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AJINOMOTO®

Ajinomoto Co., Inc.

FINANCIAL REPORT 2010

For the year ended March 31, 2010

FINANCIAL REPORT 2010

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 "Ajinomoto" or "the Group", and Ajinomoto Co., Inc. is referred to as "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
"America": Countries of North and South America
"Europe": Countries of Europe and Africa

Significant lift in earnings in improving business environment

For the year under review, the Ajinomoto Group achieved substantial increases in earnings at all levels, although top line sales revenues fell slightly. Some of the factors that had made the previous year so tough—in particular, high raw material and fuel prices—were ameliorated, and margins improved.

Prices for fermentation sub-raw materials fell further than expected, and in combination with rigorous cost-saving measures undertaken throughout the Group, targeted product price revisions and encouraging growth in overseas markets, this enabled Ajinomoto to achieve a much more satisfactory performance.

Consolidated net sales for the fiscal year ended March 31, 2010 decreased 1.6% year on year to ¥1,170.8 billion. At the same time, operating income increased 56.8% to ¥64.0 billion and ordinary income increased 160.8% to ¥67.6 billion. Ajinomoto recorded consolidated net income of ¥16.6 billion for the period, compared to a net loss of ¥10.2 billion in the previous year.

Despite the relative improvement in performance in the year under review, we fell short of the sales and earnings required to put us on track for our targets in the final year of our medium-term business plan for FY2008 through FY2010 that we announced on May 9, 2008.

The shortfall in our forecasts for FY2010 versus the targets of the medium-term plan is primarily due to less-than-stellar performance in pharmaceuticals, feed-use amino acids and other operations that we have now renamed our bioscience products and fine chemicals business. In the foods business, combined activities in domestic and overseas markets have developed largely as planned, reflecting pleasing growth in sales and margins in overseas markets, despite stagnation in Japan.

At the same time, however, our ability to reach our medium-term targets has been greatly impacted by foreign exchange rates and raw material costs, which have been significantly different from the assumptions used in developing our targets.

Masatoshi Ito
President

PRESIDENT'S MESSAGE MASATOSHI ITO (CONT.)

We are disappointed with our failure to achieve growth in line with our plans and projections, even though the dramatic global economic upheavals of the past two years have made it clear for some time that our earlier goals were moving out of reach. However, looking at the fundamental structure and direction of Ajinomoto's business, I believe there is plenty of evidence that we have made steady progress in developing Ajinomoto's core brand, product and technological strengths. The key area to address now is our structure, but before discussing our planned and ongoing structural reforms, I would like to look at results in key business areas.

Domestic food sales down a little, overseas food sales up a lot

In our domestic food products business, sales decreased by 4.1% while operating income increased 44.6%. The decrease in sales was offset by a substantial increase in operating income that was partly attributable to an easing in raw material prices along with price increases.

In our overseas food products business, sales increased 44.3% with operating income up 146.3%. A little more than half of this increase was due to the transfer of umami seasonings for processed food manufacturers into this segment from its previous categorization in amino acids, but the remainder reflects sales growth in seasonings and processed foods for consumers, along with higher sales volumes of other products. We achieved favorable sales volume growth in umami seasoning *AJI-NO-MOTO®*, and in flavor seasonings we achieved double-digit growth in sales volumes, with particularly high growth in Vietnam and Indonesia.

All of our overseas food products businesses were negatively impacted by foreign exchange rate movements, with an overall currency translation effect of minus ¥16.7 billion on sales and minus ¥2.2 billion on operating income. It is therefore pleasing to be able to report that overseas food product sales and earnings growth, particularly in consumer food products, was strong enough to offset these negative factors, and an indication of the strong potential this business area has for sustainable growth.

Competition remains intense in amino acids

Amino acids sales decreased 23.0% to ¥190.2 billion, with operating income falling 55.6% to ¥4.2 billion. This outcome reflected the transfer of the umami seasonings for processed food manufacturers to the overseas food products segment, as well as increasingly intense competition, negative currency translation effects of ¥11.0 billion and ¥0.9 billion on sales and operating income respectively, and other factors such as inventory cost variances and voluntary product recall costs. Partially offsetting this, cosmetics and cosmetic ingredients related sales grew, and sales of electronic materials increased markedly as the market recovered.

We have made considerable progress in restructuring our amino acids business in response to the current and projected business environment. Although a number of competitors have emerged with aggressive pricing strategies in various markets, our aim, as stated on many previous occasions, is to produce reliable, high-quality products from technically advanced manufacturing plants that are close to our customers around the world. Ajinomoto has unparalleled expertise in amino acids, and through constant innovation and structural optimization we believe we can remain differentiated in the market and on track for sustainable growth. Later in this discussion I will outline our planned structural reforms.

Refocusing on pharmaceuticals

In the year under review, pharmaceutical sales decreased 3.7% to ¥82.5 billion and operating income decreased 15.1% to ¥11.5 billion. The decrease in revenue was attributable to a slight decline in self-distributed sales and a decrease in sales of products sold through business tie-ups. The decline in operating income reflects a decrease in sales and royalty revenue, and higher raw material costs.

NHI price revisions also had an impact on results even prior to their implementation, because customers generally cut back their purchases of pharmaceuticals in advance of impending price reductions. In the year ahead, the impact of NHI drug price revisions on sales is projected to be around ¥5.0 billion.

PRESIDENT'S MESSAGE MASATOSHI ITO (CONT.)

While working to supplement our drug pipeline, we intend to focus on building the functionality and marketability of our existing products. We are targeting sales of ¥100 billion, with an operating income ratio of 20%. To support this we have established AJINOMOTO PHARMACEUTICALS CO., LTD., which will head up our drive to refocus on our strategic aim of being a specialty pharmaceuticals company operating in highly targeted, niche areas where we can exploit competitive advantages.

Setting the stage for important structural reform

As I mentioned earlier, we have resolved to commence core structural reforms, and have positioned the year to March 2011 as a lead-in year in which to build a base for implementation of our new three-year plan for FY2011 through FY2013.

In our foods business, we believe we have a solid business foundation on which to develop a strategy that reflects a lower proportion of sales coming from Japan and an increasing proportion of sales coming from overseas markets. In Japan, with the size of the domestic market shrinking, our task is to create added value for customers while strictly controlling costs and maximizing margins to generate stable cash flow. Outside of Japan, we see great potential to deepen and expand our food business. In terms of products, we will continue to develop opportunities with Amoy Food Group for soy sauce-based seasonings, aim to become the strong No. 2 in Thailand for instant noodles, improve our product range for commercial users, and investigate opportunities in low-salt and other products for health-conscious consumers—focusing on the developed countries. In terms of structure, our aim is to build a broader geographic footprint in overseas food business, expanding from the current 100 countries to 130 countries by FY2016*, focusing on ASEAN and South America. Total overseas sales in the food business are currently around 50% of the Group's revenues, and through organic growth we aim to lift this to 60% by no later than FY2016**.

**Countries where overseas food sales are conducted.*
***Ratio to food products business (excluding frozen foods, beverages, edible oils and coffee products)*

In our newly named bioscience products and fine chemicals segment, we are keenly aware of the need to restructure key businesses—particularly in feed-use amino acids. This is a highly volatile operation, subject to commodity market movements and also foreign exchange rate fluctuations. Our aim is to minimize the potential impact of this volatility by creating a more effective structure.

The main points of structural reform are to strengthen manufacturing and supply, and create additional added value. To strengthen manufacturing and supply we intend to enhance our competitive position by creating a more flexible manufacturing structure and by reducing costs. A key means of achieving this is to change from our current manufacturing structure, in which a large-scale plant in Brazil serves as an export base to North America, Europe and ASEAN countries, to a four-point manufacturing structure with bases in Brazil, North America, Asia and Europe. This means that each region will produce amino acid products using local materials for sale in nearby markets, reducing the impact of raw material cost changes and reducing exchange rate risk.

It is also important to improve our manufacturing processes by using technology to minimize raw material and other input costs. One way of achieving this is to diversify the types of core raw materials we use, and another is to minimize the need for sub-raw material ingredients such as sulfuric acid and ammonia.

Adding value and building the Ajinomoto brand

In terms of adding value, we believe the key lies in developing new applications. By innovating to develop new feed-use amino acid products and applications, we aim to ensure that Ajinomoto remains highly differentiated in the market while reducing the portion of our sales that can be classified as commodity products. There is great potential for sustainable, distinctive growth by providing products that more closely match the individual needs of customers—provided that you have the structure to do it.

In our seasonings business, our aim is to increase sales through developing new production methods and new seasonings, and by building a stronger retail sales approach, while improving overall cost competitiveness.

In sweeteners, one strategy we are developing is to adapt and combine our existing products to create appealing new products that meet customers' needs, thereby creating more value than we could by selling aspartame as a stand-alone item. We are also looking to expand retail sales in Japan and overseas. In parallel, we are promoting the development and introduction of new production methods to enhance profitability.

PRESIDENT'S MESSAGE MASATOSHI ITO *(CONT.)*

In chemicals, we believe there is solid potential to expand our business through grasping opportunities in a wider range of operations. An example of this is leveraging technology developed in amino acid production to produce hardening agents. Making use of characteristics that allow strong bonding without the need for high heat treatment, our product is being used in mobile phone peripheral materials, semiconductor boards and other such applications. Looking ahead, we see opportunities to expand the use of our bonds and develop sophisticated applications for our *Ajinomoto Build-up Film (ABF)*.

In FY2010 we will continue the strategic efforts made in FY2009 to deepen brand awareness and loyalty in our existing business—through our global website, informational materials and other media placements, and through the launch of new and revised seasoning products. We aim to grow the Ajinomoto brand in Africa, the Middle East, South Asia, Indonesia, Central and South America and other regions.

Stronger Group management

In endeavoring to make the Ajinomoto Group stronger, we believe we need to develop a more integrated approach to management across the entire Group. As part of this we are introducing a comprehensive human resources system, with the aim of fostering talent in all our business areas, domestically and internationally. We believe we should be working toward becoming an international organization in every sense of the word, with opportunities for people of all nationalities and backgrounds to participate at the highest levels of our business. We are also working to create a structure in which each Group company can commit its resources to business execution, with centralized Group management of supporting activities.

Enriching local food culture with global food technology

In closing, I would like to share some thoughts on how Ajinomoto's business culture and philosophy relates to our global business development strategy. Unlike televisions or cars or other products with mainly universal specifications, foods and flavors are embedded uniquely in different societies around the world. Our aim is to use our advanced technology to create foods that are closely matched to the cultures of the countries and regions where we do business. Indeed, the international growth of Ajinomoto has been based on creating delicious, culturally integrated products—products that can be part of people's staple diets. That's why we put local people in leadership positions, and make sure our marketing channel development includes small stores where locals buy their daily food supplies.

To some people this approach may sound insufficiently ambitious for a global business of Ajinomoto's scale, but we believe it underpins our sustainable development as a trusted brand in all our business sectors, and is key to achieving further growth.

I greatly appreciate the interest and feedback the management team has received during my first year as president, and look forward to your ongoing support.

Masatoshi Ito
President

SIX-YEAR SUMMARY OF SELECTED FINANCIAL DATA

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

Millions of yen	2010	2009	2008	2007	2006	2005
FOR THE YEAR:						
Net sales	¥1,170,876	¥1,190,371	¥1,216,572	¥1,158,510	¥1,106,807	¥1,073,010
Cost of sales	785,578	833,123	856,974	828,050	795,007	760,554
Gross profit	385,298	357,247	359,597	330,459	311,799	312,455
Selling, general and administrative expenses	321,264	316,420	299,074	266,658	251,476	241,538
Operating income	64,034	40,827	60,523	63,800	60,322	70,916
Other income (expenses)	(19,242)	(37,570)	(8,673)	(8,079)	(3,153)	10,821
Income before income taxes and minority interests	44,791	3,256	51,849	55,721	57,169	81,737
Net income (loss)	16,646	(10,227)	28,229	30,229	34,912	44,817
Capital expenditures	44,117	58,293	62,780	76,386	79,162	58,082
Depreciation and amortization	55,382	55,192	55,189	45,138	40,341	39,854
AT YEAR-END:						
Shareholders' equity*1	¥ 602,770	¥585,234	¥628,325	¥563,446	¥528,762	¥467,297
Total assets	1,082,238	1,057,786	1,100,709	1,061,688	997,405	903,542
Long-term debt	116,372	119,365	84,996	108,088	110,382	90,533
PER SHARE (YEN):						
Net income (loss)	¥ 23.9	¥ (14.7)	¥ 41.9	¥ 46.7	¥ 53.6	¥ 68.8
Shareholders' equity	863.7	838.5	899.4	870.0	815.8	720.6
Cash dividends	16.0	16.0	16.0	15.0	14.0	13.0
VALUE INDICATORS:						
Liquidity ratios:						
Debt/equity ratio (%)*2	24.5	25.5	23.0	26.8	27.5	26.9
Interest coverage ratio (times)*3	19.1	9.0	13.3	13.3	19.1	24.3
Investment indicators:						
Price/earnings ratio (times)*4	38.8	—	24.1	29.0	23.4	19.0
Price/book value (times)*5	1.1	0.8	1.1	1.6	1.5	1.8
Return indicators:						
Return on assets (%)*6	1.6	(0.9)	2.6	2.9	3.7	5.0
Return on equity (%)*7	2.8	(1.7)	4.7	5.5	7.0	10.0
Number of employees	27,215	26,869	25,893	24,733	26,049	25,812

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 2009, ended March 31, 2010

OVERVIEW OF FINANCIAL STRATEGY

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

1. Capital Investment

Ajinomoto divided its medium- to long-term management plan, which covers the period from fiscal 2005 to fiscal 2010, into two three-year phases. The first phase was a strategic growth phase, during which we undertook proactive forward investment aimed at developing our amino acids manufacturing network. For this first phase, investment in the three fiscal years 2005, 2006 and 2007 totaled ¥218.4 billion. For the second phase of the plan, excluding the amount carried over from the first phase, we planned for investments of around ¥70 billion per year, for a total investment of ¥215 billion. However, reflecting the severe change in the economic environment, we revised our investment approach to target a level that is within the scope of depreciation in each year. In fiscal 2008 we invested ¥58.3 billion, with priority placed on investments to increase efficiency at existing plant. Investment in fiscal 2009 was ¥44.1 billion, lower than our projected investment of ¥59.7 billion, primarily because of a decision to concentrate on investments that generate cash flow. For fiscal 2010 we expect to make focused investments within the scope of depreciation, bearing in mind the strategic direction being developed for the next medium-term management plan.

2. Return on Investment

For the six years of the medium- to long-term management plan we allocated around ¥100 billion for M&A initiatives to achieve sustainable growth. Examples of acquisitions already undertaken include the Amoy Food Group Companies, GABAN Co., Ltd., YAMAKI Co., Ltd. and Calpis Co., Ltd. ("Calpis"). In the case of Calpis, the transaction was undertaken through an exchange of shares. In the year under review the only significant investment was for the acquisition of licensing rights from P&G. We have been restricting our focus to sectors that have strong synergies with our existing businesses or the technologies of our core businesses. We have a number of investment criteria that we apply to M&A and capital investments. Investment decisions are made after due consideration of factors such as IRR to date, net present value, investment return period, the ratio of operating income to fixed assets, and the number of years required to repay the additional funding. Investments must in principle meet these criteria, and all proposals for internal investment or lending are subject to thorough deliberations by the Investment, Loan and Examination Committee before decisions are made by the Management Committee. In addition, any business operations that continue to make losses at the operating profit level in three consecutive years will in principle be reviewed. The final decision to withdraw is taken after the business has been assessed. This standard is applied throughout the Ajinomoto Group.

3. Liquidity

The environment for fund procurement has improved during the year under review, and Ajinomoto has secured ample liquidity. Ajinomoto has been working to generate cash for investment in operating assets, which generate higher returns, by seeking to maximize sales in our business operations and also through means such as liquidating securities and underutilized land. Particularly in businesses with historically higher levels of inventory, such as feed-use amino acids and sweeteners, we have been reviewing and reducing target inventory levels, contributing to a record level of operating cash flow in the year under review. We aim to maintain cash and cash equivalents at 5%–6% of consolidated net sales. 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 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

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Thailand, China, North America, Brazil and Europe, funding is secured in each region to minimize costs. Funding for capital investment and M&A is sourced through long-term borrowing, and 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. Long-term debt is spread out over multiple repayment dates, so as to avoid exposure to market risks and excessive risk from rising interest rates.

4. Credit Rating

The Company will continue to emphasize maintaining its solid credit ratings as one means of controlling the cost of funding global growth by ensuring favorable access to external sources of capital, including bonds and loans.

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, 2010, and apply to the parent company.

FOREIGN CURRENCY TRANSLATION

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

Ajinomoto'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 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's strategy. In January 2009 we adopted a new risk management policy, the *Ajinomoto Group-wide Foreign Exchange Risk Management Policy*. This policy includes monthly monitoring and reconciliation of currency positions throughout the Group, with oversight at the board level.

OPERATING ENVIRONMENT

In the period under review, the global economy remained in a serious situation, despite the recovery trend in Asia, with the U.S. economy and European economies continuing to be sluggish. Impacted by the global economy, the Japanese economy also experienced a downturn in consumer spending, reflecting factors including a deterioration in corporate profits, decreases in wages and increasing concerns about employment, although there were signs of a recovery in the second half of the fiscal year.

In the food industry, the business environment remained severe, amid a cooling in consumer sentiment and partly due to the deflationary trend.

Within this environment, the Ajinomoto Group focused its efforts on pursuing reforms throughout the entire Group, creating new demand and pioneering new markets, and extensively reducing costs and strengthening the business structure, based on the three key strategies of *increasingly focusing on value-added businesses and products, accelerating overseas growth and ensuring more stable profits in Japan, and developing and enhancing the Group's management system*, aiming to be successful in the still severe operating environment and to overcome competitive pressures. Ajinomoto's comprehensive cost reduction initiatives included concentrating capital expenditure in core areas.

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Reflecting the above initiatives, performance for the year generally improved. Although consolidated net sales for the fiscal year ended March 31, 2010 decreased 1.6% (¥19.4 billion) year on year to ¥1,170.8 billion, operating income increased 56.8% (¥23.2 billion) to ¥64.0 billion, partly due to an easing in prices of raw materials, and ordinary income increased 160.8% (¥41.6 billion) to ¥67.6 billion. Ajinomoto recorded consolidated net income of ¥16.6 billion for the period, compared to a net loss of ¥10.2 billion in the previous year.

ANALYSIS OF STATEMENTS OF OPERATIONS

Note: All comparisons are with the previous fiscal year, ended March 31, 2009, unless stated otherwise.

Net Sales

Net sales decreased 1.6%, or ¥19.4 billion, year on year to ¥1,170.8 billion. By region, sales in "Japan" decreased 3.7% to ¥812.4 billion, due to factors including ceasing to be involved in the chilled dairy product business at the end of January 2009, whereas sales overseas increased 3.3% to ¥358.4 billion, driven by growth in sales, despite the negative impact of foreign exchange rates due to the appreciation of the yen. Sales in "Asia" increased 5.8% to ¥159.7 billion, sales in "America" decreased 1.0% to ¥105.4 billion, and sales in "Europe" increased 4.2% to ¥93.1 billion.

Cost of Sales and SG&A Expenses

In line with the decline in the cost of raw materials and fuels, the cost of sales decreased 5.7%, or ¥47.5 billion, to ¥785.5 billion. The ratio of the cost of sales to net sales fell 2.9 percentage points to 67.1%.

Selling, general and administrative expenses rose 1.5%, or ¥4.8 billion, from the previous fiscal year to ¥321.2 billion. The main reasons for this increase were higher personnel costs, mainly retirement benefit expenses, and higher advertising and promotion expenses for expanding sales mainly in Asia.

Costs, Expenses and Income as Percentages of Net Sales

Years ended March 31	2010		2009		2008	
	Percentage	Change	Percentage	Change	Percentage	Change
Cost of sales	67.1%	(2.9)	70.0%	(0.4)	70.4%	(1.1)
Gross profit	32.9	2.9	30.0	0.4	29.6	1.1
SG&A expenses	27.4	0.9	26.6	2.0	24.6	1.6
Operating income	5.5	2.0	3.4	(1.6)	5.0	(0.5)
Income before income taxes & minority interests	3.8	3.6	0.3	(4.0)	4.3	(0.5)
Net income	1.4	2.3	(0.9)	(3.2)	2.3	(0.3)

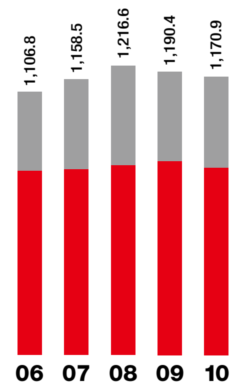
Note: Change represents change in percentage points from the previous year.

Operating Income

Operating income increased 56.8%, or ¥23.2 billion, from the previous fiscal year to ¥64.0 billion. By region, operating income in "Japan" increased 9.1% to ¥29.3 billion, while operating income from operations overseas increased 61.5% to ¥42.6 billion, and operating income from corporate and eliminations was a loss of ¥8.0 billion. The main reason for the domestic increase in operating income was a significant increase in the domestic food products business, due mainly to contributions from seasonings and processed foods and frozen foods, which offset a substantial decline in the amino acids business mainly with respect to sweeteners and a decline in the pharmaceuticals business. Overseas, the increase in operating income was mainly attributable to overseas seasonings. Operating income in "Asia" increased 63.1% to ¥26.1 billion; operating income in "America" decreased 1.9% to ¥8.4 billion; and operating income in "Europe" increased 354.2% to ¥8.0 billion.

Domestic and Overseas Sales

(Billions of yen)

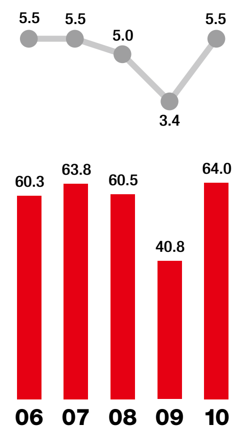


(Years ended March 31)

Overseas   Japan

Note: Excludes interarea sales and transfers

Operating Income & Operating Profit Margin



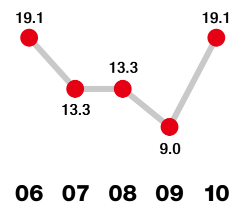
(Years ended March 31)

Operating income *(Billions of yen)*

Operating profit margin *(%)*

Interest Coverage Ratio

(Times)



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Other Income (Expenses)

Other income, net totaled minus ¥19.2 billion, compared to other income, net of minus ¥37.6 billion for the previous fiscal year. Key contributing items included exchange gains of ¥2.6 billion, an increase of ¥2.6 billion. In the previous year, exchange losses of ¥12.4 billion, which was the result of foreign exchange losses associated with non-deliverable forward (NDF) transactions and with the balance of foreign currency borrowings at consolidated subsidiaries in Brazil, were recorded. Impairment losses were ¥14.3 billion, mainly with respect to the manufacturing facilities of amino acids business, compared to ¥18.8 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 ¥4.5 billion, ¥1.1 billion more than in the previous year. Loss on voluntary recall was ¥1.0 billion, an increase of ¥1.0 billion.

Net Income

Net income for the period under review was ¥16.6 billion, compared to a net loss of ¥10.2 billion in the previous fiscal year. Net income per share for the year was ¥23.85, compared to a net loss per share of ¥14.65 the year before. In the period under review, the Company reversed ¥6.4 billion of deferred tax assets, based on careful examination of the realizability of deferred tax assets, and recorded as prior-period income tax an amount of ¥1.8 billion as additional tax likely to arise as a result of a tax assessment based on the transfer pricing tax system.

Dividends

The Company adopts the basic principle of making stable and sustainable dividend payments from a medium- to long-term perspective, taking into account the consolidated results of each period. For the fiscal year under review (ended March 31, 2010), 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, 2009). For the next fiscal year (ending March 31, 2011), it plans to maintain the dividend at the same level as the fiscal year under review at ¥16 per share, with an interim dividend payment of ¥8 per share, taking into account the principle of shareholder returns by stable dividends.

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

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

SEGMENT INFORMATION

Note: All comparisons are with the previous fiscal year, ended March 31, 2009, unless stated otherwise.

Domestic Food Products

Domestic food product sales decreased 4.1%, or ¥27.0 billion, to ¥626.8 billion. Operating income increased 44.6%, or ¥7.5 billion, to ¥24.5 billion. The slight decrease in sales, which came despite an increase in sales of edible oils and coffee products, was due to a decline in sales of frozen foods and beverages and ceasing to handle chilled dairy products. The substantial increase in operating income was partly attributable to the slight cooling in prices of raw materials.

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

Ajinomoto Co., Inc. and Consolidated Subsidiaries
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Seasonings and Processed Foods: In seasonings and processed foods for the retail market, sales of *HON-DASHI®* grew steadily from the previous year, driven by active advertising and marketing initiatives aimed at creating new demand, and sales of consommé and Chinese dashi products trended favorably. Sales of *AJI-NO-MOTO®* were maintained at the same level as the previous fiscal year, partly due to in-store promotional activities leveraging the 100th anniversary of launching the product. Sales of mayonnaise and mayonnaise-type dressings grew strongly, partly reflecting contributions from *Pure Select® Mayonnaise* as well as *GABAN® Spice Dressing*, which was newly launched in August 2009, but sales of soups decreased, and sales of the *Cook Do®* line declined slightly. Sales of *Kellogg's®* products were maintained at almost 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, despite 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 decreased slightly.

Sweeteners and Nutritional Foods: Sales of low-calorie sweeteners for home and restaurant use increased slightly. For amino acid supplement *amino VITAL®*, sales of granulated products decreased substantially, impacted by a voluntary recall of products, and sales of the jelly drink type also declined.

Delicatessen and Bakery Products: Sales of lunchboxes and prepared dish delicatessen products were maintained at the same level as the previous fiscal year, but sales of bakery products decreased slightly.

Frozen Foods: Sales of products for the retail market declined from the previous year, despite favorable growth in sales of core product *Gyoza* and a steady increase in sales of core product *Yawaraka Wakadori Kara-Age*, due to a decline in sales of core product *Ebi Shumai* and a substantial fall in sales of rice products and some products for lunchboxes. Sales of products for restaurant and institutional use decreased slightly, despite active initiatives targeting major customers, due to the decline in consumer spending at restaurants.

Beverages: Beverage sales decreased compared to the previous fiscal year, impacted by the ending of an alliance in the mineral water business and ceasing to sell certain ingredients for processed products.

Edible Oils: Sales increased strongly compared to the previous fiscal year.

Coffee Products: Coffee product sales increased slightly, with substantial growth in sales of stick-type mixed coffee and a contribution also from bottled coffee.

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

Product Area	Brand	FY2009	
		Market size (Billions of yen)	Ajinomoto Share (Position)
Umami seasonings	*AJI-NO-MOTO®, Hi-Me®*	7.9	88% (1)
Japanese flavor seasonings	*HON-DASHI®*	44.8	51% (1)
Consommé	*Ajinomoto KK Consommé*	13.0	68% (1)
Soup	*Knorr®*	86.9	36% (1)
Mayonnaise and mayonnaise-type dressings	*Pure Select®*	51.2	28% (2)
Seasonings for Chinese dishes	*Cook Do®*	44.9	33% (1)

Note: Market size is based on consumer purchase prices.

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Overseas Food Products

Overseas food product sales increased 44.3%, or ¥65.8 billion, to ¥214.6 billion. Operating income increased 146.3%, or ¥16.8 billion, to ¥28.3 billion. Effective the fiscal year under review, the umami seasonings for processed food manufacturers has been transferred from the amino acids segment to the overseas food products segment. The effect of this change was to increase overseas food product sales by ¥52.3 billion and operating income by ¥11.8 billion.

Seasonings: In Asia, sales increased steadily, despite the negative impact of foreign exchange rates, due to maintaining strong sales of *AJI-NO-MOTO®* and flavor seasonings for home use. In America, sales trended favorably, driven by strong sales of flavor seasonings for home use in South America. In Europe and Africa, sales grew favorably, despite the negative impact of foreign exchange rates, reflecting significant growth in sales of *AJI-NO-MOTO®* for home use within West African countries.

Processed Foods: In Asia, despite the negative impact of foreign exchange rates, sales of beverages such as *Birdy®* canned coffee, etc. grew steadily, and sales of instant noodles also increased slightly.

Umami Seasonings for Processed Food Manufacturers: Following price increases, sales of *AJI-NO-MOTO®* for the food processing industry increased substantially in Japan and grew steadily overseas despite the negative impact of foreign exchange rates. Sales of nucleotides also grew favorably, supported by growth in sales volumes and price increases.

Amino Acids

Amino acids sales decreased 23.0%, or ¥56.7 billion, to ¥190.1 billion. Operating income decreased 55.6%, or ¥5.2 billion, to ¥4.2 billion. The considerable declines in sales and operating income, which came despite a contribution from electronic materials, were attributable to factors including the transfer of the umami seasonings for processed food manufacturers to the overseas food products segment, as well as increasingly intense competition and the negative impact of foreign exchange rates. The effect of the transfer of the umami seasonings for processed food manufacturers was to decrease sales by ¥52.3 billion and operating income by ¥12.0 billion.

Feed-Use Amino Acids: Amid the unfavorable impact of foreign exchange rates, sales of Threonine and Tryptophan increased considerably from the previous fiscal year on substantially higher sales volumes, but sales of Lysine decreased, despite higher sales volumes, due to a decline in unit prices in the first half of the fiscal year.

Market Size of Feed-Use Amino Acids and Ajinomoto's Shares

(Ajinomoto estimate) (Thousands of metric tons)

	FY2009	FY2008	FY2007	FY2006	FY2005
Lysine	1,330	1,200	1,100	960	900
Ajinomoto's share	23% (approx.)	25% (approx.)	30% (approx.)	30% (approx.)	30% (approx.)
Threonine	190	160	125	105	85
Ajinomoto's share	50% (approx.)	45% (approx.)	60% (approx.)	60% (approx.)	60–70%
Tryptophan	4.5	3.1	2.5	2.2	1.8
Ajinomoto's share	70% (approx.)	70% (approx.)	85% (approx.)	80% (approx.)	70–80%

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

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

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

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Pharmaceutical Fine Chemicals: Sales increased in Europe but were at the same level as the previous year overall, due to ceasing to sell a core product in Japan in the previous fiscal year.

Specialty Chemicals: Overall sales of cosmetic ingredients were maintained at the same level as the previous year, with a slight increase in overseas sales offsetting a slight decrease in sales in Japan. Sales of amino acid-based cosmetics *Jino®* and insulation film for build-up printed wiring board increased strongly.

Pharmaceuticals

Pharmaceutical sales decreased 3.7%, or ¥3.1 billion, to ¥82.5 billion. Operating income decreased 15.1%, or ¥2.0 billion, to ¥11.5 billion. The overall decrease in revenue was attributable to a slight decline in self-distributed sales and a decrease in sales of products sold through business tie-ups. The decline in operating income also reflected factors such as higher raw material costs.

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

Ajinomoto's Main Pharmaceuticals Sales by Product

(Ajinomoto estimate) (Billions of yen)

Field	Main Products	Launch Date	Indication or formulation	Sales		
				FY2009	FY2008	FY2007
Clinical nutrition, Gastrointestinal diseases	*LIVACT®*	May 1996	Amino acid formula for treatment of liver cirrhosis	16.4	15.8	15.5
	ELENTAL®	Sept. 1981	Elemental diet	7.9	7.7	7.6
	SOLITA®-T	Feb. 1962	Electrolyte solution	5.3	6.4	7.7
	PNTWIN®	Dec. 1993	Glucose, electrolyte and amino acid infusion for total parenteral nutrition	2.7	3.1	3.8
	LOWHEPA®	Nov. 1996	Anticoagulant	2.6	2.1	1.6
	NIFLEC®	June 1992	Oral cleaning solution for the intestine	2.5	2.5	2.5
	Heparin	Apr. 1972	Anticoagulant	2.4	2.5	3.6
	TWINPAL®	Sept. 2004	Peripheral infusion with glucose, electrolyte and amino acids	1.7	1.8	2.0
	HYSORB®	Dec. 1998	Hemodialysis powders for use in artificial kidneys	1.6	1.8	2.1
	ELEMENMIC®	Apr. 1992	Trace mineral mixture for total parenteral nutrition	1.3	1.5	1.6
Metabolic deseases, etc.	*ATELEC®*	Dec. 1995	Long-acting calcium channel blocker	18.8	16.4	13.9
	ACTONEL®	May 2002	Osteoporosis treatment	13.9	11.5	10.2
	FASTIC®	Aug. 1999	Diabetes mellitus. Fast-acting insulin secretagogue	5.7	5.7	5.8

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

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

Ajinomoto Co., Inc. and Consolidated Subsidiaries
For fiscal 2009, ended March 31, 2010

Other Business

Sales from other business increased 2.9%, or ¥1.5 billion, to ¥56.6 billion. Operating income increased 56.4%, or ¥1.3 billion, to ¥3.7 billion.

Net Sales by Business and Region

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

Years ended March 31		Japan	Asia	America	Europe	Total
Domestic Food Products	2010	613.2 (-26.5)	6.1 (-0.4)	6.1 (0.2)	1.5 (-0.3)	626.9 (-27.0)
	2009	639.7	6.5	5.9	1.8	653.9
Overseas Food Products	2010	10.9 (1.9)	137.7 (10.5)	41.1 (2.8)	24.9 (0.4)	214.6 (15.6)
	2009	9.0	127.2	38.2	24.5	199.0
Amino Acids	2010	55.3 (-4.5)	9.9 (-1.5)	58.3 (-4.1)	66.7 (3.7)	190.2 (-6.5)
	2009	59.8	11.4	62.4	63.1	196.6
Pharmaceuticals	2010	82.6 (-3.2)	—	—	—	82.6 (-3.2)
	2009	85.8	—	—	—	85.8
Other Business	2010	50.6 (1.4)	6.1 (0.2)	—	—	56.6 (1.6)
	2009	49.2	5.9	—	—	55.0
Total	2010	812.5 (-30.9)	159.8 (8.7)	105.4 (-1.1)	93.2 (3.8)	1,170.9 (-19.5)
	2009	843.4	151.1	106.5	89.4	1,190.4

Note: Unaudited figures; for reference only.

LIQUIDITY AND FINANCIAL CONDITION

Total assets as of March 31, 2010 were ¥1,082.2 billion, ¥24.4 billion more than the ¥1,057.7 billion recorded one year earlier. This increase was primarily due to an increase in cash and cash equivalents, an increase in intangible fixed assets on the acquisition of patents and trademarks, and an increase in the yen values of the balance sheets of overseas subsidiaries after translation.

Total interest-bearing debt was ¥147.9 billion, ¥1.5 billion lower than on March 31, 2009, due mainly to a decrease in short-term borrowings.

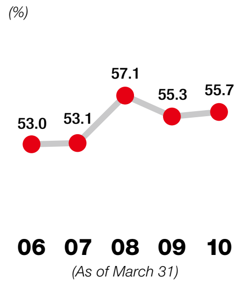
Net assets increased ¥24.5 billion compared to March 31, 2009, reflecting factors such as an increase in retained earnings and a change in foreign exchange translation adjustments. Shareholders' equity, which is net assets minus minority interests, was ¥602.7 billion, and the shareholders' equity ratio was 55.7%.

Balance Sheet (Excerpts)

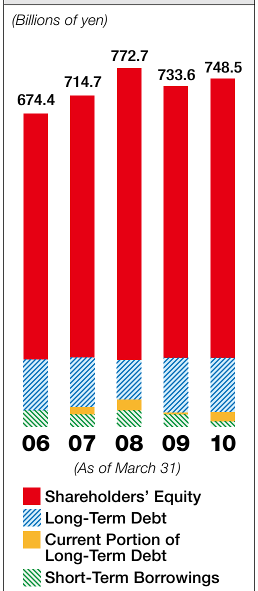
As of March 31	Millions of yen (Percentage of respective total) 2010		2009		Thousands of U.S. dollars 2010
Total assets	1,082,238	(100.0%)	1,057,786	(100.0%)	11,636,968
Notes and accounts receivable	188,808	(17.4)	183,977	(17.4)	2,030,194
Cash and cash equivalents	95,063	(8.8)	67,790	(6.4)	1,022,183
Inventories	146,810	(13.6)	147,340	(13.9)	1,578,602
Investments and long-term advances	101,583	(9.4)	96,533	(9.1)	1,092,290
Property, plant and equipment	411,839	(38.1)	432,966	(40.9)	4,428,376
Total liabilities	439,058	(40.6)	439,131	(41.5)	4,721,054
Notes and accounts payable	99,642	(9.2)	95,536	(9.0)	1,071,420
Short-term borrowings	9,968	(0.9)	26,706	(2.5)	107,129
Current portion of long-term debt	20,923	(19.3)	3,056	(0.3)	224,978
Accrued income taxes	13,095	(12.1)	8,328	(0.8)	140,806
Long-term debt	114,788	(10.6)	118,594	(11.2)	1,234,280
Shareholders' equity	602,769	(55.7)	585,234	(55.3)	6,481,398

Notes: Shareholders' equity = Net assets - Minority interests

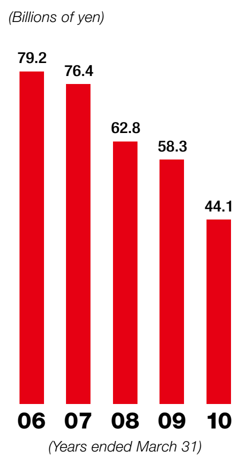
Shareholders' Equity Ratio



Total Capital



Capital Expenditure



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

Ajinomoto Co., Inc. and Consolidated Subsidiaries
For fiscal 2009, ended March 31, 2010

Cash Flow

Net cash provided by operating activities increased ¥54.2 billion over the previous year to ¥105.9 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.

Net cash used in investing activities increased ¥0.8 billion over the previous year to ¥63.3 billion. This reflected factors such as an increase in acquisition of intangible fixed assets, which offset a decrease in acquisition of tangible fixed assets.

Net cash used in financing activities was ¥18.0 billion, a decrease from the previous year. The main factor for this decrease was payment of dividends.

As a result of the foregoing, cash and cash equivalents at March 31, 2010 was ¥95.0 billion, an increase of ¥27.2 billion compared to March 31, 2009.

Cash Flow Highlights

(Millions of yen)

Years ended March 31	2010	2009	2008
Net cash provided by operating activities	105,924	51,699	51,436
Net cash used in investing activities	(63,327)	(62,487)	(28,292)
Net cash provided by (used in) financing activities	(18,011)	(2,119)	(17,592)
Cash and cash equivalents at end of year	95,063	67,790	83,164

OUTLOOK FOR THE FISCAL YEAR ENDING MARCH 31, 2011

The global economy has entered a recovery phase, but the Group's operating environment is expected to remain severe, on factors including a contraction of the Japanese food market, increasingly intense competition in fermentation-related business, curtailment of pharmaceutical costs, and the NHI price revision.

Given such conditions, in the fiscal year ending March 31, 2011 Ajinomoto has abolished the company system and switched to a new business headquarters system, and intends to continue to pursue structural reform, positioning the fiscal year as a preparatory period for achieving growth under its new medium-term business plan, which will start from the fiscal year ending March 31, 2012. In domestic food products Ajinomoto will seek to increase sales and enhance the profit structure through marketing aimed at creating demand. In overseas food products Ajinomoto will endeavor to expand the added value in its seasonings business and develop its business in new markets and new categories. In amino acids, the name of the segment has been changed to bioscience products & fine chemicals, and while continuing to reform its business structure will increasingly focus on added value businesses, by pursuing innovation in fermentation technologies and accelerating the development of growth areas. In pharmaceuticals Ajinomoto intends to increase sales of existing core products and enhance its pipeline by actively investing in research and development.

As a result of these initiatives, Ajinomoto forecasts consolidated sales for the fiscal year ending March 31, 2011 to increase 5.4% to ¥1,234.0 billion, but projects that operating income will decrease 11.0% to ¥57.0 billion and ordinary income will decrease 18.7% to ¥55.0 billion, partly due to external factors such as expected increases in the cost of raw materials and fuels and the NHI price revisions. Net income is forecast to increase 38.2% to ¥23.0 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 ¥90.0 to the U.S. dollar.

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

Ajinomoto Co., Inc. and Consolidated Subsidiaries
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Ajinomoto's Pharmaceutical Product Pipeline

(March 31, 2010)

Field	Name	Development Status	Indication	Notes
Gastrointestinal diseases	AJM300	Phase III	Crohn's disease	
		Phase II	Ulcerative colitis	
	AJG501	Phase III	Ulcerative colitis	
	AJA777	Phase II	Functional dyspepsia	In-license (Dr. Falk Pharma)
Metabolic diseases	AJH801	Phase II	Hypertension	
	ACTONEL	Phase III	Osteoporosis	Additional formulation/Monthly administration
	Nateglinide[1]	Phase III[1] (Overseas)	Diabetes	Additional indication/Impaired glucose tolerance
Other	AC-7700 (AVE8062)[2]	Phase III[2] (Overseas)	Solid tumor	

[1]Clinical studies are being conducted by Novartis Pharma AG (exclusive license outside Japan and Korea for the rights to develop, manufacture and sell the drug).
[2]Clinical studies are being conducted by Sanofi-Aventis A (worldwide exclusive license for the rights to develop, manufacture and sell the drug).

OPERATIONAL RISK

Operational risks faced by Ajinomoto that could affect its performance and financial position are outlined as follows. Future risks outlined in this document are as judged by the Group as of March 31, 2010.

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 14 of these countries and regions. The relative importance of overseas operations is therefore very high. In the previous fiscal year and the fiscal year under review, sales to outside parties in countries other than Japan (i.e. Asia, America and Europe) were ¥346.9 billion and ¥358.4 billion, respectively, comprising 29.1% and 30.6% of consolidated sales. Operating income derived from these regions in the same periods was ¥26.4 billion and ¥42.6 billion, comprising 64.7% and 66.7% of consolidated operating income. Ajinomoto hedges these associated exchange risks with forward exchange contracts and other mechanisms, but there remains the potential for exchange rate fluctuations impacting on business results.

Changes in Market Conditions

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

Natural Disasters, Social Disruption, Political Changes

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

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

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

Ajinomoto Co., Inc. and Consolidated Subsidiaries
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Laws and Regulations

As it conducts business on a global basis, within Japan and overseas Ajinomoto 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 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 of the first instance accepted the Group's arguments and rejected the claims of the plaintiffs. The plaintiffs are appealing to a higher court. The amounts of damages claimed are not specified in these cases. In the feed-use Lysine cases in France, the total amount of the damages claimed is close to 2,500,000 euro, and the court of the first instance rejected each of the claims of the plaintiffs. The plaintiffs appealed to a higher court, 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.

Changes in Cost of Raw Materials

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

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Information Leaks

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

Impact from Application of Impairment Accounting

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

Bankruptcy of Customers

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

Deferred Tax Assets, etc.

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

CONSOLIDATED BALANCE SHEETS

Ajinomoto Co., Inc. and Consolidated Subsidiaries
As of March 31, 2010 and 2009

	2010	2009	2010
	(Millions of yen)		(Thousands of U.S. dollars) (Note 4)
ASSETS			
Current assets:			
Cash and cash equivalents	¥ 95,063	¥ 67,790	$ 1,022,183
Time deposits and short-term investments *(Note 21)*	3,042	2,426	32,710
Notes and accounts receivable:			
Trade	188,808	183,977	2,030,194
Unconsolidated subsidiaries and affiliates	7,380	5,407	79,355
Allowance for doubtful receivables	(1,643)	(940)	(17,667)
Inventories *(Note 5)*	146,810	147,340	1,578,602
Deferred tax assets *(Note 9)*	12,032	15,904	129,376
Prepaid expenses and other current assets	35,857	30,733	385,559
Total current assets	487,351	452,639	5,240,333
Investments and long-term advances *(Note 21)*:			
Investments in and advances to unconsolidated subsidiaries and affiliates	50,613	46,910	544,226
Investment securities	39,314	36,952	422,731
Other advances *(Note 7)*	11,656	12,670	125,333
Total investments and long-term advances	101,583	96,533	1,092,290
Property, plant and equipment *(Note 8)*:			
Land	98,628	100,146	1,060,516
Buildings and structures	357,010	336,660	3,838,817
Machinery, equipment and other *(Note 7)*	609,130	602,258	6,549,785
	1,064,769	1,039,065	11,449,129
Accumulated depreciation and accumulated impairment losses *(Note 7)*	(652,930)	(606,099)	(7,020,753)
Property, plant and equipment, net	411,839	432,966	4,428,376
Other assets:			
Deferred tax assets *(Note 9)*	7,828	14,277	84,172
Other *(Note 7)*	73,634	61,369	791,763
Total other assets	81,463	75,646	875,946
Total assets	¥1,082,238	¥1,057,786	$11,636,968

See accompanying notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEETS *(CONT.)*

Ajinomoto Co., Inc. and Consolidated Subsidiaries
As of March 31, 2010 and 2009

	2010	2009	2010
	(Millions of yen)		(Thousands of U.S. dollars) (Note 4)
LIABILITIES AND NET ASSETS			
Current liabilities:			
Short-term debt *(Notes 6 and 8)*	¥ 9,963	¥ 26,706	$107,129
Current portion of long-term borrowings *(Notes 6 and 8)*	20,923	3,056	224,978
Notes and accounts payable			
Trade	67,357	64,174	724,269
Unconsolidated subsidiaries and affiliates	31,806	30,911	342,000
Construction	479	451	5,151
Accrued income taxes *(Note 9)*	13,095	8,328	140,806
Deferred tax liabilities *(Note 9)*	515	502	5,538
Accrued expenses and other current liabilities *(Note 7)*	84,094	87,375	904,237
Total current liabilities	228,236	221,506	2,454,151
Long-term liabilities:			
Long-term debt *(Notes 6 and 8)*	114,788	118,594	1,234,280
Accrued retirement benefits for employees *(Note 10)*	52,623	47,856	565,839
Accrued officers' severance benefits	1,113	1,315	11,968
Deferred tax liabilities *(Note 9)*	19,470	29,419	209,355
Other long-term liabilities *(Note 7)*	22,826	20,439	245,441
Total long-term liabilities	210,822	217,625	2,266,903
Net assets:			
Shareholders' equity: *(Notes 11 and 12)*			
Common stock, without par value:			
Authorized: 2010 and 2009 – 1,000,000,000 shares			
Issued: 2010 – 700,032,654 shares	79,863	—	858,742
2009 – 700,032,654 shares	—	79,863	—
Capital surplus	182,719	182,723	1,964,720
Retained earnings	394,672	389,100	4,243,785
Treasury stock at cost:			
2,160,069 shares in 2010 and 2,083,299 shares in 2009	(2,437)	(2,378)	(26,204)
Total shareholders' equity	654,818	649,308	7,041,054
Valuation, translation adjustments and others:			
Unrealized holding gain (loss) on securities	(232)	(1,517)	(2,495)
Unrealized gain (loss) from hedging instruments	(16)	220	(172)
Translation adjustments	(51,799)	(62,777)	(556,978)
Total valuation, translation adjustments and others	(52,048)	(64,074)	(559,656)
Minority interests	40,409	33,419	434,505
Total net assets	643,179	618,654	6,915,903
Contingent liabilities *(Note 17)*			
Total liabilities and net assets	¥1,082,238	¥1,057,786	$11,636,968

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS

Ajinomoto Co., Inc. and Consolidated Subsidiaries
Years ended March 31, 2010 and 2009

	2010	2009	2010
	(Millions of yen)		(Thousands of U.S. dollars) (Note 4)
Net sales	¥1,170,876	¥1,190,371	$12,590,065
Cost of sales	785,578	833,123	8,447,075
Gross profit	385,298	357,247	4,142,989
Selling, general and administrative expenses *(Note 13)*	321,264	316,420	3,454,452
Operating income	64,034	40,827	688,538
Other income (expenses) *(Note 14)*			
Interest expense	(3,468)	(4,774)	(37,290)
Interest and dividend income	2,174	2,000	23,376
Exchange gains (losses)	2,639	(12,429)	28,376
Loss on devaluation of securities	(64)	(799)	(688)
Loss on devaluation of investments in affiliates	(322)	(257)	(3,462)
Gain on sales of securities	66	286	710
Loss on impairment of fixed assets *(Note 15)*	(14,325)	(18,838)	(154,032)
Loss on liquidation of affiliates	(178)	—	(1,914)
Equity in earnings of affiliates	3,461	2,524	37,215
Other, net	(9,225)	(5,281)	(99,194)
	(19,242)	(37,570)	(206,903)
Income before income taxes and minority interests	44,791	3,256	481,624
Income taxes *(Note 9)*:			
Current	21,741	14,402	233,774
Deferred	681	(2,879)	7,323
	22,423	11,522	241,108
Minority interests	(5,721)	(1,961)	(61,516)
Net income (loss) *(Note 18)*	¥ 16,646	¥ (10,227)	$ 178,989

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

Ajinomoto Co., Inc. and Consolidated Subsidiaries
Years ended March 31, 2010 and 2009

	Common stock	Capital surplus	Retained earnings	Treasury stock	Unrealized holding gain (loss) on securities	Unrealized gain (loss) from hedging instruments	Translation adjustments	Minority interests	Total net assets
					(Millions of yen)				
Balance at March 31, 2008	¥79,863	¥182,850	¥383,648	¥(1,858)	¥5,702	¥(142)	¥(21,739)	¥39,392	¥667,717
Increase (decrease) due to changes in accounting procedures for overseas subsidiaries			26,825					(2,971)	23,853
Changes for the year ended March 31, 2009									
Cash dividends paid			(11,173)						(11,173)
Net loss			(10,227)						(10,227)
Increase resulting from increase in consolidated subsidiaries			222						222
Pension liability adjustment of an overseas subsidiary			(195)						(195)
Purchases of treasury stock				(1,107)					(1,107)
Disposal of treasury stock		(127)		587					460
Net changes in items other than those in shareholders' equity					(7,219)	362	(41,038)	(3,000)	(50,895)
Total changes for the year ended March 31, 2009	—	(127)	(21,373)	(520)	(7,219)	362	(41,038)	(3,000)	(72,916)
Balance at March 31, 2009	¥79,863	¥182,723	¥389,100	¥(2,378)	¥(1,517)	¥220	¥(62,777)	¥33,419	¥618,654
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 subsidiary			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

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS (CONT.)

Ajinomoto Co., Inc. and Consolidated Subsidiaries
Years ended March 31, 2010 and 2009

	Common stock	Capital surplus	Retained earnings	Treasury stock	Unrealized holding gain (loss) on securities	Unrealized gain (loss) from hedging instruments	Translation adjustments	Minority interests	Total net assets
	(Thousands of U.S. dollars) (Note 4)								
Balance at March 31, 2009	$858,742	$1,964,763	$4,183,871	$(25,570)	$(16,312)	$ 2,336	$(675,022)	$359,344	$6,652,194
Changes for the year ended March 31, 2010									
Cash dividends paid			(120,065)						(120,065)
Net income			178,989						178,989
Pension liability adjustment of an overseas subsidiary			989						989
Purchases of treasury stock				(742)					(742)
Disposal of treasury stock		(32)		108					75
Net changes in items other than those in shareholders' equity					13,806	(2,538)	118,032	75,161	204,462
Total changes for the year ended March 31, 2010	—	(32)	59,914	(634)	13,806	(2,538)	118,032	75,161	263,710
Balance at March 31, 2010	$858,742	$1,964,720	$4,243,785	$(26,204)	$ (2,495)	$ (172)	$(556,978)	$434,505	$6,915,903

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Ajinomoto Co., Inc. and Consolidated Subsidiaries
Years ended March 31, 2010 and 2009

	2010	2009	2010
	(Millions of yen)		(Thousands of U.S. dollars) (Note 4)
Cash flows from operating activities			
Income before income taxes and minority interests	¥ 44,791	¥ 3,256	$ 481,624
Depreciation and amortization	55,382	55,192	595,505
Loss on impairment of fixed assets	14,325	18,838	154,032
Amortization of goodwill	5,000	5,497	53,763
Accrued employees' retirement benefits	4,988	2,134	53,634
Accrued officers' severance benefits	(204)	(638)	(2,194)
Interest and dividend income	(2,174)	(2,000)	(23,376)
Interest expense	3,468	4,774	37,290
Equity in earnings of affiliates	(3,461)	(2,524)	(37,215)
(Gain) loss on sales of securities	(66)	174	(710)
Loss on devaluation of securities	64	799	688
(Gain) loss on sales of investments in affiliates	—	(437)	—
Loss on devaluation of investments in affiliates	322	257	3,462
Changes in operating assets and liabilities:			
Notes and accounts receivable	(5,340)	(3,882)	(57,419)
Notes and accounts payable	4,114	(5,256)	44,237
Other	2,176	(9,826)	23,398
Subtotal	123,387	66,360	1,326,742
Interest and dividends received	3,040	3,164	32,688
Interest paid	(3,704)	(4,938)	(39,828)
Income taxes paid	(16,799)	(12,886)	(180,634)
Net cash provided by operating activities	105,924	51,699	1,138,968
Cash flows from investing activities			
Acquisition of property, plant and equipment	(38,273)	(56,355)	(411,538)
Proceeds from sales of property, plant and equipment	494	1,059	5,312
Acquisition of intangible assets, net of proceeds	(23,352)	(4,679)	(251,097)
Acquisition of investments in securities	(634)	(273)	(6,817)
Proceeds from sales of investments in securities	97	135	1,043
Acquisition of shares of affiliates	(679)	(499)	(7,301)
Proceeds from sales of shares of affiliates	—	480	—
Other	(979)	(2,355)	(10,527)
Net cash used in investing activities	(63,327)	(62,487)	(680,935)
Cash flows from financing activities			
Increase (decrease) in short-term borrowings	(17,387)	341	(186,957)
Increase (decrease) in commercial paper	—	(5,000)	—
Proceeds from long-term debt	17,013	3,034	182,935
Repayment of long-term debt	(3,208)	(2,951)	(34,495)
Proceeds from bond issuance	—	34,986	—
Repayment of bonds	—	(20,000)	—
Cash dividends paid	(11,154)	(11,172)	(119,935)
Acquisition of shares of treasury stock	(69)	(1,107)	(742)
Other	(3,204)	(252)	(34,452)
Net cash (used in) provided by financing activities	(18,011)	(2,119)	(193,667)
Effect of exchange rate changes on cash and cash equivalents	2,717	(2,824)	29,215
Increase (decrease) in cash and cash equivalents	27,303	(15,732)	293,581
Cash and cash equivalents at beginning of year	67,790	83,164	728,925
Increase due to inclusion of subsidiaries in consolidation	—	358	—
Decrease due to exclusion of subsidiaries in consolidation	(30)	—	(323)
Cash and cash equivalents at end of year	¥ 95,063	¥ 67,790	$1,022,183

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Ajinomoto Co., Inc. and Consolidated Subsidiaries
March 31, 2010

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:
100 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 Interamericana Indústria e Comércio 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) Calpis Logistics Co., Ltd. has been excluded from the scope of consolidated subsidiaries as a result of liquidation. Furthermore, Calpis Business Support Co., Ltd. and CA Real Estate Co., Ltd. have been excluded from the scope of consolidated subsidiaries as decisions have been made to dissolve both of these companies and they do 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 15 other consolidated subsidiaries is December 31, and the fiscal year of GABAN Co., Ltd. is the end of February. Out of these companies, 15 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 is 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.

e. Valuation standards and methods for significant assets

(1) 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

Ajinomoto Co., Inc. and Consolidated Subsidiaries
March 31, 2010

(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:
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, a reserve for bonuses 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, 2010.

(6) Allowance for environmental measures:
In preparation for payment relating to disposal of polychlorinated biphenyl (PCB) 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 adjustment in net assets.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

Ajinomoto Co., Inc. and Consolidated Subsidiaries
March 31, 2010

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. 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 “Current assets – Other”, while consumption tax payable is included in “Current liabilities – Other.”

(2) Adoption of consolidated taxation system

The Company and certain of its consolidated subsidiaries have received approval from the Commissioner of the National Tax Agency of Japan to adopt the consolidated taxation system effective the fiscal year ending March 31, 2011. From the fiscal year ended March 31, 2010, accounting treatment and presentation regarding deferred taxes have been based on the “Practical Solution on Tax Effect Accounting under the Consolidated Taxation System (Part 1)” (ASBJ PITF No. 5), and the “Practical Solution on Tax Effect Accounting under the Consolidated Taxation System (Part 2)” (ASBJ PITF No. 7), under the assumption that the Company would adopt the consolidated taxation system.

(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.

k. Valuation of assets and liabilities of consolidated subsidiaries

All assets and liabilities of consolidated subsidiaries are evaluated by the full fair value method.

l. Amortization of goodwill and negative goodwill

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

m. Scope of “Cash and cash equivalents” in the consolidated statement of cash flows

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

2. Changes in Accounting Policies Adopted in Consolidated Financial Statements

a. Change to accounting standard for construction revenue and construction costs

Until March 31, 2009, contracted construction for which the contract amount was ¥1 billion or more and the construction period more than one year was accounted for using the percentage-of-completion method, and other construction was accounted for using the completed-contract method. However, effective the fiscal year ended March 31, 2010, in accordance with the “Accounting Standard for Construction Contracts” (ASBJ Statement No. 15 of December 27, 2007) and the “Guidance on Accounting Standard for Construction Contracts” (ASBJ Guidance No. 18 of December 27, 2007), revenues and costs of construction projects that commenced on or after April 1,2009, of which the percentage of completion can be reliably estimated, are recognized by the percentage-of-completion method (the rate of completion of a construction project is estimated using the cost-proportion method), while construction where the outcome cannot be reliably estimated is accounted for by the completed-contract method.

The effect of this change was to increase sales by ¥752 million ($8,086 thousand), and increase operating income, ordinary income and income before income taxes and minority interests by ¥17 million ($183 thousand) for the year ended March 31, 2010, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

Ajinomoto Co., Inc. and Consolidated Subsidiaries
March 31, 2010

b. Hedge accounting

Until March 31, 2009, gains and losses with respect to forward exchange contracts for hedging of forecasted transactions and sales transactions pertaining to the acquisition of stock of or investments in affiliated companies denominated in foreign currencies were recognized by estimating the fair value of the contracts. However, effective the fiscal year ended March 31, 2010, the Company has adopted hedge accounting for such contracts, and intends to apply deferred hedge accounting to transactions that meet the criteria.

This change was made in order to present the Company's operating results and financial position more properly, by appropriately reflecting in its financial statements its initiatives to manage the risk of exchange rate fluctuations, in line with a revision to the Company's risk management policies for exchange rate fluctuations.

As there were no applicable transactions in the fiscal year under review, this change had no impact on the Company's ordinary income or income before income taxes and minority interests for the year.

c. Accounting standard for retirement benefits

Effective the fiscal year ended March 31, 2010, the Company has adopted the "Partial Revisions to Accounting Standard for Retirement Benefits (Part 3)" (ASBJ Statement No. 19 of July 31, 2008).

The effect of this change on operating income, ordinary income, income before income taxes and minority interests, and on the unrecognized difference in retirement benefit obligations for the fiscal year ended March 31, 2010 was immaterial.

d. Accounting standard for measurement of inventories

From fiscal year ended March 31, 2009, the Company has adopted the "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9 issued on July 5, 2006).

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

The impact on segment information is stated in "24. Segment Information" for the year ended March 31, 2009.

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

From fiscal year ended March 31, 2009, the Company has adopted the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ Practical Issues Task Force (PITF) No. 18 issued on May 17, 2006), and made the necessary adjustments to its financial statements.

As a result, operating income increased ¥84 million, and ordinary income and income before income taxes and minority interests each increased ¥116 million for the year ended March 31, 2009. Furthermore, retained earnings at the beginning of the fiscal year ended March 31, 2009 increased ¥26,825 million.

The impact on segment information is stated in "24. Segment Information".

f. Accounting standard for lease transactions

Until March 31, 2008, finance lease transactions that do not transfer ownership were accounted for in the same way of operating leases. However, effective the fiscal year ended March 31, 2009, in accordance with the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13 of June 17, 1993 (First Committee of the Business Accounting Council); revised on March 30, 2007) and the "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16 of January 18, 1994 (Japanese Institute of Certified Public Accountants, Committee on Accounting Systems); revised March 30, 2007), finance lease transactions are now accounted for in the same way as capital leases. Finance leases entered into prior to April 1, 2008 that do not transfer ownership of the leased asset to the lessee continue to be accounted for as operating leases.

The resulting impact on operating income, ordinary income and income before income taxes and minority interests for the fiscal year ended March 31, 2009 is immaterial.

3. Additional Information

a. Tax correction based on transfer pricing tax system

A projected amount of additional income tax for prior years up to March 31, 2009 likely to arise as a result of a tax assessment by the Tokyo Regional Taxation Bureau has been recorded in "Income taxes-current" in the amount of ¥1,816 million ($19,527 thousand) in the statements of operations for the year ended March 31, 2010.

Subsequently, a correction notice from the Tokyo Regional Taxation Bureau was received on June 15, 2010 with the amount close to the projected amount. Appropriate action will be taken after a careful review of the notice.

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

In line with a revision of the Corporation Tax Law for the year ended March 31, 2009, the Company and its main consolidated subsidiaries in Japan changed their estimates for the useful lives of fixed assets effective for the year ended March 31, 2009. As a result, operating income increased ¥1,604 million, and ordinary income and income before income taxes and minority interests each increased ¥1,564 million for the year ended March 31, 2009. The impact on segment information is stated in "24. Segment Information" section.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

Ajinomoto Co., Inc. and Consolidated Subsidiaries
March 31, 2010

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 ¥93=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2010.

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, 2010 and 2009 consisted of the following:

	2010	2009	2010
	(Millions of yen)		(Thousands of U.S. dollars)
Finished goods	¥ 96,964	¥102,957	$1,042,624
Work in process	8,791	9,143	94,527
Raw materials and supplies	41,053	35,239	441,430
	¥146,810	¥147,340	$1,578,602

6. Short-Term Borrowings and Long-Term Debt

Short-term borrowings at March 31, 2010 and 2009 consisted of the following:

	2010	2009	2010
	(Millions of yen)		(Thousands of U.S. dollars)
Short-term borrowings	¥9,963	¥26,706	$107,129
	¥9,963	¥26,706	$107,129

The average annual interest rate applicable to the short-term borrowings at March 31, 2010 was 2.42 %.

Long-term debt at March 31, 2010 and 2009 consisted of the following:

	2010	2009	2010
	(Millions of yen)		(Thousands of U.S. dollars)
Bonds without collateral:			
0.36% bonds due 2011	¥ 15,000	¥ 15,000	$ 161,290
0.62% bonds due 2014	20,000	20,000	215,054
0.71% bonds due 2016	15,000	15,000	161,290
1.37% bonds due 2015	14,998	14,998	161,269
1.89% bonds due 2021	19,989	19,988	214,935
Loans from banks, insurance companies and government-sponsored agencies:			
With collateral	287	790	3,086
Without collateral	50,436	35,873	542,323
	135,712	121,650	1,459,269
Current portion	(20,923)	(3,056)	(224,978)
	¥114,788	¥118,594	$1,234,280

The annual maturities of long-term debt subsequent to March 31, 2010 are summarized as follows:

Year ending March 31,	(Millions of yen)	(Thousands of U.S. dollars)
2011	¥ 20,923	$ 224,978
2012	5,448	58,581
2013	4,516	48,559
2014	23,410	251,720
2015 and thereafter	81,411	875,387
	¥135,712	$1,459,269

Other interest-bearing debt at March 31, 2010 and 2009 were as follows:

	2010	2009	2010
	(Millions of yen)		(Thousands of U.S. dollars)
Lease obligation (current)	¥ 641	¥ 273	$ 6,892
Lease obligation (non-current)	1,583	770	17,022
	¥2,225	¥1,044	$23,925

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The annual maturities of lease obligations subsequent to March 31, 2010 are summarized as follows:

Year ending March 31,	(Millions of yen)	(Thousands of U.S. dollars)
2011	¥ 641	$ 6,892
2012	604	6,495
2013	510	5,484
2014	299	3,215
2015 and thereafter	168	1,806
	¥2,225	$23,925

7. Notes to Consolidated Balance Sheets

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

	2010	2009	2010
	(Millions of yen)		(Thousands of U.S. dollars)
Long-term loans to third parties	¥ 88	¥ 77	$ 946
Allowance for doubtful receivables	(732)	(1,169)	(7,871)
Other	12,299	13,761	132,247
Total	¥11,656	¥12,670	$125,333

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

	2010	2009	2010
	(Millions of yen)		(Thousands of U.S. dollars)
Goodwill	¥34,106	¥39,121	$366,731
Other	39,528	22,247	425,032
Total	¥73,634	¥61,369	$791,763

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

	2010	2009	2010
	(Millions of yen)		(Thousands of U.S. dollars)
Accrued bonuses for employees	¥ 5,290	¥ 4,919	$ 56,882
Bonus reserve for officers	326	131	3,505
Other	78,476	82,323	843,828
Total	¥84,094	¥87,375	$904,237

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

	2010	2009	2010
	(Millions of yen)		(Thousands of U.S. dollars)
Allowance for environmental measures	¥ 403	¥ 216	$ 4,333
Other	22,422	20,223	241,097
Total	¥22,826	¥20,439	$245,441

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

	2010	2009	2010
	(Millions of yen)		(Thousands of U.S. dollars)
Machinery and vehicles	¥528,039	¥516,237	$5,677,839
Tools, furniture and fixtures	65,670	62,781	706,129
Leased assets	2,653	1,117	28,527
Construction in process	12,766	22,122	137,269
Total	¥609,130	¥602,258	$6,549,785

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

	2010	2009	2010
	(Millions of yen)		(Thousands of U.S. dollars)
Buildings and structures	¥(201,973)	¥(183,227)	$(2,171,753)
Machinery and vehicles	(396,473)	(372,031)	(4,263,151)
Tools, furniture and fixtures	(53,912)	(50,683)	(579,699)
Leased assets	(570)	(157)	(6,129)
Total	¥(652,930)	¥(606,099)	$(7,020,753)

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Ajinomoto Co., Inc. and Consolidated Subsidiaries
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8. Pledged Assets

The assets pledged as collateral for short-term borrowings, and long-term debt at March 31, 2010 and 2009 consisted of the following:

	2010	2009	2010
	(Millions of yen)		(Thousands of U.S. dollars)
Buildings and structures	¥1,139	¥1,236	$12,247
Machinery, equipment and other	1,576	1,280	16,946
Land	3,107	3,107	33,409
	¥5,823	¥5,623	$62,613

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 statutory tax rates of 40.7% and 40.6% for the years ended March 31, 2010 and 2009, respectively. 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 operations for the years ended March 31, 2010 and 2009 differ from the statutory tax rates for the following reasons:

	2010	2009
Statutory tax rate	40.7%	40.6%
Effect of:		
Amortization of goodwill	4.5	68.6
Equity in earnings of affiliates	(3.1)	(31.5)
Permanent non-deductible expenses (entertainment expenses and other)	2.1	25.9
Non-taxable dividend income	—	31.8
Special deduction of income taxes	—	(4.7)
Not applied for foreign tax credit	—	4.6
Impairment loss	—	224.7
Different tax rates applied to income of foreign consolidated subsidiaries	(9.2)	(38.7)
Net loss of consolidated subsidiaries	1.4	37.0
Write-off of deferred tax assets	13.7	—
Other, net	(0.1)	(4.5)
Effective tax rates	50.1%	353.9%

The significant components of deferred tax assets and liabilities at March 31, 2010 and 2009 were as follows:

	2010	2009	2010
	(Millions of yen)		(Thousands of U.S. dollars)
Deferred tax assets:			
Loss on devaluation of securities	¥ 2,394	¥ 5,704	$ 25,742
Loss on devaluation of inventories	2,074	1,411	22,301
Property, plant and equipment	3,970	3,404	42,688
Accrued retirement benefits	21,141	19,712	227,323
Accrued expenses	1,678	2,844	18,043
Accrued bonuses	4,793	4,208	51,538
Unrealized profit	3,124	3,608	33,591
Accrued enterprise tax	783	517	8,419
Loss on impairment of fixed assets	8,121	3,073	87,323
Allowance for doubtful receivables	844	649	9,075
Net operating loss of consolidated subsidiaries	4,920	5,043	52,903
Other	3,401	4,193	36,570
Gross deferred tax assets	57,250	54,373	615,591
Valuation allowance	(15,343)	(12,661)	(164,978)
Total deferred tax assets	41,906	41,712	450,602
Deferred tax liabilities:			
Reserves under Special Taxation Measures Law	9,472	10,053	101,849
Unrealized gain on land	18,095	18,100	194,570
Other	14,461	13,297	155,495
Total deferred tax liabilities	42,031	41,452	451,946
Net deferred tax assets (liabilities)	¥ (124)	¥ 259	$ 1,333

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10. Retirement Benefit Plans

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

The following table sets forth the funded and accrued status of the plans and the amounts recognized in the consolidated balance sheets at March 31, 2010 and 2009 for the Company's and the consolidated subsidiaries' defined benefit plans:

	2010	2009	2010
	(Millions of yen)		(Thousands of U.S. dollars)
Retirement benefit obligation	¥(274,747)	¥(271,184)	$(2,954,269)
Plan assets at fair value	187,064	179,166	2,011,441
Unfunded retirement benefit obligation	(87,682)	(92,017)	(942,817)
Unrecognized actuarial gain or loss	44,702	56,314	480,667
Unrecognized prior service cost	(8,869)	(11,191)	(95,366)
Prepaid pension cost	773	962	8,312
Accrued retirement benefits for employees	¥ (52,623)	¥ (47,856)	$ (565,839)

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, 2010 and 2009 are outlined as follows:

	2010	2009	2010
	(Millions of yen)		(Thousands of U.S. dollars)
Service cost	¥ 5,862	¥ 6,098	$ 63,032
Interest cost	6,549	6,721	70,419
Expected return on plan assets	(6,139)	(7,016)	(66,011)
Amortization of prior service cost	(2,321)	(2,278)	(24,957)
Amortization of actuarial gain or loss	10,115	8,073	108,763
Other	411	666	4,419
Total	¥14,478	¥12,265	$155,677

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

	As of March 31,	
	2010	2009
Discount rate	Mainly 2.5%	Mainly 2.5%
Expected rate of return on plan assets	Mainly 3.5%	Mainly 3.5%

11. Shareholders' Equity

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

12. Dividends

Dividends paid for the years ended March 31, 2010 and 2009 are outlined as follows:

Year ended March 31, 2010							
		Total amount of dividends		Dividends per share			
Resolution	Type of shares	Millions of yen	Thousands of U.S. dollars	Yen	U.S. dollars	Record date	Effective date
Annual general meeting of the shareholders on June 26, 2009	Common stock	¥5,583	$60,032	¥8	$0.086	March 31, 2009	June 29, 2009
Meeting of the Board of Directors on November 6, 2009	Common stock	¥5,583	$60,032	¥8	$0.086	September 30, 2009	December 2, 2009

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

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Year ended March 31, 2009					
		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 27, 2008	Common stock	¥5,588	¥8	March 31, 2008	June 30, 2008
Meeting of the Board of Directors on November 7, 2008	Common stock	¥5,584	¥8	September 30, 2008	December 2, 2008

The following dividends have a record date during the year ended March 31, 2010 but an effective date during the year ending 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	$60,022	¥8	$0.086	March 31, 2010	June 30, 2010

13. Selling, General and Administrative Expenses

Selling, general and administrative expenses consisted of the following:

	2010	2009	2010
	(Millions of yen)		(Thousands of U.S. dollars)
Transportation expenses	¥ 31,675	¥ 34,246	$ 340,591
Advertising expenses	34,213	31,276	367,882
Sales commissions	58,560	59,974	629,677
Salaries	42,847	41,580	460,720
Provision for accrued bonuses	16,938	15,625	182,129
Retirement benefit expenses	8,365	7,022	89,946
Depreciation and amortization	9,583	8,400	103,043
Research and development expenses	35,633	33,765	383,151
Amortization of goodwill	5,000	5,497	53,763
Other	78,445	79,031	843,495
Total	¥321,264	¥316,420	$3,454,452

Inventories as of March 31, 2010 and 2009 were written down due to lower profitability and unrealized loss for inventories included in cost of sales is ¥1,067 million ($11,473 thousand) and ¥1,698 million, respectively.

Research and development expenses included in manufacturing costs and selling, general and administrative expenses for the years ended March 31, 2010 and 2009 were ¥35,633 million ($383,151 thousand) and ¥33,765 million, respectively.

14. Other Income (Expenses)

"Interest and dividend income" consisted of the following:

	2010	2009	2010
	(Millions of yen)		(Thousands of U.S. dollars)
Interest income	¥1,162	¥1,046	$12,495
Dividend income	1,012	953	10,082
Total	¥2,174	¥2,000	$23,376

"Unrealized loss on securities" consisted of the following:

	2010	2009	2010
	(Millions of yen)		(Thousands of U.S. dollars)
Loss on valuation of investment securities	¥ 64	¥ 799	$ 688
Loss on valuation of investment in affiliates	322	257	3,462
Total	¥386	¥1,056	$4,151

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

	2010	2009	2010
	(Millions of yen)		(Thousands of U.S. dollars)
Gain on sale of investment securities	¥66	¥ —	$710
Gain on sale of investment in affiliates	—	437	—
Other	—	(150)	—
Total	¥66	¥286	$710

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

Ajinomoto Co., Inc. and Consolidated Subsidiaries
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"Other, net" consisted of the following:

	2010	2009	2010
	(Millions of yen)		(Thousands of U.S. dollars)
Rental income	¥ 944	¥ 932	$10,151
Gain on prior year adjustments	1,322	1,287	14,215
Reversal of accrued expenses on contract alteration	1,437	—	15,452
Gain on sale of fixed assets	—	799	—
Received cancellation money	—	560	—
Reversal of allowance for doubtful accounts	—	731	—
Reversal of loss on liquidation of affiliates	—	576	—
Loss on disposal of fixed assets	(4,536)	(3,401)	(48,774)
Provision for allowance for doubtful accounts	(711)	(703)	(7,645)
Litigation expenses	(853)	—	(9,172)
Loss on voluntary recall	(1,004)	—	(10,796)
Other	(5,824)	(6,063)	(62,629)
Total	¥(9,225)	¥(5,281)	$(99,194)

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, 2010 and 2009 are outlined as follows:

Year ended March 31, 2010

The main assets with respect to which impairment losses were recorded in the fiscal year ended March 31, 2010 are as follows. In addition to these following assets, other impairment losses of ¥509 million ($5,473 thousand) 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 ($55,645 thousand), the breakdown of which is as follows: "Buildings and structures"—¥1,817 million ($19,538 thousand); "Machinery and vehicles"—¥3,280 million ($35,269 thousand); and "Other"—¥76 million ($817 thousand).

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 ($14,172 thousand), the breakdown of which is as follows: "Buildings and structures"—¥502 million ($5,398 thousand); "Machinery and vehicles"—¥744 million ($8,000 thousand); and "Other"—¥71 million ($763 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 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 ($78,720 thousand), the breakdown of which is as follows: "Buildings and structures"—¥3,951 million ($42,484 thousand); "Machinery and vehicles"—¥2,608 million ($28,043 thousand); and "Other"—¥761 million ($8,183 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 12.5%, taking into consideration the current situation in Brazilian financial markets.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

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Year ended March 31, 2009
The main assets with respect to which impairment losses were recorded in the fiscal year ended March 31, 2009 are as follows. In addition to these, other impairment losses of ¥167 million were also recorded.

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

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

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

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

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

16. Lease Transactions

a) Lessees' Accounting

The following pro forma amounts represent the acquisition costs, accumulated depreciation and net book value of the leased assets at March 31, 2010 and 2009, 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, 2010							
	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	¥ 1,641	¥ 151	¥1,352	¥ 137	$ 17,645	$ 1,624	$14,538	$ 1,473
Machinery, equipment and other	9,255	5,829	127	3,298	99,516	62,677	1,366	35,462
Total	¥10,896	¥5,980	¥1,479	¥3,436	$117,161	$64,301	$15,903	$36,946

	March 31, 2009			
	Acquisition costs	Accumulated depreciation	Accumulated impairment loss	Net book value
	(Millions of yen)			
Buildings and structures	¥ 1,635	¥ 132	¥1,352	¥ 150
Machinery, equipment and other	9,559	4,938	127	4,493
Total	¥11,194	¥5,071	¥1,479	¥4,643

Lease payments relating to finance leases accounted for as operating leases in the accompanying consolidated financial statements amounted to ¥1,717 million ($18,462 thousand) and ¥1,747 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, 2010 and 2009 respectively. The reversals of impairment loss applicable the above lease payments for the years ended March 31, 2010 and 2009 amounted to ¥90 million ($968 thousand) and ¥91 million, respectively.

Future minimum lease payments (including the interest portion thereon) subsequent to March 31, 2010 for finance leases accounted for as operating leases are summarized as follows:

Year ending March 31,	(Millions of yen)	(Thousands of U.S. dollars)
2011	¥1,530	$16,452
2012 and thereafter	2,930	31,505
Total	4,461	47,968
Accumulated impairment loss on leased assets	¥1,025	$11,022

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

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Future minimum lease payments subsequent to March 31, 2010 for operating leases are summarized as follows:

Year ending March 31,	(Millions of yen)	(Thousands of U.S. dollars)
2011	¥1,072	$11,527
2012 and thereafter	4,346	47,731
Total	¥5,419	$58,269

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, 2010 and 2009:

	March 31, 2010					
	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	¥29	¥19	¥9	$312	$204	$97

	March 31, 2009		
	Acquisition costs	Accumulated depreciation	Net book value
	(Millions of yen)		
Machinery, equipment and other	¥34	¥18	¥16

Lease income relating to finance leases accounted for as operating leases in the accompanying consolidated financial statements amounted to ¥6 million ($65 thousand) and ¥7 million for the years ended March 31, 2010 and 2009, respectively. Depreciation of the assets leased under finance leases accounted for as operating leases amounted to ¥6 million ($65 thousand) and ¥7 million for the years ended March 31, 2010 and 2009, respectively.

Future minimum lease income (including the interest portion thereon) subsequent to March 31, 2010 for the finance leases accounted for as operating leases are summarized as follows:

Year ending March 31,	(Millions of yen)	(Thousands of U.S. dollars)
2011	¥5	$54
2012 and thereafter	3	32
Total	¥9	$97

Future minimum lease income subsequent to March 31, 2010 for operating leases are summarized as follows:

Year ending March 31,	(Millions of yen)	(Thousands of U.S. dollars)
2011	¥161	$1,731
2012 and thereafter	248	2,667
Total	¥409	$4,398

17. Contingent Liabilities

At March 31, 2010 and 2009, the Company and its consolidated subsidiaries had the following contingent liabilities:

	2010	2009	2010
	(Millions of yen)		(Thousands of U.S. dollars)
As endorser of documentary export bills and trade notes receivable discounted with banks	¥ 27	¥1,945	$ 290
As guarantor of indebtedness of unconsolidated subsidiaries, affiliates and employees			
New Season Foods	269	245	2,892
Kyodo ace butsuryu	1	1	11
Employees	71	105	763
	¥342	¥ 351	$3,677

18. Amounts Per Share

	2010	2009	2010
	(Yen)		(U.S. dollars)
Net income (loss)	¥ 23.9	¥ (14.6)	$0.256
Cash dividends	16.0	16.0	0.172
Net assets	863.7	838.5	9.287

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

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

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

19. Related Party Transactions

(Additional information)

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

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

For the year ended 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

For the year ended March 31, 2009

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

20. 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 exchange 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 items, 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 product 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 under review.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(CONT.)*

Ajinomoto Co., Inc. and Consolidated Subsidiaries
March 31, 2010

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 at participating companies, and liquidity risk management at participating companies is therefore undertaken at the Company, as the administrative entity. 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 more than 5% of net sales. 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 22. Derivative Transactions", the amounts do not indicate the market risk relating to the derivative transactions.

b. Fair value of financial instruments
The book values, fair values and any differences for the fiscal year as of March 31, 2010 were as follows:

	Book value in consolidated financial statements	Estimated fair value	Difference	Book value	Estimated fair value	Difference
	(Millions of yen)			(Thousands of U.S. dollars)		
(1) Cash and cash equivalents	¥ 97,866	¥ 97,866	—	$1,052,323	$1,052,323	—
(2) Notes and accounts receivable	196,189	196,189	—	2,109,559	2,109,559	—
(3) Marketable securities and investment securities						—
Investments in stock of subsidiaries and affiliates	19,147	13,264	¥(5,883)	205,882	142,624	$(63,258)
Other marketable securities	36,387	36,387	—	391,258	391,258	—
Total assets	¥349, 590	¥343,707	¥(5,883)	$3,759,032	$3,695,774	$(63,258)
(1) Notes and accounts payable	¥ 99,164	¥ 99,164	—	$1,066,280	$1,066,280	—
(2) Short-term borrowings	9,963	9,963	—	107,129	107,129	—
(3) Corporate bonds to be redeemed within one year	15,000	15,000	—	161,290	161,290	—
(4) Current portion of long-term borrowings	5,923	5,923	—	63,688	63,688	—
(5) Corporate bonds	69,988	70,753	¥ 765	752,559	760,785	$ 8,226
(6) Long-term debt	44,840	46,351	1,551	481,720	498,398	16,677
Total liabilities	¥244,840	¥247,156	¥ 2,316	$2,632,688	$2,657,591	$ 24,903
Derivative transactions	¥ 1,441	¥ 1,441	—	$ 15,495	$ 15,495	—

*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 the purpose of holding such securities, please refer to "Note 21. Securities".

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(CONT.)*

Ajinomoto Co., Inc. and Consolidated Subsidiaries
March 31, 2010

LIABILITIES

(1) Notes and accounts payable, (2) Short-term borrowings, (3) Corporate bonds to be redeemed within one year, and (4) Current portion of long-term borrowings

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

(5) 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.

(6) 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. Book value is used for the fair value of long-term debt with adjustable 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 22. 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	¥30,455	$327,473
Other securities		
Unlisted shares	2,811	30,226
Unlisted domestic bonds	0	0
Unlisted foreign bonds	0	0
Money management funds, etc.	354	3,806
Total	¥33,621	$361,516

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

	2011	2012 and thereafter	2011	2012 and thereafter
	(Millions of yen)		(Thousands of U.S. dollars)	
Cash and cash equivalents	¥ 97,866	—	$1,052,323	—
Notes and accounts receivable	196,189	—	2,109,559	—
Investment securities				
"Other marketable securities" with maturities	—	—	—	—
Total	¥294,055	—	$3,161,882	—

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)	
2011	¥15,000	¥ 5,923	$161,290	$ 63,688
2012	—	5,448	—	58,581
2013	—	4,516	—	48,559
2014	20,000	3,410	215,054	36,667
2015	15,000	3,410	161,290	36,667
2016 and thereafter	¥35,000	¥28,014	$376,344	$301,226

(Additional Information)

Effective the fiscal year ended March 31, 2010, the Company has adopted the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 19 of March 10, 2008) and the "Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, March 10, 2008).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(CONT.)*

Ajinomoto Co., Inc. and Consolidated Subsidiaries
March 31, 2010

21. Securities

a) Information regarding marketable securities classified as other securities with fair value at March 31, 2010 and 2009 is as follows:

	March 31, 2010					
	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	¥18,728	¥11,856	¥ 6,871	$201,376	$127,484	$ 73,882
Bonds						
Government bonds	—	—	—	—	—	—
Corporate bonds	—	—	—	—	—	—
Other bonds	—	—	—	—	—	—
Other	—	—	—	—	—	—
Subtotal	18,728	11,856	6,871	201,376	127,484	73,882
Securities whose acquisition cost exceeds their carrying value:						
Stocks	17,659	25,962	(8,302)	189,882	279,161	(89,269)
Bonds						
Government bonds	—	—	—	—	—	—
Corporate bonds	—	—	—	—	—	—
Other bonds	—	—	—	—	—	—
Other	—	—	—	—	—	—
Subtotal	17,659	25,962	(8,302)	189,882	279,161	(89,269)
Total	¥36,387	¥37,819	¥(1,431)	$391,258	$406,656	$(15,387)

	March 31, 2009		
	Acquisition cost	Carrying value	Unrealized gain (loss)
	(Millions of yen)		
Securities whose carrying value exceeds their acquisition cost:	¥10,914	¥16,732	¥ 5,817
Stocks	—	—	—
Other	10,914	16,732	5,817
Subtotal			
Securities whose acquisition cost exceeds their carrying value:	26,939	17,861	(9,078)
Stocks	4	4	(0)
Subtotal	26,944	17,865	(9,078)
Total	¥37,858	¥34,598	¥(3,260)

b) Sales of securities classified as other securities for the years ended March 31, 2010 and 2009 are summarized as follows:

	March 31, 2010					
	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	¥86	¥65	¥ —	$ 925	$699	$ —
Bonds						
Government bonds	—	—	—	—	—	—
Corporate bonds	—	—	—	—	—	—
Other bonds	—	—	—	—	—	—
Other	10	1	—	108	11	—
Total	¥97	¥66	¥ —	$1,043	$710	$ —

	March 31, 2009
	(Millions of yen)
Proceeds from sales	¥135
Gains on sales	23
Losses on sales	198

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

Ajinomoto Co., Inc. and Consolidated Subsidiaries
March 31, 2010

c) Information regarding marketable securities classified as other securities without fair value at March 31, 2010 and 2009 is as follows:

	2010	2009	2010
	(Millions of yen)		(Thousands of U.S. dollars)
	Carrying cost		
Unlisted stock	¥ —	¥2,280	¥ —
Unlisted domestic bonds	—	0	—
Unlisted foreign bonds	—	0	—
Money management funds, etc.		722	—
Total	¥ —	¥3,002	¥ —

d) The redemption schedule for securities with maturity dates classified as other securities at March 31, 2010 and 2009 is summarized as follows:

	March 31, 2010					
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due in one year or less	Due after one year through five years	Due after five years through ten years
	(Millions of yen)			(Thousands of U.S. dollars)		
Government bonds	¥ —	¥ —	¥ —	$ —	$ —	$ —
Total	¥ —	¥ —	¥ —	$ —	$ —	$ —

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

22. Derivative Transactions

a) Summarized below are the notional amounts and the estimated fair value of the derivatives positions for which hedge accounting is not applied outstanding at March 31, 2010 and 2009:

1) Currency-related transactions

	March 31, 2010					
	Notional amount	Fair value	Unrealized gain (loss)	Notional amount	Fair value	Unrealized gain (loss)
	(Millions of yen)			(Thousands of U.S. dollars)		
Forward foreign exchange contracts:						
Sell:						
US$	¥11,621	¥(186)	¥(186)	$124,957	$(2,000)	$(2,000)
Euro	4,631	10	10	49,796	108	108
HKD	741	5	5	7,968	54	54
JPY	713	23	23	7,667	247	247
Buy:						
US$	791	(16)	(16)	8,505	(172)	(172)
Euro	3	0	0	32	0	0
JPY	1,584	(57)	(57)	17,032	(613)	(613)
Currency swap						
Receive/JPY and pay/US$	1,081	46	46	11,624	495	495
Receive/THB and pay/JPY	10,955	511	511	117,796	5,495	5,495
Total	¥32,123	¥ 338	¥ 338	$345,409	$3,634	$3,634

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

Ajinomoto Co., Inc. and Consolidated Subsidiaries
March 31, 2010

	March 31, 2009		
	Notional amount	Fair value	Unrealized gain (loss)
	(Millions of yen)		
Forward foreign exchange contracts:			
Sell:			
US$	¥10,259	¥10,455	¥(195)
Euro	3,816	3,897	(80)
HKD	800	772	27
RUB	79	84	(4)
JPY	706	725	(18)
Buy:			
US$	3,546	3,520	(25)
Euro	6	6	0
JPY	1,298	1,250	(47)
Currency swap			
Receive/JPY and pay/US$	4,110	(267)	(267)
Receive/THB and pay/JPY	9,504	(835)	(835)
Total			¥(1,448)

2) Interest-related transactions

	March 31, 2010					
	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	¥ 1,986	¥ (116)	¥ (116)	$ 21,355	$ (1,247)	$ (1,247)
Currency swaps:						
Receive/JPY and pay/US$	10,275	1,220	1,220	110,484	13,118	13,118
Total	¥12,261	¥1,103	¥1,103	$131,839	$11,860	$11,860

	March 31, 2009		
	Notional amount	Fair value	Unrealized gain (loss)
	(Millions of yen)		
Interest-rate swaps:			
Pay/fixed and receive/floating	¥2,261	¥(151)	¥(151)
Currency swaps:			
Receive/JPY and pay/US$	12,699	964	964
Total			¥812

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

1) Interest-related transactions

	March 31, 2010			
	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	¥18,000	¥(91)	$193,548	$(978)
Receive/fixed and pay/floating	54	0	581	0
Total	¥18,054	¥(90)	$194,129	$(968)

2) Currency-related transactions
No applicable items.

23. Business Combination

No applicable items.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

Ajinomoto Co., Inc. and Consolidated Subsidiaries
March 31, 2010

24. Segment Information

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

– Domestic food products segment, which includes *AJI-NO-MOTO®*, *HON-DASHI®*, *Cook Do®*, soups, mayonnaise, *PAL SWEET®* (domestic market), delicatessen, bakery products, amino *VITAL®*, frozen foods, beverages, edible oils, coffee products, etc.;

– Overseas food products segment, which includes *AJI-NO-MOTO®*, flavor seasonings, instant noodles, beverages, *AJI-NO-MOTO®* for processed food manufacturers, nucleotides, etc.;

– Amino acids segment, which includes Feed-use amino acids, amino acids for pharmaceuticals and foods, pharmaceutical fine chemicals, aspartame, specialty chemicals, etc.;

– Pharmaceuticals segment, which includes pharmaceuticals, medical foods;

– Other segment, which includes logistics, various services, etc.

The business and geographical segments of the Company and its consolidated subsidiaries for the years ended March 31, 2010 and 2009 are outlined as follows:

Business Segments

	Year ended March 31, 2010							
	Domestic food products	Overseas food products	Amino acids	Pharma-ceuticals	Other	Total	Corporate and eliminations	Consolidated
	(Millions of yen)							
I. Sales and operating income:								
Sales to third parties	¥626,890	¥214,613	¥190,163	¥82,594	¥ 56,614	¥1,170,876	¥ —	¥1,170,876
Intragroup sales	6,467	7,444	15,249	186	57,739	87,086	(87,086)	—
Total sales	633,358	222,057	205,412	82,781	114,353	1,257,963	(87,086)	1,170,876
Operating expenses	608,786	193,681	201,204	71,186	110,585	1,185,445	(78,602)	1,106,842
Operating income	¥ 24,571	¥ 28,376	¥ 4,208	¥11,594	¥ 3,767	¥ 72,518	¥ (8,484)	¥ 64,034
II. Assets, depreciation and capital expenditures:								
Total assets	¥366,920	¥206,338	¥250,341	¥70,772	¥ 65,436	¥ 959,809	¥122,428	¥1,082,238
Depreciation and amortization	14,995	10,366	18,248	3,689	2,092	49,392	5,990	55,382
Impairment losses on fixed assets	448	—	13,819	—	—	14,268	56	14,325
Capital expenditures	10,054	13,354	11,517	3,689	2,201	40,816	22,457	63,274

	Year ended March 31, 2010							
	Domestic food products	Overseas food products	Amino acids	Pharma-ceuticals	Other	Total	Corporate and eliminations	Consolidated
	(Thousands of U.S. dollars)							
I. Sales and operating income:								
Sales to third parties	$6,740,753	$2,307,667	$2,044,763	$888,108	$608,753	$12,590,065	$ —	$12,590,065
Intragroup sales	69,538	80,043	163,968	2,000	620,849	936,409	(936,409)	—
Total sales	6,810,301	2,387,710	2,208,731	890,118	1,229,602	13,526,484	(936,409)	12,590,065
Operating expenses	6,546,086	2,082,591	2,163,484	765,441	1,189,086	12,746,720	(845,183)	11,901,527
Operating income	$264,204	$305,118	$45,247	$124,667	$40,505	$779,763	$(91,226)	$688,538
II. Assets, depreciation and capital expenditures:								
Total assets	$3,945,376	$2,218,688	$2,691,839	$760,989	$703,613	$10,320,527	$1,316,430	$11,636,968
Depreciation and amortization	161,237	111,462	196,215	39,667	22,495	531,097	64,409	595,505
Impairment losses on fixed assets	4,817	—	148,591	—	—	153,419	602	154,032
Capital expenditures	108,108	143,591	123,839	39,667	23,667	438,882	241,473	680,366

(Note)

1) Major unallocated items in operating expenses included under corporate and eliminations was ¥8,815 million ($94,785 thousand), which mainly consisted of expenses at the administrative division and part of research facilities at the Company.

2) Major items in all company assets included under corporate and eliminations are Company surplus operating funds, long-term investment funds, land not used for business purposes, assets of the administration division, and some research facilities at the Company. For the fiscal year under review, these items totaled ¥229,083 million ($2,463,258 thousand).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

Ajinomoto Co., Inc. and Consolidated Subsidiaries
March 31, 2010

3) Changes in product lineup of business segments

Following an organizational review, from the fiscal year ended March 31, 2010 the Company has transferred umami seasonings for processed food manufacturers from the amino acids segment to the overseas food products segment.

The effect of this change was to increase sales by ¥57,857 million ($622,118 thousand) in overseas food products (of which sales to third parties was ¥52,325 million ($562,634 thousand)), by ¥5,529 million ($59,452 thousand) (with sales to third parties having no impact) in corporate and eliminations, and to decrease sales by ¥63,386 million ($681,570 thousand) in amino acids (of which sales to third parties was ¥52,325 million ($562,634 thousand)). Operating expenses increased ¥45,992 million ($494,538 thousand) in overseas food products, ¥5,310 million ($57,097 thousand) in corporate and eliminations, and decreased ¥51,302 million ($551,634 thousand) in amino acids. As a result, operating income increased ¥11,865 million ($127,581 thousand) in overseas food products and ¥218 million ($2,344 thousand) in corporate and eliminations, and decreased ¥12,084 million ($129,935 thousand) in amino acids.

Similarly, assets as of March 31, 2010 increased ¥119,407 million ($1,283,946 thousand) in overseas food products, and decreased ¥115,163 million ($1,238,312 thousand) in amino acids and ¥4,244 million ($45,634 thousand) in corporate and eliminations. Depreciation expenses increased ¥6,834 million ($73,484 thousand), and capital expenditure increased ¥7,039 million ($75,688 thousand) in overseas food products, and decreased by the same respective amounts in amino acids.

4) Changes in accounting policy

(Accounting Standard for Construction Contracts)

As described in the Changes in Accounting Policies Adopted in Consolidated Financial Statements, effective the fiscal year ended March 31, 2010, the Company has adopted the "Accounting Standard for Construction Contracts"

(Accounting Standards Board of Japan (ASBJ) Statement No. 15 of December 27, 2007) and the "Guidance on Accounting Standard for Construction Contracts" (ASBJ Guidance No. 18 of December 27, 2007). The effect of this change compared to the previous method was to increase sales by ¥752 million ($8,086 thousand) and operating income by ¥17 million ($183 thousand) in other business effective for the year ended March 31, 2010.

5) In line with the adoption of the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Statement No. 17 of March 21, 2008; revised 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), effective for the fiscal year ending March 31, 2011 the existing five business segments, domestic food products, overseas food products, amino acids, pharmaceuticals, and other business, will be reclassified as six business segments, domestic food products, overseas food products, bioscience products & fine chemicals (previously amino acids), pharmaceuticals, business tie-ups, and other business. This mainly results from edible oils and coffee products, which are currently included in the domestic food products segment, being classified as a new segment, business tie-ups.

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

(Note)

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

2) Major items in assets included under corporate and eliminations are Company surplus operating funds, long-term investment funds, land not used for business purposes, assets associated with management, and some research facilities. For fiscal 2009, these items totaled ¥236,257 million.

3) Changes in valuation standards and methods for important assets

As described in 2a, inventories held for sale in the ordinary course of business were previously stated based on the lower of cost or market method, cost being determined by the average method, but from fiscal 2009 the Company has adopted the "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9; issued on July 5, 2006), and accordingly such inventories are now mainly stated using the acquisition cost method, cost being determined by the average method (in cases where the profitability has declined, the book value is reduced accordingly).

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(CONT.)*

Ajinomoto Co., Inc. and Consolidated Subsidiaries
March 31, 2010

As a result, operating expenses increased ¥291 million in domestic food products, ¥0 million in overseas food products, ¥25 million in amino acids, ¥71 million in pharmaceuticals, and ¥1,256 million in corporate and eliminations. Operating income decreased ¥291 million in domestic food products, ¥0 million in overseas food products, ¥25 million in amino acids, ¥71 million in pharmaceuticals, and ¥1,256 million in corporate and eliminations.

4) Adoption of "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements"
As described in 2b, from the fiscal year ended March 31, 2009 the Company has adopted the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ PITF No. 18, issued on May 17, 2006) and made the necessary revisions to its consolidated financial statements.

As a result, operating expenses increased ¥1 million in domestic food products and ¥50 million in overseas food products, and decreased ¥136 million in amino acids. Operating income decreased ¥1 million in domestic food products and ¥50 million in overseas food products, and increased ¥136 million in amino acids.

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

As a result, operating expenses decreased ¥1,109 million in domestic food products, ¥0 million in overseas food products, ¥338 million in amino acids, and ¥157 million in pharmaceuticals, and increased ¥0 million in other and ¥1 million in corporate and eliminations. Operating income increased ¥1,109 million in domestic food products, ¥0 million in overseas food products, ¥338 million in amino acids, and ¥157 million in pharmaceuticals, and decreased ¥0 million in other and ¥1 million in corporate and eliminations.

Geographical Segments

	Year ended March 31, 2010						
	Japan	Asia	America	Europe	Total	Corporate and eliminations	Consolidated
	(Millions of yen)						
Sales to third parties	¥812,456	¥159,795	¥105,437	¥ 93,187	¥1,170,876	¥ —	¥1,170,876
Interarea sales and transfers	34,188	23,309	22,815	3,215	83,529	(83,529)	—
Total sales	846,645	183,104	128,252	96,403	1,254,406	(83,529)	1,170,876
Operating expenses	817,291	156,940	119,793	88,332	1,182,357	(75,514)	1,106,842
Operating income	¥ 29,353	¥ 26,164	¥ 8,458	¥ 8,071	¥ 72,048	¥ (8,014)	¥ 64,034
Total assets	¥483,107	¥184,394	¥124,675	¥108,742	¥ 900,920	¥181,318	¥1,082,238

	Year ended March 31, 2010						
	Japan	Asia	America	Europe	Total	Corporate and eliminations	Consolidated
	(Thousands of U.S. dollars)						
Sales to third parties	$8,736,086	$1,718,226	$1,133,731	$1,002,011	$12,590,065	$ —	$12,590,065
Interarea sales and transfers	367,613	250,634	245,323	34,570	898,161	(898,161)	—
Total sales	9,103,710	1,968,860	1,379,054	1,036,591	13,488,237	(898,161)	12,590,065
Operating expenses	8,788,075	1,687,527	1,288,097	949,806	12,713,516	(811,978)	11,901,527
Operating income	$ 315,624	$ 281,333	$ 90,946	$ 86,785	$ 774,710	$ (86,172)	$ 688,538
Total assets	$5,194,699	$1,982,731	$1,340,591	$1,169,269	$ 9,687,312	$1,949,656	$11,636,968

(Note)
1) The total amount of operating expenses that could not be allocated and were thus included in corporate and eliminations was ¥8,815 million ($94,785 thousand). This mainly consisted of expenses associated with the Company's administrative divisions and some research facilities.

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

For the fiscal year under review, these items totaled ¥229,083 million ($2,463,258 thousand).

3) Changes in accounting policy
(Accounting Standard for Construction Contracts)
As described in Changes in Accounting Policies Adopted in Consolidated Financial Statements, effective the fiscal year ended March 31, 2010, the Company has adopted the "Accounting Standard for Construction Contracts" (Accounting Standards Board of Japan (ASBJ) Statement No. 15 of December 27, 2007) and the "Guidance on Accounting Standard for Construction Contracts" (ASBJ Guidance No. 18 of December 27, 2007). The effect of this change compared to the previous method was to increase sales by ¥752 million ($8,086 thousand) and operating income by ¥17 million ($183 thousand) in "Japan".

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(CONT.)*

Ajinomoto Co., Inc. and Consolidated Subsidiaries
March 31, 2010

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

(Note)

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

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

For the year ended March 31, 2009, these items totaled ¥236,257 million.

3) Changes in valuation standards and methods for important assets

As described in 2a, inventories held for sale in the ordinary course of business were previously stated based on the lower of cost or market method, cost being determined by the average method, but from fiscal 2009 the Company has adopted the "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9; issued on July 5, 2006), and accordingly such inventories are now mainly stated using the acquisition cost method, cost being determined by the average method (in cases where the profitability has declined, the book value is reduced accordingly).

As a result, operating expenses increased ¥388 million in "Japan" and ¥1,256 million in corporate and eliminations. Operating income decreased ¥388 million in "Japan" and ¥1,256 million in corporate and eliminations.

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

As described in 2b, from fiscal 2009 the Company has adopted the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ PITF No. 18 issued on May 17, 2006) and made the necessary revisions to its consolidated financial statements.

As a result, operating expenses increased ¥61 million in "Asia" and ¥39 million in "America", and decreased ¥186 million in "Europe". Operating income decreased ¥61 million in "Asia" and ¥39 million in "America", and increased ¥186 million in "Europe".

5) Change in method of allocation of operating expenses

Previously, expenses associated with the Company's administrative divisions and some research facilities were included in "Japan", but in line with a change in management method, from fiscal 2009 they are included in corporate and eliminations.

As a result, operating expenses decreased ¥12,772 million in "Japan" and increased ¥12,772 million in corporate and eliminations. Operating income increased ¥12,772 million in "Japan" and decreased ¥12,772 million in corporate and eliminations.

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

As described in 3a, in line with a revision of the Corporation Tax Law in fiscal 2008, from fiscal 2009 the Company and its consolidated subsidiaries in Japan have changed their estimates for the useful lives of fixed assets.

As a result, operating expenses decreased ¥1,605 million in "Japan" and increased ¥1 million in corporate and eliminations. Operating income increased ¥1,605 million in "Japan" and decreased ¥1 million in corporate and eliminations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

Ajinomoto Co., Inc. and Consolidated Subsidiaries
March 31, 2010

Overseas Sales

Overseas sales, which include export sales of the Company and its domestic consolidated subsidiaries and sales (other than exports to Japan) of foreign consolidated subsidiaries, for the years ended March 31, 2010 and 2009 are summarized as follows:

	Year ended March 31, 2010			
	Asia	America	Europe	Total
	(Millions of yen)			
Overseas sales	¥179,229	¥111,829	¥91,276	¥ 382,335
Consolidated net sales	—	—	—	1,170,876
	(Thousands of U.S. dollars)			
Overseas sales	$1,927,194	$1,202,462	$981,462	$ 4,111,129
Consolidated net sales	—	—	—	12,590,065
Overseas sales as a percentage of consolidated net sales	15.3%	9.6%	7.8%	32.7%

	Year ended March 31, 2009			
	Asia	America	Europe	Total
	(Millions of yen)			
Overseas sales	¥169,019	¥110,391	¥96,523	¥ 375,933
Consolidated net sales	—	—	—	1,190,371
Overseas sales as a percentage of consolidated net sales	14.2%	9.3%	8.1%	31.6%

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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, 2010 and 2009, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Ajinomoto Co., Inc. and consolidated subsidiaries at March 31, 2010 and 2009, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2010 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, 2010

Ernst & Young ShinNihon LLC

A member firm of Ernst & Young Global Limited

MAJOR SUBSIDIARIES AND AFFILIATES (1/2)

(As of March 31, 2010)

■ 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	9,537,000	100.0	Frozen Foods
■ AJINOMOTO LOGISTICS CORPORATION	Japan	JPY	1,930,000	89.4 (1.1)	Other
■ Ajinomoto Pharma Co., Ltd.	Japan	JPY	4,560,000	100.0	Pharmaceuticals
■ Ajinomoto Treasury Management, Inc.	Japan	JPY	500,000	100.0	Other
■ Calpis Co., Ltd	Japan	JPY	13,056,000	100.0	Beverages and Dairy Products
■ GABAN Co., Ltd.	Japan	JPY	2,827,000	55.4	Domestic Seasonings and Processed Foods
■ Knorr Foods Co., Ltd.	Japan	JPY	4,000,000	100.0	Domestic Seasonings and Processed Foods
■ J-OIL MILLS, INC.	Japan	JPY	10,000,000	27.3	Edible Oils
■ Ajinomoto General Foods, Inc.	Japan	JPY	3,862,000	50.0	Beverages and Dairy Products
ASIA					
■ Ajinomoto (China) Co., Ltd.	China	USD	104,108	100.0	Overseas Food Products
■ CHUANHUA AJINOMOTO CO., LTD	China	USD	53,396	70.0	Feed-Use Amino Acids
■ HENAN AJINOMOTO AMINO ACID CO., LTD.	China	USD	6,000	100.0 (100.0)	Amino Acids for Pharmaceuticals and Foods
■ Lianyungang Ajinomoto Frozen Foods Co., Ltd.	China	USD	5,800	100.0 (100.0)	Frozen Foods
■ Lianyungang Ajinomoto Ruyi Foods Co., Ltd.	China	USD	5,500	90.0 (90.0)	Frozen Foods
■ Shanghai Ajinomoto Amino Acid Co., Ltd.	China	USD	12,000	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
■ SHANGHAI HOUSE AJINOMOTO FOODS CO., LTD.	China	USD	17,264	70.0 (65.0)	Overseas Food Products
■ Xiamen Ajinomoto Life Ideal Foods Co., Ltd.	China	USD	7,000	51.0 (51.0)	Frozen Foods
■ PT Ajinex International	Indonesia	USD	44,000	100.0	Umami Seasonings for Processed Food mfrs
■ PT Ajinomoto Indonesia**	Indonesia	USD	8,000	50.0	Overseas Food Products
■ PT Ajinomoto Calpis Beverage Indonesia	Indonesia	USD	22,920	100.0 (95.9)	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)	Overseas Food Products
■ Ajinomoto Co., (Thailand) Ltd.	Thailand	THB	796,362	78.7 (4.5)	Overseas Food Products
■ Ajinomoto Frozen Foods (Thailand) Co., Ltd.	Thailand	THB	105,000	100.0 (100.0)	Frozen Foods
■ Fuji Ace Co., Ltd.	Thailand	THB	500,000	51.0 (51.0)	Packaging
■ Ajinomoto Vietnam Co., Ltd.	Vietnam	USD	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, 2009)

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

AMERICA

Company name	Country	Capital stock (thousands)		Voting rights*	Major business
■ Ajinomoto Interamericana Indústria e Comércio Ltda.	Brazil	BRL	355,552	100.0	Umami Seasonings for Processed Food mfrs
■ Ajinomoto do Brasil Ind. e Com. de Alimentos Ltda.	Brazil	BRL	557,746	100.0	Feed-Use Amino Acids
■ Ajinomoto del Perú S.A.	Peru	PEN	45,282	99.6	Overseas Food Products
■ Ajinomoto Frozen Foods U.S.A., Inc.	United States	USD	15,030	100.0 (100.0)	Frozen Foods
■ Ajinomoto U.S.A., Inc.	United States	USD	750	100.0	Other
■ Calpis U.S.A., Inc.	United States	USD	9,000	100.0 (100.0)	Beverages and Dairy Products
■ Nissin-Ajinomoto Alimentos Ltda.	Brazil	BRL	12,689	50.0	Overseas Food Products

EUROPE

Company name	Country	Capital stock (thousands)		Voting rights*	Major business
■ S.A. Ajinomoto OmniChem N.V.	Belgium	EUR	21,320	100.0 (0.0)	Pharmaceutical Fine Chemicals
■ Ajinomoto Sweeteners Europe S.A.S.	France	EUR	51,000	100.0 (0.0)	Amino Acid-Based Sweeteners
■ AJINOMOTO EUROLYSINE S.A.S.	France	EUR	26,865	100.0 (0.0)	Feed-Use Amino Acids
■ Ajinomoto Poland Sp. z o.o.	Poland	PLN	39,510	100.0	Overseas Food Products
■ ZAO “AJINOMOTO-GENETIKA Research Institute”	Russia	RBL	468,151	100.0	Other
■ West African Seasoning Co., Ltd.	Nigeria	NGN	981,108	100.0	Overseas Food Products

Notes: *Numbers in parentheses indicate indirect equity ownership.

INVESTOR INFORMATION (1/2)

(As of March 31, 2010)

AJINOMOTO CO., INC.

Established: May 20, 1909

Number of employees: 27,215 (consolidated basis)
3,755 (non-consolidated basis)

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

Common stock
Authorized: 1,000,000,000 shares

Issued: 700,032,654 shares

Paid-in capital: ¥79,863 million

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

Shareholder registrar: Mitsubishi UFJ Trust and Banking Corporation

Independent auditor: Ernst & Young ShinNihon

Number of shareholders: 73,649

Head office: 15-1, Kyobashi 1-chome, Chuo-ku,
Tokyo 104-8315, Japan
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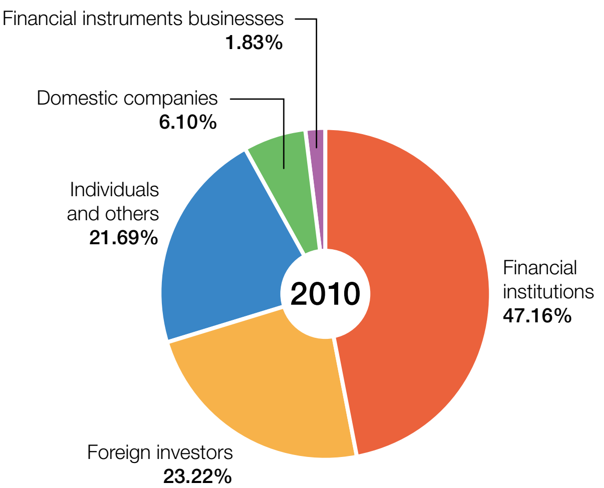
Fax: +81 (3) 5250-8378

DISTRIBUTION OF SHAREHOLDERS

(By number of shares)



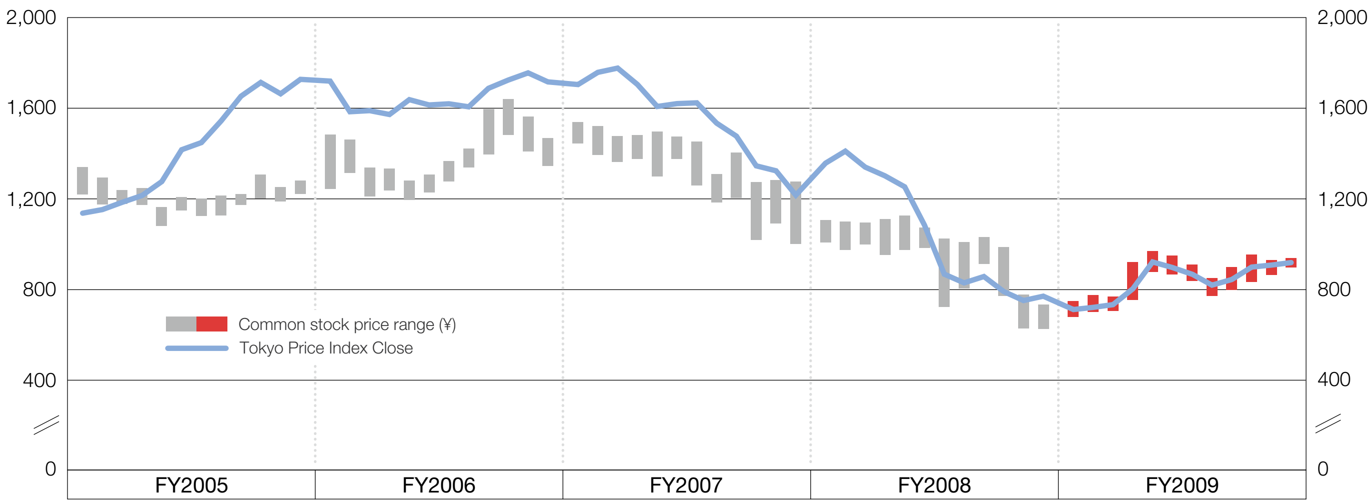
MAJOR SHAREHOLDERS

Name of shareholders	Number of Shares (Thousands)	Equity Position (%)
The Master Trust Bank of Japan, Ltd. (trust account)	45,530	6.50
Japan Trustee Services Bank, Ltd. (trust account)	36,701	5.24
The Dai-ichi Mutual Life Insurance Company	26,199	3.74
Nippon Life Insurance Company	25,706	3.67
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	20,149	2.88
NIPPONKOA Insurance Co., Ltd.	16,097	2.30
Meiji Yasuda Life Insurance Company	12,624	1.80
National Mutual Insurance Federation of Agricultural Cooperatives	12,087	1.73
Mitsubishi UFJ Trust and Banking Corporation	11,548	1.65
Sompo Japan Insurance Inc.	10,377	1.48

INVESTOR INFORMATION (2/2)

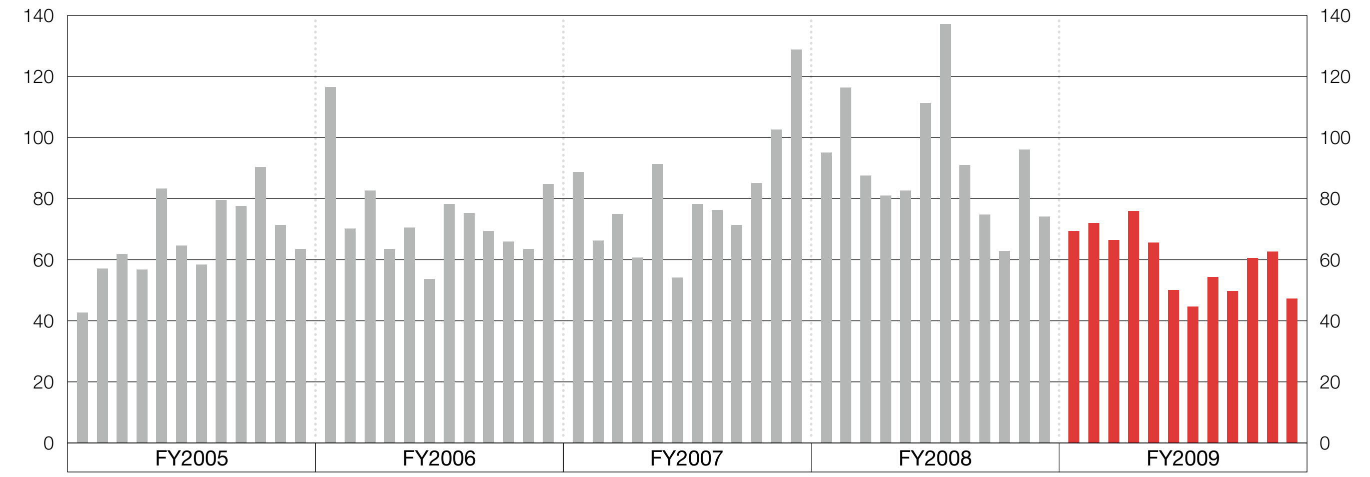
(As of March 31, 2010)

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

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