major business
■ Ajinomoto do Brasil Ind. e Com. de Alimentos Ltda.	Brazil	BRL	913,298	100.0	Feed-Use Amino Acids and 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	Service, etc.
■ Calpis U.S.A., Inc.	United States	USD	9,000	"100.0 (100.0)"	Beverages
■ Nissin-Ajinomoto Alimentos Ltda.	Brazil	BRL	12,689	50.0	Overseas Food Products

EUROPE

Company name	Country	Capital stock (thousands)		Voting rights*	Major business
■ S.A. Ajinomoto OmniChem N.V.	Belgium	EUR	21,320	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 Sweeteners Europe S.A.S.	France	EUR	51,000	100.0 (0.0)	Sweeteners
■ 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	Service, etc.
■ West African Seasoning Co., Ltd.	Nigeria	NGN	2,623,714	100.0	Overseas Food Products

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

INVESTOR INFORMATION (1/2)

(As of March 31, 2011)

AJINOMOTO CO., INC.

Established: May 20, 1909

Number of employees: 28,084 (consolidated basis)
3,310 (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: 74,185

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Tokyo 104-8315, Japan
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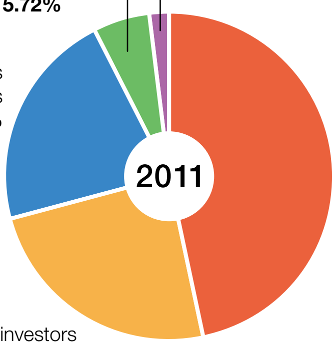
DISTRIBUTION OF SHAREHOLDERS

(By number of shares)



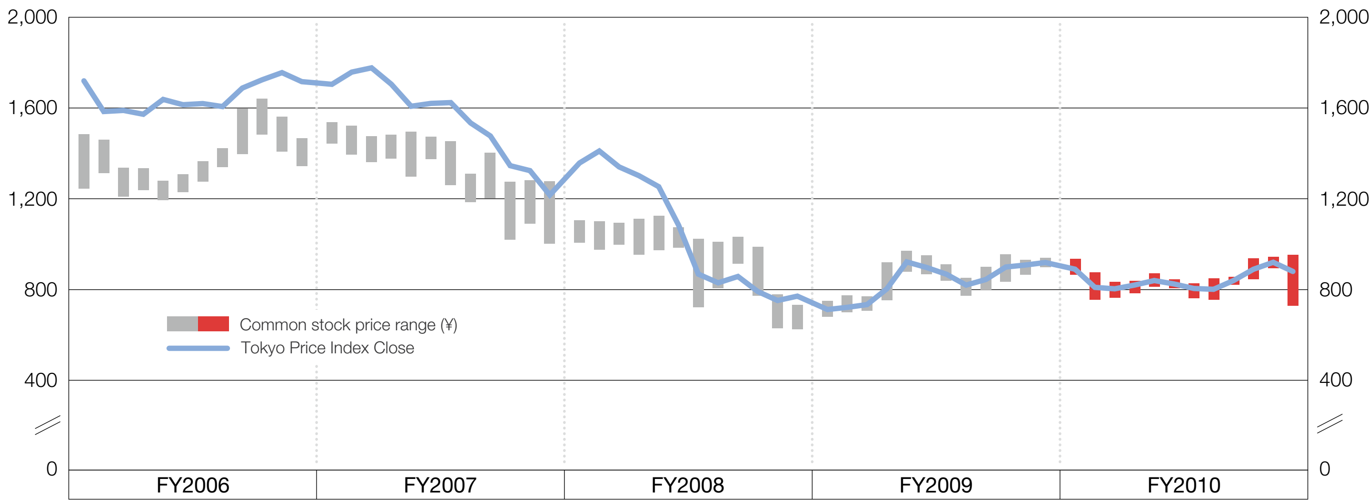
MAJOR SHAREHOLDERS

Name of shareholders	Number of Shares (Thousands)	Equity Position (%)
The Master Trust Bank of Japan, Ltd. (trust account)	44,483	6.35
Japan Trustee Services Bank, Ltd. (trust account)	37,791	5.40
The Dai-ichi Mutual Life Insurance Company, Ltd.	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
SSBT OD05 OMNIBUS ACCOUNT-TREATY CLIENTS	11,864	1.69
Mitsubishi UFJ Trust and Banking Corporation	11,548	1.65

INVESTOR INFORMATION (2/2)

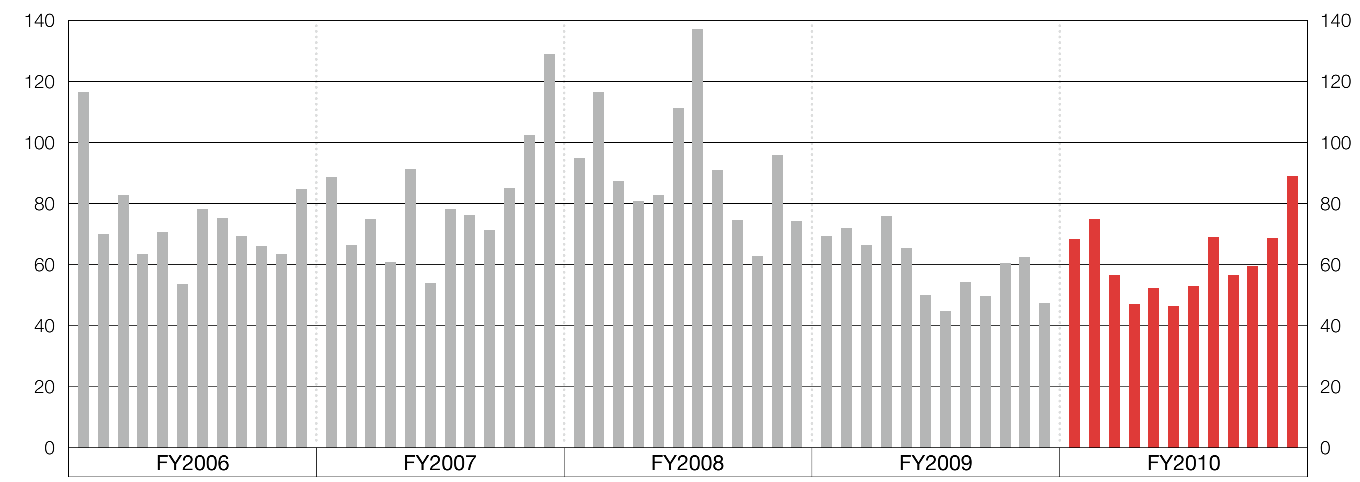
(As of March 31, 2011)

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

- *Management Strategy*
- *Financial Data*
- *IR Library*
  (Annual Reports, Investors' Guides, Fact Sheets, Press Releases, etc.)
- *Stock Information*

Corporate Brochure

CSR Report