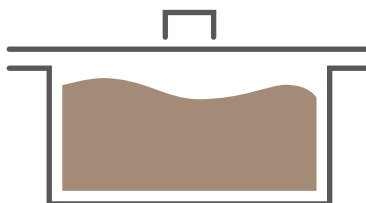
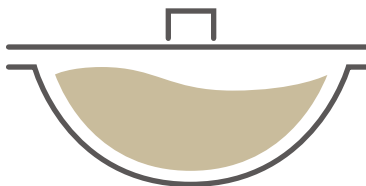


Ajinomoto Co., Inc.

FINANCIAL REPORT 2013

For the year ended March 31, 2013



FINANCIAL REPORT 2013

Ajinomoto Co., Inc. and Consolidated Subsidiaries
For the year ended March 31, 2013

CONTENTS

<u>MESSAGE FROM THE CEO</u>	<u>3</u>
FINANCIAL SECTION	
<u>SIX-YEAR SUMMARY OF SELECTED FINANCIAL DATA</u>	<u>9</u>
<u>MANAGEMENT'S DISCUSSION AND ANALYSIS</u>	<u>10</u>
<u>CONSOLIDATED BALANCE SHEETS</u>	<u>22</u>
<u>CONSOLIDATED STATEMENTS OF INCOME</u>	<u>24</u>
<u>CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME</u>	<u>25</u>
<u>CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS</u>	<u>26</u>
<u>CONSOLIDATED STATEMENTS OF CASH FLOWS</u>	<u>28</u>
<u>NOTES TO CONSOLIDATED FINANCIAL STATEMENTS</u>	<u>29</u>
<u>REPORT OF INDEPENDENT AUDITORS</u>	<u>54</u>
CORPORATE DATA	
<u>MAJOR SUBSIDIARIES AND AFFILIATES</u>	<u>55</u>
<u>INVESTOR INFORMATION AND LINKS</u>	<u>57</u>

FORWARD-LOOKING STATEMENTS

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

Note: In this document the Ajinomoto Group is referred to as "the Group", and Ajinomoto Co., Inc. is referred to as "Ajinomoto Co." or "the Company". AJI-NO-MOTO® is the trademark of the Ajinomoto Group's umami seasoning products.

*Geographical area segments are categorized on the basis of geographic proximity and indicated in inverted commas.

Main countries and regions in segments other than "Japan":

"Asia": Countries of East and Southeast Asia

"Americas": Countries of North and South America

"Europe": Countries of Europe and Africa

MESSAGE FROM THE CEO MASATOSHI ITO

FY2011–2013 MANAGEMENT PLAN ON TRACK

Steadily building foundation for development as a “Genuine Global Company”

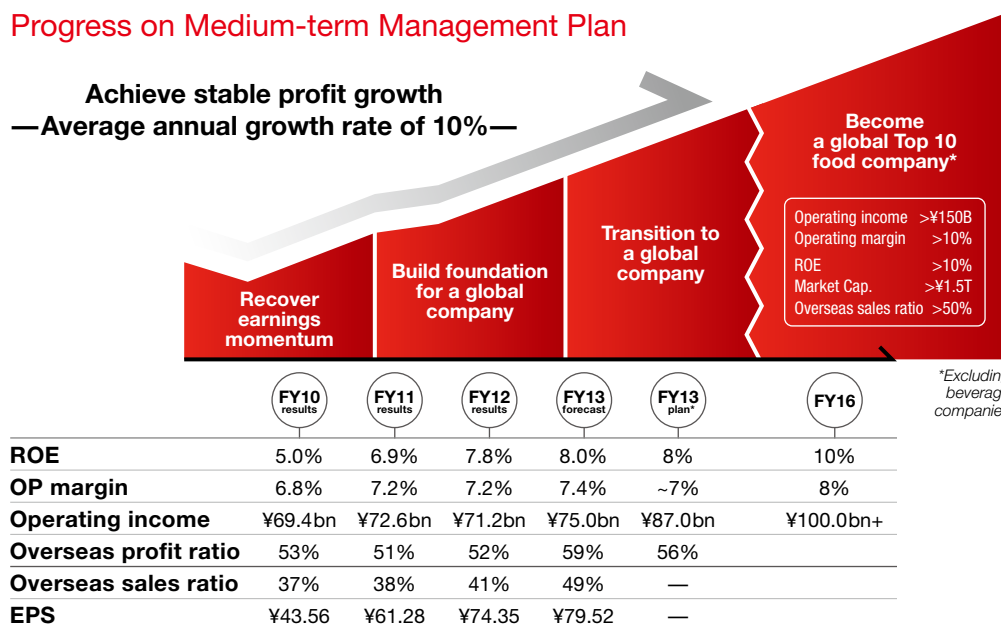
Ajinomoto Co. produced record ordinary income and net income in the year under review, amid a global and domestic business environment that remained challenging. Although net sales decreased 2.1% and operating income decreased 1.9%, excluding the effect of the sale of Calpis Co., Ltd. (“Calpis Co.”) these results were largely in line with the previous year.

Positive factors for the year under review included growth in overseas food products, steady performance in domestic food products, and reduced volatility in animal nutrition, in line with the aims of our medium-term management plan (“the Plan”).

Negative factors included sluggish performance in umami seasonings for processed food manufacturers, where the supply and demand balance has worsened, some weakness in bulk sweeteners, and weak pharmaceutical business performance due to the impact of the NHI drug price revisions.

Progress on Medium-term Management Plan

Achieve stable profit growth
—Average annual growth rate of 10%—



Note: Presented under new standards from FY2013.

*Targets announced in December 2011 on launch of three-year medium-term management plan



Masatoshi Ito

Masatoshi Ito became President & CEO of Ajinomoto Co., Inc. in June 2009. His career with the Company spans 42 years.

MESSAGE FROM THE CEO **MASATOSHI ITO** (CONT.)

If we compare our initial targets for FY2013, as the final year of the Plan, with our forecasts for FY2013, there is a shortfall in sales of ¥345 billion. Part of this can be accounted for by proactive steps taken to improve our business structure, including the sale of all Calpis Co. shares, which reduced consolidated sales by approximately ¥100 billion, and the transfer of our infusions and dialysis business to a joint venture company, which reduced consolidated sales by approximately ¥20 billion. There is also the approximately ¥190 billion impact of changing the recording of sales at affiliated companies, etc. to a net sales basis, as a means of providing a more meaningful and transparent presentation of business performance. Based on this new method of recording affiliated company sales, which we believe makes it easier to understand our business structure, for FY2013 we forecast that the overseas sales ratio will be 49% and the overseas operating profit ratio will be for 59%.

Operating income for FY2013 is also forecast to be lower than the amount targeted for the end of the Plan, by ¥12 billion. Although our forecasts are ahead of plan for domestic foods, overseas foods and bioscience products & fine chemicals, these are not sufficient to fully compensate for the impact of selling Calpis Co., worsening profitability in umami seasonings for processed food manufacturers due to lower unit prices, weakness in pharmaceuticals, and other factors.

Despite these shortfalls, there are some important medium-term management indicators that we do expect to reach. We are forecasting ROE to increase from 7.8% in FY2012 to 8% in FY2013, and for EPS to reach a further high in FY2013 after the record level of FY2012. We also forecast an O.P. margin of 7.4%, and although changes to our method of recording sales means it is not possible to make a simple comparison with our original target for the final year of the Plan, we expect to achieve a clear improvement over previously achieved levels.

Taken collectively, these outcomes and forecasts show that our progress is largely within the scope envisaged under the Plan, and we are steadily reaching the milestones on our “Genuine Global Company” roadmap.

M&A as a tool for growth

M&A is an important element of our growth strategy, as a means of accessing external resources, strengthening our business structure and its scale, and facilitating ongoing innovation. We allowed for a debt-equity ratio of up to 50% for the three years of our current management plan, and although we have not implemented a large-scale project within the period of the plan to date, we have recently made an addition to our business portfolio with the April 2013 acquisition of Althea Technologies, a San Diego-based biopharmaceutical CDMO (Contract Development and Manufacturing Organization), for approximately ¥16 billion. This company offers a strong fit with the Ajinomoto Group’s existing biopharmaceutical business, and will serve as a platform for expansion in the rapidly growing pharmaceutical field.

“We are steadily reaching the milestones on our “Genuine Global Company” roadmap.”

>>>

MESSAGE FROM THE CEO >>>

MESSAGE FROM THE CEO **MASATOSHI ITO** (CONT.)**Underlying growth in domestic food products**

Domestic food products is the largest segment of our business, accounting for around 34% of total sales in the year under review. The removal of Calpis Co. sales from the third quarter led to an 8.5% decrease in sales for the year, but on a like-for-like basis, excluding Calpis Co., sales actually increased 2.6%. On the same basis, operating income also increased, by 6.5%. In the extremely competitive Japanese market amid ongoing deflationary pressure, this result highlights the effective measures we have been taking to generate added value for the Ajinomoto Brand.

Looking to the year ahead, Japanese consumption tax is set to rise from 5% to 8% in April 2014. We expect this to have only a limited impact on daily consumables, perhaps for a period of months. In response to higher raw material prices and high costs associated with the weaker yen, we intend to continue our policy of combining internal cost savings with higher added value content to ensure appropriate pricing.

Japan, with its aging population profile and falling birth rate, shows trends we believe will also become apparent in overseas markets. Although the number of people in an average household in Japan is decreasing, people still want to live better lives and eat better food. They are busy, often with two working adults, yet more than ever need delicious, easy-to-prepare food. We are dedicated to meeting the needs of these consumers, and by doing so can create new categories and market opportunities to generate steady growth even in Japan, which is considered to be a highly mature market. We can expect similar socio-economic changes to take place in Asia and other overseas markets, and see this as a tremendous opportunity for the Ajinomoto Group to make use of the experience we have gained in Japan.

Strong progress and potential in overseas foods

Sales in our overseas food products business grew on both a yen and a local currency basis, with sales volumes showing double digit growth. This growth mainly reflected higher sales of consumer foods.

As I noted earlier, there are clear opportunities for further growth in overseas markets, and we are investing in marketing, research and our manufacturing network to create additional demand. Markets of particular promise include Southeast Asia and South America, where we already have strong market positions and consumer loyalty. Our aim is to grow business not only in mainstay products but also in next-generation products.

We also see strong potential in Africa and Middle Eastern countries, and we are developing our business platform in these new markets. In China, we are focusing on retail-use and restaurant-use sales, and over the long term we aim to develop high added value business. Although we do not yet have a significant presence in China's consumer market, China continues to be an important location for the manufacture of amino acids, frozen foods and other products.

“I am finding that our unique strengths are increasingly acknowledged around the world.”



Local market in Bangladesh

MESSAGE FROM THE CEO **MASATOSHI ITO** (CONT.)**On track with bioscience products and fine chemicals**

We achieved solid performance in bioscience products and fine chemicals for FY2012, with sales up 3.1% on the back of growth in animal nutrition and amino acids for pharmaceuticals and foods. Operating income increased 18.0%, reflecting the growth in sales along with favorable foreign exchange rates.

We have been adopting a range of measures over the past several years to try and ensure greater stability in this business, and in FY2013 we are starting to see results. In the highly competitive area of animal nutrition we are aiming to create further added value, for example by developing and commercializing feed-use amino acids suitable for dairy cows, for which the market is currently immature.

Key initiatives to revitalize pharmaceuticals

Pharmaceutical sales and operating income decreased in the year under review, and we are taking additional structural and strategic steps to address key issues in the business. We believe profits bottomed out during FY2012, and forecast improved operating income for FY2013 as we put in place measures to restore a healthy operating income for the subsequent three years, FY2014 through FY2016.

Our specific initiatives for pharmaceuticals are in three main areas: restructuring our infusions and dialysis business where profitability has fallen, enhancing the pipeline, and improving operational efficiency.

For the infusions and dialysis business, in December 2012 we announced an agreement with Yoshindo Inc. to establish a joint venture that will manage the spin-off infusion and dialysis business of Ajinomoto Pharmaceuticals Co., Ltd. Yoshindo Inc. is experienced in R&D, manufacturing and marketing of high quality generics, and through this collaboration the two companies aim to streamline and expand the infusion and dialysis business. As of writing, the JV is scheduled for launch on July 1, 2013 after receiving personnel and manufacturing/sales rights transferred from Ajinomoto Pharmaceuticals Co, Ltd.

To improve our product pipeline, we are actively developing external alliances and introducing products from outside the Company. This includes promising R&D tie-ups between Ajinomoto Co., Inc. and Interprotein Corporation, RaQualia Pharma Inc. and other such companies. These relationships will enable us to improve the efficiency of our R&D spend while increasing our capacity for strong R&D outcomes.

Other measures to improve operational efficiency include reducing production costs under our joint venture by concentrating manufacturing in a single factory, and closely controlling marketing expenses.

“To improve our product pipeline, we are actively developing external alliances and introducing products from outside the Company.”

>>>

MESSAGE FROM THE CEO >>>

MESSAGE FROM THE CEO **MASATOSHI ITO** (CONT.)**Using R&D leadership as a growth driver**

The Ajinomoto Group is widely recognized as a pioneer in cutting-edge biotechnology, primarily from our business roots in amino acid research and development. We are committed to R&D leadership as a means of growth drivers, avoiding commoditization, shifting from volume to value, and creating a robust business foundation that can withstand downturns in the business cycle.

We invest 40% of our R&D resources in two core growth domains: seasonings and cutting-edge biotechnology. In dry seasonings, we aim to be the world's No. 1, acquiring technologies in all the areas that make up deliciousness, in addition to deepening our taste technologies and developing new products that tailored to food culture of each countries and market needs. We are supporting this with a global R&D network, promoting partnerships and open innovation as a means of accelerating product commercialization.

In bioscience products and fine chemicals, we have three areas of focus: White Biotech (biotechnology to produce useful industrial materials and fermentation technologies using raw materials that do not compete with foodstuffs), Green Biotech (technologies to improve productivity and quality of plants, animals and fishery resources), and Fine Chemicals/Life Science (next-generation pharmaceuticals, healthcare and nutrition technology, and electronic materials). Examples of outputs include lower resource fermentation, energy-saving bio-based ingredients, amino acid nutrition for plants, fisheries and livestock, and solutions for bio pharmaceuticals and regenerative medical.

Rewarding our shareholders

One of the strategic principles within the medium-term management plan is to shift our focus from profit to cash. We prioritize the use of free cash flow for investment in growth, with unallocated funds being considered for returns to shareholders.

On January 11, 2013 we completed a share repurchase of up to ¥50 billion that we had announced in May 2012, with retirement of all shares repurchased. In May 2013 we announced a resolution by the board of directors to conduct a further share repurchase by July 19, 2013, to a maximum of ¥30 billion, funded entirely by available cash. Our intension is to cancel all shares purchased in this initiative, at a date to be determined. These initiatives, including a dividend increase we announced at the same time, are undertaken as a means of increasing the level of shareholder returns.

Corporate governance

In the broader context of corporate governance and executive management, we have been pursuing a number of measures to reinforce the Group's foundations as a global organization. These include increasing the number of local managers in overseas locations, bringing in outside directors, and pursuing diversity in our management and front line personnel.

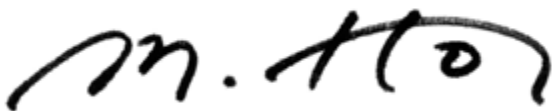
All these measures support the sustainability of our business and our ability to reward our shareholders now and in the future.

“The Ajinomoto Group is widely recognized as a pioneer in cutting-edge biotechnology, primarily from our business roots in amino acid research and development.”

MESSAGE FROM THE CEO **MASATOSHI ITO** (CONT.)**Building on our unique strengths to grow as a global company**

In the roadmap to becoming a 'Genuine Global Company' that we presented to investors and other stakeholders in FY2010, the period of the current Plan is designated as three years in which to firmly establish our global business foundations. These foundations are now largely in place, and as we continue our drive to join the global top 10 food companies, we need to accelerate the completion of our foundation in Japan and abroad. This will be underpinned by the results of R&D development and by making the best possible use of our unique strengths.

I typically travel outside Japan for about one week in every month, and in my visits to our diverse markets and business partners I am finding that our unique strengths are increasingly acknowledged around the world. This was highlighted by a recent visit I made to Althea Technologies, the U.S. biopharmaceutical company that we acquired in April 2013. In speaking with the executives of Althea, they expressed their delight at merging with the Ajinomoto Group, citing our ideal combination of business scale, R&D capability, proprietary technology, ambition and commitment to global growth. I was pleased to agree with them, and can assure my readers that within our Group, our commitment to change and growth has never been higher.



Masatoshi Ito
President



Ajinomoto Althea, Inc.

SIX-YEAR SUMMARY OF FINANCIAL DATA

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

 Attachment

Millions of yen	2013	2012	2011	2010	2009	2008
FOR THE YEAR						
Net sales	¥1,172,442	¥1,197,313	¥1,207,695	¥1,170,876	¥1,190,371	¥1,216,572
Cost of sales	788,105	793,524	804,716	785,578	833,123	856,974
Gross profit	384,337	403,788	402,978	385,298	357,247	359,597
Selling, general and administrative expenses	313,104	331,203	333,604	321,264	316,420	299,074
Operating income	71,232	72,584	69,374	64,034	40,827	60,523
Other income (expenses)	29,595	(493)	(20,929)	(19,242)	(37,570)	(8,673)
Income before income taxes and minority interests	100,828	72,091	48,444	44,791	3,256	51,849
Net income (loss)	48,373	41,754	30,400	16,646	(10,227)	28,229
Capital expenditures	61,590	56,778	45,772	44,117	58,293	62,780
Depreciation and amortization	42,463	43,717	49,825	55,382	55,192	55,189
AT YEAR-END						
Shareholders' equity*1	¥ 635,287	¥ 605,349	¥ 608,191	¥ 602,770	¥ 585,234	¥ 628,325
Total assets	1,091,741	1,097,057	1,077,418	1,082,238	1,057,786	1,100,709
Long-term debt	82,561	106,617	110,984	116,372	119,365	84,996
PER SHARE (YEN)						
Net income (loss)	¥ 74.4	¥ 61.3	¥ 43.6	¥ 23.9	¥ (14.7)	¥ 41.9
Shareholders' equity	1,004.4	894.6	871.6	863.7	838.5	899.4
Cash dividends	18.0	16.0	16.0	16.0	16.0	16.0
VALUE INDICATORS						
Liquidity ratios:						
Debt/equity ratio (%) ^{*2}	18.4	21.5	21.9	24.5	25.5	23.0
Interest coverage ratio (times) ^{*3}	38.4	34.8	29.3	19.1	9.0	13.3
Investment indicators:						
Price/earnings ratio (times) ^{*4}	19.0	16.9	19.9	38.8	—	24.1
Price/book value (times) ^{*5}	1.4	1.2	1.0	1.1	0.8	1.1
Return indicators:						
Return on assets (%) ^{*6}	4.4	3.8	2.8	1.6	-0.9	2.6
Return on equity (%) ^{*7}	7.8	6.9	5.0	2.8	-1.7	4.7
Number of employees	27,518	28,245	28,084	27,215	26,869	25,893

Notes: 1. Shareholders' equity for the year ended March 31, 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 2012, ended March 31, 2013

Overview of Financial Strategy

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

1. Investment for growth

Under the current management plan, the Ajinomoto Group has established a capital expenditure framework of a maximum of ¥180.0 billion over three years, focusing on capital expenditure that will drive growth over the medium to long term. At the end of FY2012 the Ajinomoto Group had a high level of cash on hand, reflecting factors such as the sale of Calpis Co, Ltd (Calpis Co.) shares, higher cash equivalents, and exchange rate effects.

Actual capital expenditure during FY2012 was ¥61.6 billion, largely in line with planned expenditure of ¥60.6 billion. To strengthen existing businesses, we continued to invest in plant to increase production of core products, mainly in consumer foods in overseas markets, and in bioscience products and fine chemicals, ongoing investment was made to strengthen cost competitiveness and create additional added value.

Our approach to M&A and other investment for growth will continue to follow the policy outlined in our medium-term management plan. Our aim is to be the world's No. 1 seasonings maker and to develop cutting-edge global biotechnology platform. Accordingly, we will consider attractive acquisitions to our business portfolio that can help us achieve our aims. Examples of investments we have made include the establishment of a joint venture with South Korean company Genexine Co., Ltd., and our acquisition of U.S.-based biopharmaceutical CDMO company Althea Technologies, Inc.

We have a number of investment criteria that we apply to M&A and capital expenditure. Investment decisions are made after due consideration of factors such as IRR to date, net present value, investment return period, the ratio of operating income to fixed assets, and the number of years required to repay the additional funding. Investments must in principle meet these criteria, and all proposals for internal investment or lending are subject to thorough deliberations by the Investment, Loan and Examination Committee before decisions are made by the Management Committee. In addition, any business operations that continue to make losses at the operating profit level in three consecutive years will in principle be reviewed. The final decision to withdraw is taken after the business has been assessed. This standard is applied throughout the Ajinomoto Group.

2. Cash flow and funding procurement

During FY2012 the Company implemented share repurchases of 43,970,000 shares for approximately ¥50.0 billion and all purchased shares were cancelled. For FY2013, further share repurchases and cancellations are planned, with an upper limited of 30 million shares and ¥30.0 billion.

Despite outgoings from the share repurchase during the year under review, the inflows from the sale of Calpis Co. and other factors resulted in free cash flow of ¥103.7 billion, significantly higher than the ¥51.6 billion generated in the previous year.

We aim to maintain a sound level of cash and cash equivalents. Assets are continually reviewed, and any that are not essential to business operations are liquidated. Improved liquidity management will continue to support financial performance. Ajinomoto Co. has unified treasury management for a substantial proportion of group companies in order to raise the efficiency of asset and liability management and reduce external borrowing and its costs. As a result, the Ajinomoto Group companies in Japan obtain nearly 100% of their funding requirements through group pooling. In Thailand, China, North America and Europe, funding is secured in each region to minimize costs, and over the coming years we aim to increase the scope of this intra-regional pooling and expand the system to enable inter-regional pooling. Funding for capital investment and M&A is sourced through long-term borrowing as appropriate after taking into account retained earnings, and overall funding is based on achieving a balance of long-term borrowing and short-term borrowing, monitoring this ratio with a view to ensuring an appropriate balance between current and fixed assets. We are prepared to increase the proportion of short-term debt

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

Ajinomoto Co., Inc. and Consolidated Subsidiaries
For fiscal 2012, ended March 31, 2013

on a temporary basis if it seems prudent to do so. Our target for the current medium-term management plan is to maintain interest-bearing debt below ¥200.0 billion. Long-term debt is spread out over multiple repayment dates.

R&D is an important driver of growth in the Ajinomoto Group. We have set an R&D budget for duration of the FY11-13 medium-term management plan of approximately ¥37.0 billion per year. We are currently operating in line with this budget, with R&D expenditure of ¥34.8 billion in FY2011, ¥32.6 billion in FY2012, and planned expenditure of ¥34.8 billion for FY2013.

3. Shareholder returns

The Company's basic principle on returns to shareholders is to ensure continuous and stable dividends, taking into consideration consolidated earnings. The Company also considers share repurchases on a flexible basis. The Company's ROE targets are for 8% in FY2013 and 10% in FY2016, and although the primary means of achieving these targets is to grow earnings, the Company views share repurchases to improve capital efficiency as an adjunct.

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

For the fiscal year under review (ended March 31, 2013), the Company paid a dividend of ¥18 per share (including an interim dividend of ¥8 per share), ¥2 per share more than for the previous fiscal year (ended March 31, 2012). For the next fiscal year (ending March 31, 2014), an annual dividend of ¥20 per share is planned, including an interim dividend payment of ¥10 per share, taking into account the principle of ensuring stable returns to shareholders.

Recently announced share repurchase amounts were determined after assessment of free cash flow after payment of dividends in FY2011 and FY2012. The purpose is to increase the level of shareholder returns and improve capital efficiency.

Credit Rating

Ajinomoto Co. will continue to emphasize maintaining its solid credit ratings as one means of controlling the cost of funding global growth by ensuring favorable access to external sources of capital, including bonds and syndicated loans. We intend to maintain the D/E ratio at approximately 30% on a consolidated basis, although the ratio may be allowed to increase to approximately 50% on a short-term basis in the event of a major investment, such as M&A.

Currently, Ajinomoto Co. is rated by two credit rating agencies: Standard & Poor's (S&P) and Rating and Investment Information, Inc. (R&I).

Credit Rating Agencies	Ratings for the Company's Long-Term Debt
Standard & Poor's	AA-
Rating and Investment Information, Inc.	AA

Foreign Currency Translation

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

Foreign exchange rates can have a large influence on the Ajinomoto Group's results, and the Ajinomoto Group's operations encompass transactions in a range of currencies, including the Brazilian real and the Thai baht. Forecasting the impact of exchange rates over the medium or longer term is therefore extremely difficult, and the Ajinomoto Group has for a number of years been taking concerted steps to manage the potential impact

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

Ajinomoto Co., Inc. and Consolidated Subsidiaries
For fiscal 2012, ended March 31, 2013

of exchange rate movements, for example by creating a diversified manufacturing network. Our approach to risk management is based on the Ajinomoto Group-wide Foreign Exchange Risk Management Policy. This policy includes reconciliation of currency positions throughout the Group, with oversight at the board level and through other measures.

Changing Accounting Policy for Business Tie-ups, etc.

Formerly, for edible oil and coffee products and certain other operations that are essentially margin businesses, the gross figures for sales and cost of sales were recorded in the accounts. However, from FY2013 we have changed the method of presentation by netting off sales and cost of goods sold and recording the net figure in the accounts. The purpose of this change is to enable a more accurate and clear understanding of the actual contribution of these operations to our business composition.

Employee Pension Fund

On September 1, 2012 the Ajinomoto employee's pension fund, in which Ajinomoto Co. participates, received approval from the Minister of Health, Labour and Welfare for the return of the benefit obligations related to past employee service under the substitutable portion of the welfare pension fund in connection with the enforcement of the Defined-Benefit Corporate Pension Law. Accordingly, based on Section 44-2 of the "Practical Guidelines on Accounting for Retirement Benefits (Interim Report)" (Accounting Committee Report No. 13 of the Japanese Institute of Certified Public Accountants), the Company recorded an extraordinary gain of ¥27,752 million in the fiscal year ended March 31, 2013.

Early Adoption of New Accounting Standard for Retirement Benefits

Previously, prior service costs were recorded on the balance sheet through amortization over 10 years from the time of recognition. For the first year of adoption of the new accounting standard for retirement benefits, all previously unrecognized (off balance sheet) amounts have been recorded as a single entry. As a result, accounting capital at the start of FY2013 decreased by ¥26.9 billion.

Concomitant with a decrease in the discount rate from 1.5% to 1.1% for FY2013, prior benefit obligations increased and accounting capital decreased at the start of FY2013. The impact of this change was ¥7.0 billion, with a total reduction of accounting capital of ¥33.9 billion.

Effective Tax Rate

The effective tax rate for FY2012 was 45.4%, partly reflecting the impact of the sale of Calpis Co. shares. For FY2013, the effective tax rate is forecast to decrease to 27.1%, influenced in particular by a higher portion of earnings arising from the ASEAN region, in countries where tax rates are relatively low. Over the medium to long term we envisage the effective tax rate being 30% or a little over.

Consolidated Tax Accounting

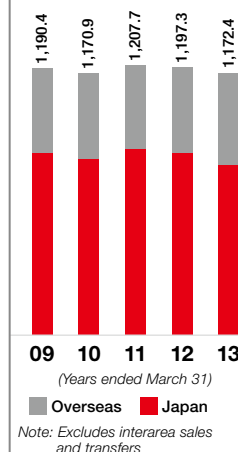
The Company and some of its domestic consolidated subsidiaries use the consolidated taxation system.

Consumption Tax

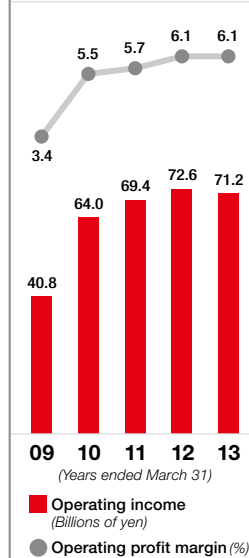
The Japanese government has announced its intention to raise the consumption tax in Japan from 5% to 8% in April 2014. Although this is likely to stimulate pre-emptive purchasing in consumer segments such as automobiles and housing, we do not expect a significant impact on the Ajinomoto Group's business performance.

Domestic and Overseas Sales

(Billions of yen)

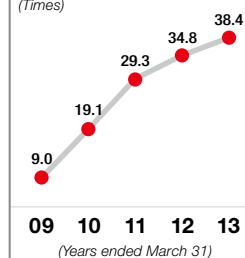


Operating Income & Operating Profit Margin



Interest Coverage Ratio

(Times)



MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

Ajinomoto Co., Inc. and Consolidated Subsidiaries
For fiscal 2012, ended March 31, 2013

IFRS

In April 2011 we established an accounting group to prepare for the adoption of International Financial Reporting Standards (IFRS) in Japan, having decided to adopt IFRS voluntarily without waiting for a regulatory requirement. There remain a number of important issues to address in order to make a smooth transition, and we will continue to use the current accounting standards until at least FY2016 while considering the appropriate period for adoption.

Operating Environment

In the period under review, despite signs of recovery in the U.S. economy, the recovery trend in the global economy remained weak as whole, due in part to a slowdown in economic growth in China and India and continued weakness in Europe as it grappled with fiscal uncertainty.

The Japanese economy, despite some positive signs including the correction of the strong yen towards the end of the period, also remained weak, impacted by the global economy.

The environment in the Japanese food industry remained challenging, with the market in a mild deflationary phase.

Within this environment, the Ajinomoto Group ("the Group") positioned the three-year period from 2011 as a period to focus its efforts on building a foundation to make the Group a "Genuine Global Company", and endeavored to achieve growth led by two drivers, "Global growth" and "R&D leadership", while pursuing three policies for strengthening the business structure, namely, "From VOLUME to VALUE", "From PROFIT to CASH", and "Enhance capital efficiency to boost stockholder value".

As a result of the above, while consolidated net sales for the fiscal year ended March 31, 2013 decreased 2.1% (¥24.8 billion) year on year to ¥1,172.4 billion and operating income decreased 1.9% (¥1.3 billion) to ¥71.2 billion, ordinary income increased 1.6% (¥1.2 billion) to ¥77.1 billion, a record level, due to an increase in equity in earnings of affiliates and the recording of foreign exchange gains. Net income increased 15.9% (¥6.6 billion) to a record high of ¥48.3 billion, reflecting the recording of an extraordinary gain of ¥49.1 billion associated with the transfer of benefit obligation relating to employees' pension fund, the sale of Calpis Co., Ltd. ("Calpis Co.") and others, along with an extraordinary loss of ¥25.4 billion due to the impairment of pharmaceuticals manufacturing facilities and other items associated with business restructuring, and the impairment of sweeteners manufacturing facilities in France.

Analysis of statements of operations

Note: All comparisons are with the previous fiscal year, ended March 31, 2012, unless stated otherwise.

Net Sales

Net sales decreased 2.1%, or ¥24.8 billion, year on year to ¥1,172.4 billion, mainly impacted by the removal of sales of Calpis Co. products from the third quarter. By region, while sales in "Japan" decreased 6.1% to ¥764.9 billion, sales overseas increased 6.6% to ¥407.5 billion. Sales increased 9.5% to ¥194.8 billion in "Asia," 3.0% to ¥117.4 billion in "Americas" and 5.4% to ¥95.1 billion in "Europe". Excluding the impact of sales of Calpis Co. products, net sales increased ¥1.9%, or 20.9 billion to ¥1,113.1 billion, partly due to growth in sales of seasonings and processed foods and frozen foods in "Japan", and an increase in sales of consumer foods and feed-use amino acids overseas, which offset a decline in sales in the pharmaceuticals segment, etc. in "Japan".

Cost of Sales and SG&A Expenses

In line with the decrease in sales, the cost of sales decreased 0.7%, or ¥5.4 billion, to ¥788.1 billion. The ratio of the cost of sales to net sales rose 0.9 percentage points to 67.2%, mainly due to the effect of NHI drug price revisions and a decline in royalty income in the pharmaceuticals business, a fall in unit prices and an increase in capital expenditures in umami seasoning for processed food manufacturers.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

Ajinomoto Co., Inc. and Consolidated Subsidiaries
For fiscal 2012, ended March 31, 2013

Selling, general and administrative expenses decreased 5.5%, or ¥18.0 billion, from the previous fiscal year to ¥313.1 billion, impacted by the removal of Calpis Co. from the scope of consolidation as of the third-quarter, despite a rebound in selling expenses from the downturn due to the earthquake in the previous period.

Costs, Expenses and Income as Percentages of Net Sales

Years ended March 31	2013		2012		2011	
	Percentage	Change	Percentage	Change	Percentage	Change
Cost of sales	67.2%	0.9	66.3%	(0.3)	66.6%	(0.5)
Gross profit	32.8	(0.9)	33.7	0.4	33.3	0.4
SG&A expenses	26.7	(1.0)	27.7	0.1	27.6	0.4
Operating income	6.1	0.0	6.1	0.4	5.7	0.2
Income before income taxes & minority interests	8.6	2.6	6.0	2.0	4.0	0.2
Net income	4.1	0.6	3.5	1.0	2.5	0.2

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

Operating Income

Operating income decreased 1.9%, or ¥1.3 billion, from the previous fiscal year to ¥71.2 billion. By region, operating income in "Japan" decreased 3.4% to ¥34.3 billion, while operating income from operations overseas decreased 0.4% to ¥36.8 billion.

The overall decrease in operating income in "Japan" was attributable to a decline in net sales from specialty chemicals and the pharmaceuticals segment, etc., despite contributions from seasonings, processed foods, frozen foods and others, and an improvement from the previous year in amino acids for pharmaceuticals and foods. In overseas regions, operating income maintained around the same level as the previous fiscal year mainly due to contributions from amino acids for pharmaceuticals and foods, feed-use amino acids, and consumer foods. Operating income increased 2.4% to ¥22.1 billion in "Asia", 4.5% to ¥9.2 billion in "Americas", and decreased 16.2% to ¥5.4 billion in "Europe".

Other Income (Expenses)

The difference between non-operating income and non-operating expenses was a positive figure of ¥5.9 billion, an increase of ¥2.6 billion compared to a positive figure of ¥3.3 billion in the previous year. The main factor in this increase was an increase in equity in earnings of non-consolidated subsidiaries and affiliates and foreign exchange gains.

Net Income

Net income for the period under review increased 15.9%, or ¥6.6 billion, to a record high of ¥48.3 billion. Net income per share for the year was ¥74.35, a record level, compared to ¥61.28 for the previous year.

Segment Information

Note: All comparisons are with the previous fiscal year, ended March 31, 2012, unless stated otherwise.

Domestic Food Products

Due to the removal of sales of Calpis Co. products from the third quarter, domestic food product sales decreased 8.5%, or ¥37.2 billion, to ¥401.1 billion. However, operating income increased 3.0%, or ¥0.9 billion, to ¥32.6 billion. Excluding the impact of sales of Calpis Co. products, net sales increased ¥2.6% or 8.6 billion to ¥341.7 billion, due to growth in sales of seasonings and processed foods for the retail market and frozen foods. Operating income increased 6.7%, or ¥1.7 billion, to ¥27.8 billion despite a rebound in selling expenses from the downturn due to the earthquake in the previous period.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

Ajinomoto Co., Inc. and Consolidated Subsidiaries
For fiscal 2012, ended March 31, 2013

Seasonings and Processed Foods: In seasonings and processed foods for the retail market, while sales of *HONDASHI*[®] decreased, sales of Chinese menu seasoning product *Cook Do*[®] and Chinese dashi product *Ajinomoto KK Marudori Gara Soup* grew due to TV advertising and related marketing initiatives. Sales of gift products increased compared to the previous year, and three products which were launched nationwide in the current period—hot pot soup cube *Nabe Cube*[®], tube-type Chinese seasoning paste *Cook Do*[®] *Koumi Paste*, and *Cook Do*[®] *Kyo-no Ohzara*, Japanese and western-style menu seasoning, also contributed significantly, resulting in an increase in overall sales.

Sales of seasonings and processed foods for the commercial market increased, due to an increase in sales of *ACTIVA*[®], a food enzyme (transglutaminase), and savory seasonings products at major domestic customers, and growth in sales of seasoning products for restaurant use and functional food products used to enhance rice and meat texture and quality.

Frozen Foods: Overall sales of products for the retail market increased, due to a significant increase in sales of Gyoza after a product revision and associated sales promotion activities. Overall sales of products for restaurant and institutional use decreased compared to the previous fiscal year, due to a decline in the sales volumes of some products despite an increase in sales of pork products and desserts. As a result, overall sales increased.

Beverages: Beverage sales decreased due to the transfer of the Company's shares in Calpis Co. to Asahi Group Holdings, Ltd. ("Asahi GH") on October 1, 2012, and associated exclusion of Calpis Co. sales from results thereafter.

Market Share in Main Product Areas (Household Market in Japan) FY2012

Product Area	Brand	2012	
		Market size (Billions of yen)	Ajinomoto Co. Share (Position)
Umami seasonings	<i>AJI-NO-MOTO</i> [®] , <i>Hi-Me</i> [®]	7.2	91% (1)
Japanese flavor seasonings	<i>HONDASHI</i> [®]	40.1	45% (1)
Consommé	<i>Ajinomoto KK Consommé</i>	12.8	67% (1)
Soup	<i>Knorr</i> [®]	83.5	38% (1)
Mayonnaise and mayonnaise-type dressings	<i>Pure Select</i> [®]	43.9	26% (2)
Seasonings for Chinese dishes	<i>Cook Do</i> [®]	34.5	39% (1)

Note: Market size is based on consumer purchase prices.

Overseas Food Products

Overseas food product sales increased 6.4%, or ¥14.8 billion, to ¥245.3 billion due to growth in sales volumes of consumer foods, combined with the impact of the weaker yen. Operating income decreased 3.9%, or ¥0.8 billion, to ¥20.7 billion despite a significant profit increase for consumer foods, reflecting the negative impact of a decline in unit prices and higher raw material prices, among other factors.

Consumer foods: In Asia, overall sales increased due to higher sales of umami seasoning *AJI-NO-MOTO*[®], along with higher sales of flavor seasonings *Ros Dee*[®] for home use in Thailand, *Masako*[®] for home use in Indonesia, *Aji-ngon*[®] for home use in Vietnam, as well as *Birdy*[®] canned coffee, powdered drink *Birdy*[®] 3 in 1, and instant noodles, which were each supported by increased sales volumes and the weaker yen.

In the Americas, despite the negative impact from exchange rates in Central and South America, sales revenue increased due to an increase in sales volumes and the unit price of *Sazon*[®] a flavor seasoning for home use in Brazil.

In Europe and Africa, sales remained similar to the previous year. As a result, overall sales increased.

Umami Seasonings for Processed Food Manufacturers: In Japan, sales of *AJI-NO-MOTO*[®] for the food processing industry decreased, with a fall in sales volume. Overseas, sales of *AJI-NO-MOTO*[®] for the food processing industry decreased despite the weaker yen, impacted by a decline in sales volumes and unit prices attributable to increases in exports by competitors. Sales of nucleotides also decreased due to a substantial fall in unit prices.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

Ajinomoto Co., Inc. and Consolidated Subsidiaries
For fiscal 2012, ended March 31, 2013

Bioscience Products and Fine Chemicals

Bioscience products and fine chemicals sales increased 3.1%, or ¥6.1 billion, to ¥204.2 billion due to growth in sales of feed-use amino acids and amino acids for pharmaceuticals and foods. Operating income increased 18.2%, or ¥2.2 billion, to ¥14.3 billion, impacted by an increase in sales of feed-use amino acids and amino acids for pharmaceuticals and foods, along with favorable foreign exchange rates, which offset a decrease in sales of sweeteners.

Feed-Use Amino Acids: Sales of Lysine and Threonine increased due to an increase in sales volumes, despite a fall in unit prices from the previous year. Sales of Tryptophan increased from the previous year due to a substantial increase in unit prices and sales volumes.

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

*(Ajinomoto Co. estimate)
(Thousands of metric tons)*

	FY2012	FY2011	FY2010	FY2009	FY2008
Lysine	1,950	1,650	1,550	1,330	1,200
The Ajinomoto Group's share	20% (approx.)	20% (approx.)	20% (approx.)	23% (approx.)	25% (approx.)
Threonine	330	270	245	190	160
The Ajinomoto Group's share	30% (approx.)	30% (approx.)	35% (approx.)	50% (approx.)	45% (approx.)
Tryptophan	9.0	6.0	4.8	4.5	3.1
The Ajinomoto Group's share	45% (approx.)	40% (approx.)	55% (approx.)	70% (approx.)	70% (approx.)

Amino Acids Sales of sweeteners declined, impacted by a decline in sales volumes of aspartame for the processing industry. However, results for pharmaceutical fine chemicals remained similar to the previous year, and sales of amino acids for pharmaceuticals and foods, centered on North America, increased, resulting in an overall increase in sales.

Specialty Chemicals: Sales of cosmetic ingredients grew overseas, but impacted by a downturn in computer sales worldwide, sales of insulation film for build-up printed wiring boards decreased, resulting in a decline in overall sales.

Pharmaceuticals

Pharmaceutical sales decreased 8.3%, or ¥6.4 billion, to ¥71.4 billion. The decline in overall sales was attributable to the effects of NHI drug price revisions, decreases in sales of products sold through business tie-ups due to the effects of competition, and a decline in royalty income. Impacted by the decline in net sales, operating income decreased 50.8%, or ¥3.2 billion, to ¥3.1 billion.

Self-distributed products sales were affected by NHI drug price revisions but the start of sales of *MARZULENE*[®], a newly launched therapeutic agent for gastric inflammation and ulcers, led to an increase in sales.

In products sold through business tie-ups, sales of risedronate products such as *ACTONEL*[®] for osteoporosis treatment declined significantly, affected by competing products and the NHI drug price revisions, while royalty income also declined, resulting in a substantial decline in sales.

>>>

FINANCIAL SECTION >>>

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

Ajinomoto Co., Inc. and Consolidated Subsidiaries
For fiscal 2012, ended March 31, 2013

Ajinomoto Pharmaceutical Co.'s Main Pharmaceuticals Sales by Product

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

Field	Main Products	Launch Date	Indication or formulation	Sales		
				2013	2012	2011
Clinical nutrition, Gastrointestinal diseases	LIVACT®	May 1996	Amino acid formula for treatment of liver cirrhosis	14.9	15.6	15.8
	ELENTAL®	Sept. 1981	Elemental diet	7.7	7.8	8.0
	CARBOSTAR®	June 2007	Artificial kidney dialysate	6.4	5.2	4.3
	SOLITA®-T	Feb. 1962	Electrolyte solution	3.9	4.3	4.6
	Heparin	Apr. 1972	Anticoagulant	2.4	2.3	2.4
	NIFLEC®	June 1992	Oral cleaning solution for the intestine	2.3	2.2	2.4
	PNTWIN®	Dec. 1993	Glucose, electrolyte and amino acid infusion	1.6	2.0	2.2
	LOWHEPA®	Nov. 1996	Anticoagulant	1.5	1.9	2.2
	TWINPAL®	Sept. 2004	Peripheral infusion with glucose, electrolyte and amino acids	1.2	1.5	1.6
	HEPAN ED®	Sept. 1991	Elemental diet for hepatic failure	0.9	1.0	0.9
Metabolic diseases, etc.	ATELEC®	Dec. 1995	Long-acting calcium channel blocker	15.1	17.0	17.4
	ACTONEL®	May 2002	Osteoporosis treatment	11.7	14.1	14.6
	FASTIC®	Aug. 1999	Fast-acting postprandial antihypoglycemic agent	2.4	3.9	5.2

*NHI (National Health Insurance) reimbursement price basis. Effect of NHI price revision implemented: April 2010 approx. -6%, April 2012 approx. -6%

Ajinomoto Pharmaceutical Co.'s Pharmaceutical Product Pipeline

(March 31, 2013)

Field	Name	Development Status	Indication	Notes
Gastrointestinal diseases	AJG501	Phase III	Ulcerative colitis	In-license (Dr. Falk Pharma)
	AJG511	Phase II	Ulcerative colitis	In-license (Dr. Falk Pharma)
	AJM300	Phase II	Ulcerative colitis	
	MOVIPREP®	Approved	Bowel preparation prior to colonoscopy and colon surgery	In-license (Norgine), code: AJG522
	LIVACT®	Approved	Amino acid formula for treatment of liver cirrhosis	Additional formulation/Oral jelly
Metabolic diseases	AJH801	NDA	Hypertension	
	FASTIC®	Phase III	Type 2 Diabetes Mellitus	Combination therapy with DPP-4 inhibitor

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

Business Tie-Ups

Business tie-up sales decreased 1.5% (¥2.7 billion) to ¥180.0 billion. Operating income decreased 2.0% (¥32 million) to ¥1.5 billion.

Edible Oils: Despite growth in sales volume, sales decreased due to lower prices

Coffee Products: Overall coffee product sales were similar to last year. Despite continuous growth of sales of stick-type mixed coffee, supported by sales promotion activities to consumers, this was largely offset by a decline in sales of bottle coffee and chilled type liquid coffee drinks.

Other business

Other business sales increased 0.8%, or ¥0.5 billion, to ¥70.1 billion but the operating loss increased by ¥0.3 billion to ¥1.2 billion.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

Ajinomoto Co., Inc. and Consolidated Subsidiaries
For fiscal 2012, ended March 31, 2013

Net Sales by Business and Region

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

Years ended March 31		Japan	Asia	Americas	Europe	Total
Domestic Food Products	FY2012	385.1 (-38.0)	5.8 (-0.2)	8.9 (1.2)	1.3 (-0.2)	401.2 (-37.2)
	FY2011	423.1	6.0	7.8	1.5	438.4
Overseas Food Products	FY2012	9.6 (-0.9)	165.0 (13.9)	44.9 (0.8)	25.9 (1.1)	245.4 (14.9)
	FY2011	10.6	151.1	44.1	24.8	230.5
Bioscience Products & Fine Chemicals	FY2012	57.2 (-1.2)	15.3 (2.0)	63.6 (1.5)	68.0 (3.9)	204.2 (6.2)
	FY2011	58.5	13.3	62.2	64.1	198.0
Pharmaceuticals	FY2012	71.5 (-6.5)	—	—	—	71.5 (-6.5)
	FY2011	77.9	—	—	—	77.9
Business Tie-Ups	FY2012	180.1 (-2.8)	—	—	—	180.1 (-2.8)
	FY2011	182.8	—	—	—	182.8
Other Business	FY2012	61.4 (-0.5)	8.6 (1.1)	0.0 (0.0)	—	70.1 (0.6)
	FY2011	62.0	7.5	0.0	—	69.6
Total	FY2012	764.9 (-50.0)	194.0 (16.9)	117.5 (3.4)	95.2 (4.8)	1,172.4 (-24.9)
	FY2011	814.9	178.0	114.1	90.3	1,197.3

Note: Unaudited figures; for reference only.

Liquidity and Financial Condition

Total assets as of March 31, 2013 were ¥1,091.7 billion, ¥5.3 billion less than the ¥1,097.0 billion recorded one year earlier. The key factor contributing to this decrease was a reduction in assets arising from share repurchases, the transfer of Calpis Co. shares and removal of Calpis Co. from the scope of consolidation, which offset an increase in the yen values of the balance sheets of overseas subsidiaries after translation.

Total liabilities was ¥400.0 billion, ¥46.8 billion less than the ¥446.8 billion recorded in March 31, 2012. The key factors contributing to this decrease were a reduction in the provision for retirement benefits due to the return of the benefit obligations related to past employee service under the substitutional portion of the welfare pension fund, and the removal of Calpis Co. from the scope of consolidation. Total interest-bearing debt decreased ¥10.7 billion compared to the end of the previous fiscal year to ¥119.3 billion.

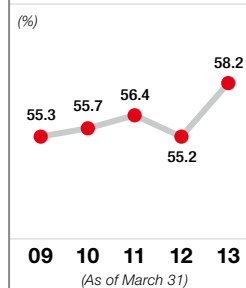
Net assets increased ¥41.5 billion compared to March 31, 2012, despite a decrease in capital surplus due to the retirement of repurchased shares, as a result of factors such as an increase in retained earnings and a change in foreign exchange translation adjustments. Shareholders' equity, which is net assets minus minority interests, was ¥635.2 billion, and the shareholders' equity ratio was 58.2%.

Balance Sheet (Excerpts)

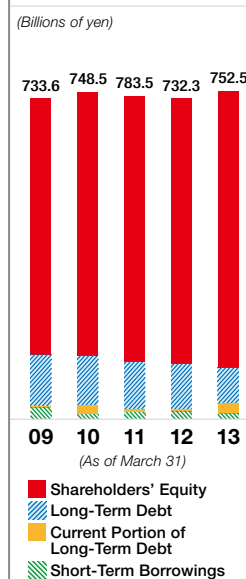
As of March 31	Millions of yen (Percentage of respective total)		Thousands of U.S. dollars
	2013	2012	2013
Total assets	1,091,741 (100.0%)	1,097,057 (100.0%)	11,614,266
Notes and accounts receivable	187,744 (17.2)	197,256 (18.0)	1,997,277
Cash and cash equivalents	184,770 (16.9)	146,647 (13.4)	1,965,638
Inventories	159,818 (14.6)	147,657 (13.5)	1,700,191
Investments and long-term advances	107,200 (9.8)	99,012 (9.0)	1,140,426
Property, plant and equipment	351,224 (32.2)	388,683 (35.4)	3,736,426
Total liabilities	400,030 (36.6)	446,897 (40.7)	4,255,638
Notes and accounts payable	109,310 (10.0)	113,545 (10.4)	1,162,872
Short-term borrowings	12,365 (1.1)	17,790 (1.6)	131,543
Current portion of long-term debt	23,411 (2.1)	4,406 (0.4)	249,053
Accrued income taxes	20,590 (1.9)	9,465 (0.8)	219,043
Long-term debt	81,434 (7.5)	104,837 (9.5)	866,319
Shareholders' equity	635,287 (58.2)	605,350 (55.2)	6,758,183

Notes: Shareholders' equity = Net assets - Minority interests

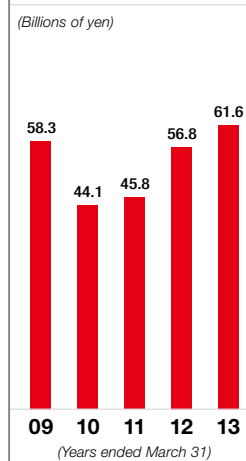
Shareholders' Equity Ratio



Total Capital



Capital Expenditure



MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

Ajinomoto Co., Inc. and Consolidated Subsidiaries
For fiscal 2012, ended March 31, 2013

Cash Flow

Net cash provided by operating activities decreased ¥4.8 billion over the previous year to ¥88.5 billion. This decrease was mainly attributable to factors such as a gain on the transfer of benefit obligation relating to employees' pension fund, which does not involve the movement of funds, and a gain from the sale of Calpis shares, which offset an increase in net income before taxes.

Net cash used in investing activities was an inflow of ¥15.2 billion, mainly attributable to inflow from the sale of Calpis shares, along with outflows from the acquisition of fixed tangible assets, etc.

Net cash used in financing activities increased ¥36.9 billion to ¥74.4 billion partly due to the share repurchase.

As a result of the foregoing, cash and cash equivalents at March 31, 2013 was ¥184.7 billion, an increase of ¥38.1 billion compared to March 31, 2012.

Cash Flow Highlights

(Millions of yen)

Years ended March 31	2013	2012	2011
Net cash provided by operating activities	88,501	93,312	112,716
Net cash used in investing activities	15,201	(41,701)	(45,882)
Net cash provided by (used in) financing activities	(74,419)	(37,456)	(25,893)
Cash and cash equivalents at end of year	184,770	146,647	133,744

Outlook for the Fiscal Year Ending March 31, 2014

Amid fears of a resurgence of the European financial crisis the outlook for the global economy remains uncertain, while in Japan social conditions are changing rapidly due to the financial easing and other policies introduced following the change of government. As a result the Group's operating environment is expected to remain difficult due to unstable foreign exchange markets, continued high prices of main raw materials and fuels, and intensifying competition for our bulk and other businesses.

Given such conditions, in the fiscal year ending March 31, 2014, the final year of its 2011-2013 medium-term business plan, Ajinomoto Co. will continue with initiatives for achieving steady profit growth as it seeks to become a "Genuine Global Company". In domestic food products Ajinomoto Co. will endeavor to achieve an expansion in market share and reinforce its stable profit base by strengthening its brand power and proceeding with marketing aimed at the consumers' viewpoint. In overseas food products Ajinomoto Co. will seek to achieve global growth in consumer foods by increasing profitability through deepening the Group's presence in existing markets and by developing new markets. In bioscience products and fine chemicals, by creating new businesses through technological innovation and working closely with customers Ajinomoto Co. will prioritize its efforts in high value added businesses. In pharmaceuticals, Ajinomoto Co. intends to proceed with reform of the business structure, while also working to strengthen its product pipeline by expanding overseas sales and strategic alliances.

As a result of these initiatives, Ajinomoto Co. forecasts operating income for the fiscal year ending March 31, 2014 to increase 5.3% to ¥75.0 billion, and ordinary income to increase 2.4% to ¥79.0 billion. Net income is forecast to increase 1.3% to ¥49.0 billion.

Regarding consolidated sales, formerly, for the coffee and edible oils businesses and some other businesses, the gross figures for sales and cost of goods sales were recorded in the accounts but from fiscal 2013 this method is scheduled to change by netting off sales and cost of goods sold and recording the net figure in the accounts. As a result of this change sales are forecast to decline by 13.1% compared to the previous fiscal year. However, if this method had been applied to the fiscal 2012 accounts the sales amount would have been ¥984.9 billion therefore the sales forecast of ¥1,019.0 billion for fiscal 2013 represents a 3.5% increase.

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
For fiscal 2012, ended March 31, 2013

Operational Risk

Operational risks faced by Ajinomoto Co. 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, 2013.

Exchange Rate Risk

The Group is further establishing and strengthening its global manufacturing and supply structure. The Group operates in 26 countries and regions including Japan, with manufacturing plants at 105 sites in 17 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 ¥382.4 billion and ¥407.5 billion, respectively, comprising 31.9% and 34.8% of consolidated sales. Operating income derived from these regions in the same periods was ¥37.0 billion and ¥36.8 billion, comprising 51.0% and 51.8% of consolidated operating income. Ajinomoto Co. hedges these associated exchange risks with forward exchange contracts and other mechanisms, but there remains the potential for exchange rate fluctuations impacting on business results.

Changes in Market Conditions

In the bioscience products and fine chemicals business, Ajinomoto Co. 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 Co. seeks to reduce and diversify such risks by handling a variety of amino acids (Lysine, Threonine and Tryptophan, etc.), while also working to stabilize and improve profitability by reducing costs related to fermentation technologies. However, the possibility remains of the 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 Co. 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 the Group performance if they occur.

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

Laws and Regulations

As it conducts business on a global basis, within Japan and overseas Ajinomoto Co. 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 Co. has in place strict internal procedures and policies to maintain the highest standards of product quality, including the 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 the Group performance may occur.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

Ajinomoto Co., Inc. and Consolidated Subsidiaries
For fiscal 2012, ended March 31, 2013

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 France by persons who allegedly purchased feed-use Lysine claiming damages on the ground of violation of EU competition law. With regard to these cases, the court accepted the Group's arguments with respect to part of the claims and rejected the claims of the plaintiffs. The amounts of damages claimed in the outstanding cases is close to 2,000,000 euro. 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 be subject to a negative impact.

Changes in Cost of Raw Materials

The prices of certain raw materials and energy resources including crude oil used by Ajinomoto Co. 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 the Group's performance may occur.

Information Leaks

Ajinomoto Co. 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 '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 Co. 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 Co. 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 Co. 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



	March 31,		
	2013	2012	2013
	(Millions of yen)		(Thousands of U.S. dollars) (Note 4)
ASSETS			
Current assets:			
Cash and cash equivalents	¥ 184,770	¥ 146,647	\$ 1,965,638
Time deposits and short-term investments (Note 19)	2,149	3,680	22,862
Notes and accounts receivable:			
Trade	187,744	197,256	1,997,277
Unconsolidated subsidiaries and affiliates	9,824	9,695	104,511
Allowance for doubtful receivables	(1,095)	(1,173)	(11,649)
Inventories (Note 6)	159,818	147,657	1,700,191
Deferred tax assets (Note 10)	9,077	8,329	96,564
Prepaid expenses and other current assets	33,786	30,282	359,426
Total current assets	586,074	542,375	6,234,830
Investments and long-term advances (Note 23):			
Investments in and advances to unconsolidated subsidiaries and affiliates	60,996	54,332	648,894
Investment securities	34,887	31,912	371,138
Other advances (Note 8)	11,316	12,766	120,383
Total investments and long-term advances	107,200	99,012	1,140,426
Property, plant and equipment (Note 9):			
Land	51,065	96,139	543,245
Buildings and structures	348,963	350,782	3,712,372
Machinery, equipment and other (Note 8)	630,369	606,467	6,706,053
	1,030,398	1,053,389	10,961,681
Accumulated depreciation and accumulated impairment losses (Note 8)	(679,173)	(664,705)	(7,225,245)
Property, plant and equipment, net	351,224	388,683	3,736,426
Other assets:			
Deferred tax assets (Note 10)	8,549	7,796	90,947
Other (Note 8)	38,691	59,188	411,606
Total other assets	47,241	66,985	502,564
Total assets	¥1,091,741	¥1,097,057	\$11,614,266

▼
▼
▼

FINANCIAL SECTION >>>

CONSOLIDATED BALANCE SHEETS (CONT.)

Ajinomoto Co., Inc. and Consolidated Subsidiaries

X Attachment

	March 31,		
	2013	2012	2013
	(Millions of yen)		(Thousands of U.S. dollars) (Note 4)
LIABILITIES AND NET ASSETS			
Current liabilities:			
Short-term borrowings (Notes 7 and 9)	¥ 12,365	¥ 17,790	\$ 131,543
Current portion of long-term debts (Notes 7 and 9)	23,411	4,406	249,053
Notes and accounts payable			
Trade	74,132	77,517	788,638
Unconsolidated subsidiaries and affiliates	34,770	35,447	369,894
Construction	408	581	4,340
Accrued income taxes (Note 10)	20,590	9,465	219,043
Deferred tax liabilities (Note 10)	1,406	2	14,957
Accrued expenses and other current liabilities (Note 8)	88,455	94,243	941,011
Total current liabilities	255,541	239,455	2,718,521
Long-term liabilities:			
Long-term debts (Notes 7 and 9)	81,434	104,837	866,319
Accrued employees' retirement benefits (Note 11)	28,796	62,962	306,340
Accrued officers' severance benefits	517	1,016	5,500
Deferred tax liabilities (Note 10)	11,244	14,786	119,617
Other long-term liabilities (Note 8)	22,496	23,838	239,319
Total long-term liabilities	144,489	207,442	1,537,117
Net assets:			
Shareholders' equity: (Notes 12 and 13)			
Common stock, without par value:			
Authorized: 2013 and 2012 – 1,000,000,000 shares			
Issued: 2013 – 635,010,654 shares	79,863	—	849,606
2012 – 678,980,654 shares	—	79,863	—
Capital surplus	112,757	162,381	1,199,543
Retained earnings	482,501	444,728	5,132,989
Treasury stock at cost:			
2,496,068 shares in 2013 and 2,298,309 shares in 2012	(2,817)	(2,219)	(29,968)
Total shareholders' equity	672,304	684,755	7,152,170
Accumulated other comprehensive income:			
Unrealized holding gain (loss) on securities	9,419	2,678	100,202
Unrealized gain (loss) from hedging instruments	(141)	(1)	(1,500)
Translation adjustments	(46,295)	(81,603)	(492,500)
Adjustment in pension liabilities of overseas subsidiaries	—	(478)	—
Total accumulated other comprehensive income	(37,017)	(79,405)	(393,798)
Minority interests	56,423	44,809	600,245
Total net assets	691,710	650,159	7,358,617
Contingent liabilities (Note 19)			
Total liabilities and net assets	¥1,091,741	¥1,097,057	\$11,614,266

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

Ajinomoto Co., Inc. and Consolidated Subsidiaries



	Year ended March 31,		
	2013	2012	2013
	(Millions of yen)		(Thousands of U.S. dollars) (Note 4)
Net sales	¥1,172,442	¥1,197,313	\$12,472,787
Cost of sales	788,105	793,524	8,384,096
Gross profit	384,337	403,788	4,088,691
Selling, general and administrative expenses (Note 14)	313,104	331,203	3,330,894
Operating income	71,232	72,584	757,787
Other income (expenses) (Note 15)			
Interest expense	(1,931)	(2,167)	(20,543)
Interest and dividend income (Note 15)	2,902	2,821	30,872
Exchange gains (losses)	552	(7)	5,872
Loss on devaluation of securities	(2,346)	(607)	(24,957)
Loss on devaluation of investments in affiliates	(9)	(24)	(96)
Gain (loss) on sales of securities (Note 15)	(36)	526	(383)
Gain on sales of investments in affiliates (Note 15)	18,201	—	193,628
Gain on transfer of benefit obligation relating to employees' pension fund	27,752	—	295,234
Loss on impairment of fixed assets (Note 16)	(14,562)	(1,106)	(154,915)
Equity in earnings of affiliates	3,058	2,401	32,532
Other, net (Note 15)	(3,984)	(2,329)	(42,383)
	29,595	(493)	314,840
Income before income taxes and minority interests	100,828	72,091	1,072,638
Income taxes (Note 10):			
Current	39,716	20,881	422,511
Deferred	6,015	3,631	63,989
	45,732	24,513	486,511
Minority interests	(6,722)	(5,823)	(71,511)
Net income (Note 20)	¥ 48,373	¥ 41,754	\$ 514,606

See accompanying notes to consolidated financial statements.

V
V
V

FINANCIAL SECTION >>>

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Ajinomoto Co., Inc. and Consolidated Subsidiaries

	Year ended March 31,		
	2013	2012	2013
	(Millions of yen)		(Thousands of U.S. dollars) (Note 4)
Income before minority interests	¥ 55,095	¥ 47,578	\$ 586,117
Other comprehensive income			
Unrealized holding gain on securities	6,363	1,227	67,691
Unrealized gain (loss) from hedging instruments	(159)	(9)	(1,691)
Translation adjustments	41,462	(14,831)	441,085
Adjustments in pension liabilities of overseas subsidiaries	478	(151)	5,085
Share of other comprehensive income of equity-method affiliates	1,339	(567)	14,245
Total other comprehensive income	49,485	(14,332)	526,436
Comprehensive income (Note 17)	¥104,581	¥ 33,245	\$1,112,564
(Breakdown)			
Comprehensive income attributable to Ajinomoto shareholders	¥ 90,761	¥ 28,413	\$ 965,543
Comprehensive income attributable to minority interests	¥ 13,819	¥ 4,831	\$ 147,011

See accompanying notes to consolidated financial statements.

▼
▼
▼

FINANCIAL SECTION >>>

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

Ajinomoto Co., Inc. and Consolidated Subsidiaries

Attachment

	Common stock	Capital surplus	Retained earnings	Treasury stock	Unrealized holding gain (loss) on securities	Unrealized gain (loss) from hedging instruments	Translation adjustments	Adjustments in pension liabilities of overseas subsidiaries	Minority interests	Total net assets
(Millions of yen)										
Balance at April 1, 2011	¥79,863	¥182,716	¥414,189	¥(2,514)	¥1,339	¥(31)	¥(67,045)	¥ (327)	¥42,099	¥650,291
Changes for the year ended March 31, 2012										
Cash dividends paid			(10,995)							(10,995)
Net income			41,754							41,754
Change in scope of consolidation			(36)							(36)
Increase due to merger of non-consolidated subsidiaries			(182)							(182)
Purchases of treasury stock				(20,045)						(20,045)
Disposal of treasury stock		(20,334)		20,340						5
Net changes in items other than those in shareholders' equity					1,338	29	(14,557)	(151)	2,709	(10,630)
Total changes for the year ended March 31, 2012	—	(20,334)	30,539	294	1,338	29	(14,557)	(151)	2,709	(131)
Balance at March 31, 2012	¥79,863	¥162,381	¥444,728	¥(2,219)	¥2,678	¥(1)	¥ (81,603)	¥ (478)	¥44,809	¥650,159
Changes for the year ended March 31, 2013										
Cash dividends paid			(10,600)							(10,600)
Net income			48,373							48,373
Change in scope of consolidation			—							—
Increase due to merger of non-consolidated subsidiaries			—							—
Purchases of treasury stock				(50,225)						(50,225)
Disposal of treasury stock		(49,624)		49,627						2
Net changes in items other than those in shareholders' equity					6,741	(140)	35,308	478	11,613	54,001
Total changes for the year ended March 31, 2013	—	(49,624)	37,772	(598)	6,741	(140)	35,308	478	11,613	41,551
Balance at March 31, 2013	¥79,863	¥112,757	¥482,501	¥ (2,817)	¥9,419	¥ (141)	¥ (46,295)	¥ —	¥56,423	¥691,710

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS (CONT.)

Ajinomoto Co., Inc. and Consolidated Subsidiaries

X Attachment

	Common stock	Capital surplus	Retained earnings	Treasury stock	Unrealized holding gain (loss) on securities	Unrealized gain (loss) from hedging instruments	Translation adjustments	Adjustments in pension liabilities of overseas subsidiaries	Minority interests	Total net assets
(Thousands of U.S. dollars) (Note 4)										
Balance at April 1, 2012	\$849,606	\$1,727,457	\$4,731,149	\$ (23,606)	\$ 28,489	\$ (11)	\$(868,117)	\$(5,085)	\$476,691	\$6,916,585
Changes for the year ended March 31, 2013										
Cash dividends paid			(112,766)							(112,766)
Net income			514,606							514,606
Change in scope of consolidation			—							—
Increase due to merger of non-consolidated subsidiaries			—							—
Purchases of treasury stock				(534,309)						(534,309)
Disposal of treasury stock		(527,915)		527,947						21
Net changes in items other than those in shareholders' equity					71,713	(1,489)	375,617	5,085	123,543	574,479
Total changes for the year ended March 31, 2013	—	(527,915)	401,830	(6,362)	71,713	(1,489)	375,617	5,085	123,543	442,032
Balance at March 31, 2013	\$849,606	\$1,199,543	\$5,132,989	\$ (29,968)	\$100,202	\$(1,500)	\$(492,500)	\$ —	\$600,245	\$7,358,617

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Ajinomoto Co., Inc. and Consolidated Subsidiaries

 Attachment

	Year ended March 31,		
	2013	2012	2013
	(Millions of yen)		(Thousands of U.S. dollars) (Note 4)
Cash flows from operating activities			
Income before income taxes and minority interests	¥100,828	¥ 72,091	\$1,072,638
Depreciation and amortization	42,463	43,717	451,734
Loss on impairment of fixed assets	14,562	1,106	154,915
Amortization of goodwill	2,265	4,503	24,096
Insurance income	(1,800)	(6,012)	(19,149)
Accrued employees' retirement benefits	(3,688)	4,095	(39,234)
Accrued officers' severance benefits	(240)	(314)	(2,553)
Interest and dividend income	(2,902)	(2,821)	(30,872)
Interest expense	1,931	2,167	20,543
Equity in earnings of affiliates	(3,058)	(2,401)	(32,532)
Loss (gain) on sales of securities	37	(526)	394
Loss (gain) on devaluation of securities	2,346	607	24,957
Loss (gain) on sales of investments in affiliates	(18,201)	—	(193,628)
Loss (gain) on transfer of benefit obligation relating to employees' pension fund	(27,752)	—	(295,234)
Changes in operating assets and liabilities:			
Notes and accounts receivable	15,158	(14,098)	161,255
Notes and accounts payable	(18,516)	10,562	(196,979)
Other	3,046	(12,113)	32,404
Subtotal	106,480	100,563	1,132,766
Insurance income	2,764	5,087	29,404
Interest and dividends received	3,697	4,166	39,330
Interest paid	(1,965)	(2,185)	(20,904)
Income taxes paid	(22,475)	(14,318)	(239,096)
Net cash provided by (used in) operating activities	88,501	93,312	941,500
Cash flows from investing activities			
Acquisition of property, plant and equipment	(60,691)	(45,401)	(645,649)
Proceeds from sales of property, plant and equipment	1,134	1,412	12,064
Acquisition of intangible assets, net of proceeds	(5,045)	(3,659)	(53,670)
Acquisition of investments in securities	(324)	(214)	(3,447)
Proceeds from sales of investments in securities	241	2,102	2,564
Acquisition of shares of affiliates	(3,650)	(1,414)	(38,830)
Proceeds from sales of investments in subsidiaries resulting in change in the scope of consolidation	80,890	—	860,532
Other	2,646	5,473	28,149
Net cash provided by (used in) investing activities	15,201	(41,701)	161,713
Cash flows from financing activities			
Increase (decrease) in short-term borrowings	(6,026)	2,122	(64,106)
Proceeds from long-term debts	115	23	1,223
Repayment of long-term debts	(4,344)	(5,225)	(46,213)
Cash dividends paid	(10,604)	(10,997)	(112,809)
Acquisition of shares of treasury stock	(50,225)	(20,045)	(534,309)
Other	(3,334)	(3,333)	(35,468)
Net cash provided by (used in) financing activities	(74,419)	(37,456)	(791,691)
Effect of exchange rate changes on cash and cash equivalents	8,838	(1,356)	94,021
Increase in cash and cash equivalents	38,122	12,798	405,553
Cash and cash equivalents at beginning of year	146,647	133,744	1,560,074
Increase due to inclusion of subsidiaries in consolidation	—	0	—
Increase in cash and cash equivalents due to merger of nonconsolidated subsidiaries	—	103	—
Cash and cash equivalents at end of year	¥184,770	¥146,647	\$1,965,638

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Ajinomoto Co., Inc. and Consolidated Subsidiaries
March 31, 2013

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:

86 companies

Names of main companies:

Knorr Foods Co., Ltd., Ajinomoto Frozen Foods Co., Inc., AJINOMOTO PHARMACEUTICALS CO., LTD., Ajinomoto Co., (Thailand) Ltd., Ajinomoto do Brasil Ind. e Com. de Alimentos Ltda., AJINOMOTO EUROLYSINE S.A.S.

(2) Names of main non-consolidated subsidiaries:

Bonito Technical Laboratory Co., Inc.

(Reasons for exclusion from scope of consolidation)

Subsidiaries classified as non-consolidated are small, and none has total assets, net sales, net income (corresponding to the percentage of shares held), or retained earnings (corresponding to the percentage of shares held), etc. that impact the consolidated financial statements significantly.

(3) Ajinomoto System Techno Corporation has been excluded from the scope of consolidated subsidiaries due to the transfer of 51% of all issued and outstanding shares held by the Company to Nomura Research Institute, Ltd.

AJINOMOTO BUSINESS ASSOCIATES CO., INC. has been excluded from the scope of consolidated subsidiaries as a result of being merged by Ajinomoto Communications, Inc.

Calpis Co., Ltd. (specified subsidiary as provided by Article 19-10 of the Cabinet Office Order on Disclosure of Corporate Information, etc.) has been excluded from the scope of consolidated subsidiaries due to the transfer of all shares held by the Company to Asahi GH. As a result, Calpis Foods Service Co., Ltd., Taiwan Calpis Co., Ltd., Calpis U.S.A., Inc., and PT Ajinomoto Calpis Beverages Indonesia were also excluded from the scope of consolidated subsidiaries.

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 Ayuthaya Real Estate Co., Ltd., Erawan Industrial Development Co., Ltd.

(2) Number of affiliated companies accounted for by the equity method:

7 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 subsidiaries 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 Healthcare Committee Inc.) are immaterial to the consolidated net results or retained earnings, etc.; therefore, these companies do not have a material impact, and they are not included in the scope of the equity method.

(4) Ajinomoto System Techno Corporation has been excluded from the scope of consolidated subsidiaries, as a result of the transfer of 51% of all issued and outstanding shares which had been held by the Company, to Nomura Research Institute, Ltd. As of March 31, 2013, it is accounted for by the equity method. Its corporate name has been changed to NRI System Techno, Ltd.

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

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

The fiscal year end of Nissin-Ajinomoto Alimentos Ltda. and 1 other company accounted for by the equity method 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

Ajinomoto Co., Inc. and Consolidated Subsidiaries
March 31, 2013

e. Accounting policies**(1) 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.

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.

(2) 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.

(3) Accounting for significant reserves**1) Allowance for doubtful receivables:**

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

2) Accrued bonuses for employees:

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

3) Accrued retirement benefits for employees:

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

(Additional information)

On September 1, 2012, the Ajinomoto Employees' Pension Fund, in which the Company participates, received approval from the Minister of Health, Labour and Welfare for the return of the benefit obligations related to past employee service under the substitutable portion of the welfare pension fund in connection with the enforcement of the Defined-Benefit Corporate Pension Law. Accordingly, based on Section 44-2 of the "Practical Guidelines on Accounting for Retirement Benefits (Interim Report)" (Accounting Committee Report No. 13 of the Japanese Institute of Certified Public Accountants), the Company recorded an extraordinary gain of ¥27,752 million (\$295,234 thousand) in the fiscal year ended March 31, 2013.

(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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

Ajinomoto Co., Inc. and Consolidated Subsidiaries
March 31, 2013

5) Bonus reserve for officers:

In preparation for the payment of bonuses to officers, bonus reserve for officers included in "Accrued expenses and other current liabilities" have been provided for the amount of payment expected for the fiscal year ended March 31, 2013.

6) Allowance for environmental measures:

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

(4) Translation of significant assets and liabilities denominated in foreign currencies into yen

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

(5) 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.

(6) Amortization of goodwill

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

(7) 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.

(8) Other significant items for the preparation of consolidated financial statements**1) Accounting for consumption taxes:**

Transactions of the Company and domestic consolidated subsidiaries subject to consumption tax and/or regional consumption tax are recorded at amounts exclusive of the consumption tax. Consumption tax refundable is included in "Prepaid expenses and other current assets," while consumption tax payable is included in "Accrued expenses and other current liabilities."

2) Adoption of consolidated taxation system:

The Company and some of its consolidated subsidiaries have adopted the consolidated taxation system, with the Company as the taxable parent company.

3) Recognition of revenue from finance lease transactions:

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

2. Changes in Accounting Policies for Items that are Difficult to Categorize as Changes in Accounting Estimates

Effective the fiscal year ended March 31, 2013 and in line with a corporation tax revision, the Company and its domestic consolidated subsidiaries have changed to a depreciation method based on the revised Corporation Tax Act for tangible fixed assets acquired on or after April 1, 2012. The impact of these changes on operating income and net income before income taxes and minority interests for the year ended March 31, 2013 is minimal.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

Ajinomoto Co., Inc. and Consolidated Subsidiaries
March 31, 2013

3. Standards Issued but Not Yet Effective**Accounting standards related to consolidated financial statements**

Accounting Standard for Retirement Benefits (Accounting Standards Board of Japan (ASBJ) Statement No. 26 of May 17, 2012), and Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25. of May 17, 2012)

(1) Outline

Under the revised accounting standard, actuarial gains and losses and past service costs shall be recognized within net assets on the consolidated balance sheets after adjusting for tax effects, and the accumulated deficit or surplus shall be recognized as a liability or asset. Also, regarding the estimated amount of retirement benefits and the method of attributing them to accounting periods, in addition to the straight-line attribution standard, the benefit formula may be used and the method of calculating the discount rate has been revised.

(2) Scheduled date of adoption

These accounting standards will be adopted from the start of the fiscal year ending March 31, 2014. However, as no retrospective application of this accounting standard is required it will not be applied to consolidated financial statements for prior periods.

(3) Impact of adoption of new accounting standard

The impact on the consolidated financial statements as a result of the adoption of these accounting standards is currently being evaluated.

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 ¥94=U.S.\$1, the approximate rate of exchange in effect on March 31, 2013.

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. Supplementary Cash Flow Information

The following is a summary of the assets and liabilities of Calpis Co., Ltd. and its subsidiaries which were excluded from consolidation upon sale of all outstanding shares of Calpis Co., Ltd. during the year ended March 31, 2013.

	2013	2013
	(Millions of yen)	(Thousands of U.S. dollars)
Current assets	¥ 22,471	\$ 239,053
Fixed assets	86,147	916,457
Total assets	¥108,618	\$1,155,511
Current liabilities	¥ 29,301	\$ 311,713
Long-term liabilities	17,332	184,383
Total liabilities	¥ 46,634	\$ 496,106

6. Inventories

Inventories at March 31, 2013 and 2012 consisted of the following:

	2013	2012	2013
	(Millions of yen)		(Thousands of U.S. dollars)
Finished goods	¥102,550	¥ 96,855	\$1,090,957
Work in process	7,701	7,960	81,926
Raw materials and supplies	49,566	42,842	527,298
	¥159,818	¥147,657	\$1,700,191

Inventories as of March 31, 2013 were written down due to lower profitability and unrealized loss on inventories included in cost of sales was ¥207 million (\$2,202 thousand). There was a reversal of write-down as of March 31, 2012 and unrealized gain on inventories included in cost of sales was ¥901 million.

7. Short-Term Borrowings and Long-Term Debts

Short-term borrowings at March 31, 2013 and 2012 consisted of the following:

	2013	2012	2013
	(Millions of yen)		(Thousands of U.S. dollars)
Short-term borrowings	¥12,365	¥17,790	\$131,543
	¥12,365	¥17,790	\$131,543

The average annual interest rate applicable to the short-term borrowings at March 31, 2013 was 1.05 %.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

Ajinomoto Co., Inc. and Consolidated Subsidiaries
March 31, 2013

Long-term debts at March 31, 2013 and 2012 consisted of the following:

	2013	2012	2013
	(Millions of yen)		(Thousands of U.S. dollars)
Bonds without collateral:			
0.62% bonds due 2014	¥ 20,000	¥ 20,000	\$ 212,766
0.71% bonds due 2016	15,000	15,000	159,574
1.37% bonds due 2015	14,999	14,999	159,564
1.89% bonds due 2021	19,992	19,991	212,681
Loans from banks, insurance companies and government-sponsored agencies:			
With collateral	23	33	245
Without collateral	34,831	39,220	370,543
	104,845	109,243	1,115,372
Current portion	(23,411)	(4,406)	(249,053)
	¥ 81,434	¥104,837	\$ 866,319

The annual maturities of long-term debts subsequent to March 31, 2013 were summarized as follows:

Year ending March 31,	(Millions of yen)	(Thousands of U.S. dollars)
2014	¥ 23,411	\$ 249,053
2015	18,416	195,915
2016	30,007	319,223
2017	2	21
2018 and thereafter	33,010	351,170
	¥104,845	\$1,115,372

Other interest-bearing debts at March 31, 2013 and 2012 were as follows:

	2013	2012	2013
	(Millions of yen)		(Thousands of U.S. dollars)
Lease obligations (current)	¥ 993	¥1,233	\$10,564
Lease obligations (non-current)	1,127	1,794	11,989
	¥2,121	¥3,027	\$22,564

The annual maturities of lease obligations subsequent to March 31, 2013 were summarized as follows:

Year ending March 31,	(Millions of yen)	(Thousands of U.S. dollars)
2014	¥ 993	\$10,564
2015	640	6,809
2016	295	3,138
2017	138	1,468
2018 and thereafter	55	585
	¥2,121	\$22,564

8. Notes to Consolidated Balance Sheets

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

	2013	2012	2013
	(Millions of yen)		(Thousands of U.S. dollars)
Long-term loans to third parties	¥ 455	¥ 767	\$ 4,840
Allowance for doubtful receivables	(278)	(1,260)	(2,957)
Other	11,139	13,259	118,500
Total	¥11,316	¥12,766	\$120,383

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

Ajinomoto Co., Inc. and Consolidated Subsidiaries
March 31, 2013

“Machinery, equipment and other” consisted of the following:

	2013	2012	2013
	(Millions of yen)		(Thousands of U.S. dollars)
Machinery and vehicles	¥528,879	¥508,031	\$5,626,372
Tools, furniture and fixtures	69,982	66,738	744,489
Leased assets	4,944	5,099	52,596
Construction in process	26,562	26,598	282,574
Total	¥630,369	¥606,467	\$6,706,053

“Accumulated depreciation and accumulated impairment losses” consisted of the following:

	2013	2012	2013
	(Millions of yen)		(Thousands of U.S. dollars)
Buildings and structures	¥(215,961)	¥(213,132)	\$(2,297,457)
Machinery and vehicles	(402,081)	(392,678)	(4,277,457)
Tools, furniture and fixtures	(57,992)	(56,690)	(616,936)
Leased assets	(3,138)	(2,202)	(33,383)
Total	¥(679,173)	¥(664,705)	\$(7,225,245)

“Other” in “Other assets” consisted of the following:

	2013	2012	2013
	(Millions of yen)		(Thousands of U.S. dollars)
Goodwill	¥ 4,779	¥25,080	\$ 50,840
Other	33,912	34,107	360,766
Total	¥38,691	¥59,188	\$411,606

“Accrued expenses and other current liabilities” consisted of the following:

	2013	2012	2013
	(Millions of yen)		(Thousands of U.S. dollars)
Accrued bonuses for employees	¥ 5,496	¥ 6,896	\$ 58,468
Bonus reserve for officers	325	357	3,457
Other	82,634	86,990	879,085
Total	¥88,455	¥94,243	\$941,011

“Other long-term liabilities” consisted of the following:

	2013	2012	2013
	(Millions of yen)		(Thousands of U.S. dollars)
Allowance for environmental measures	¥ 380	¥ 506	\$ 4,043
Other	22,116	23,332	235,277
Total	¥22,496	¥23,838	\$239,319

9. Pledged Assets

The assets pledged as collateral for the current portion of long-term debts, and long-term debts at March 31, 2013 and 2012 consisted of the following:

	2013	2012	2013
	(Millions of yen)		(Thousands of U.S. dollars)
Buildings and structures	¥196	¥217	\$2,085
Land	499	499	5,309
Other	—	211	—
Total	¥695	¥928	\$7,394

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

Ajinomoto Co., Inc. and Consolidated Subsidiaries
March 31, 2013

10. 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 38.0% and 40.7% for the years ended March 31, 2013 and 2012 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 income and comprehensive income for the years ended March 31, 2013 and 2012 differ from the statutory tax rate for the following reasons:

	2013	2012
Statutory tax rates	38.0%	40.7%
Effect of:		
Amortization of goodwill	0.9	2.5
Equity in earnings of affiliates	(1.2)	(1.4)
Special deduction of income taxes	(2.7)	(2.5)
Different tax rates applied to income of foreign consolidated subsidiaries	(5.8)	(7.3)
Gain on sales of shares of affiliated company	17.1	—
Other, net	(1.0)	1.9
Effective tax rates	45.4%	34.0%

The significant components of deferred tax assets and liabilities at March 31, 2013 and 2012 were as follows:

	2013	2012	2013
	(Millions of yen)		(Thousands of U.S. dollars)
Deferred tax assets:			
Loss on impairment of fixed assets	¥ 10,878	¥ 8,093	\$ 115,723
Accrued retirement benefit for employees	10,409	23,394	110,734
Loss carried forward	9,103	11,265	96,840
Accrued bonuses for employees	4,483	5,050	47,691
Depreciable assets, etc.	2,822	2,211	30,021
Consolidated eliminations	2,761	2,995	29,372
Loss on devaluation of securities	2,412	2,928	25,660
Period expenses	2,138	1,872	22,745
Accrued enterprise tax	1,711	674	18,202
Other	4,069	4,282	43,287
Gross deferred tax assets	50,791	62,767	540,330
Valuation allowance	(17,674)	(21,570)	(188,021)
Total deferred tax assets	33,117	41,196	352,309
Deferred tax liabilities:			
Reserves under Special Taxation Measures Law	5,873	7,434	62,479
Gain on land under consolidation	2,395	15,774	25,479
Other	19,871	16,648	211,394
Total deferred tax liabilities	28,141	39,859	299,372
Net deferred tax assets	¥ 4,975	¥ 1,337	\$ 52,926

11. Retirement Benefit Plans

The Company's domestic consolidated subsidiaries have defined benefit plans, i.e., corporate pension fund plans, welfare pension fund 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. The Company and certain consolidated subsidiaries have defined contribution plans in addition to defined benefit plans.

On September 1, 2012, the Company received approval from the Minister of Health, Labour and Welfare of Japan for an exemption from the obligation to pay benefits related to past services of employees under the substitutable portion of the Ajinomoto Employees' Welfare Pension Fund in connection with the enforcement of the Defined-Benefit Corporate Pension Law. Therefore, welfare pension fund plans were shifted to defined-benefit corporate pension fund plans.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

Ajinomoto Co., Inc. and Consolidated Subsidiaries
March 31, 2013

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, 2013 and 2012 for the Company's and the consolidated subsidiaries' defined benefit plans:

	2013	2012	2013
	(Millions of yen)		(Thousands of U.S. dollars)
Retirement benefit obligation	¥(253,842)	¥(267,443)	\$(2,700,447)
Plan assets at fair value	190,682	184,432	2,028,532
Unfunded retirement benefit obligation	(63,159)	(83,010)	(671,904)
Unrecognized actuarial gain or loss	34,924	34,131	371,532
Unrecognized prior service cost	(497)	(13,080)	(5,287)
Prepaid pension cost	64	1,002	681
Accrued employees' retirement benefits	¥ (28,796)	¥ (62,962)	\$ (306,340)

Notes

1. Includes substitutional portion of welfare pension fund.
2. At certain consolidated subsidiaries, the simplified method is used in calculating retirement benefit obligations.

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, 2013 and 2012 were outlined as follows:

	2013	2012	2013
	(Millions of yen)		(Thousands of U.S. dollars)
Service cost	¥ 6,054	¥ 6,349	\$ 64,404
Interest cost	5,291	6,335	56,287
Expected return on plan assets	(4,068)	(4,691)	(43,277)
Amortization of prior service cost	(2,262)	(3,256)	(24,064)
Amortization of actuarial gain or loss	5,443	9,411	57,904
Other	480	474	5,106
Total	¥10,938	¥14,623	\$116,362

Notes

1. Employee contributions to the welfare pension fund are not included in the amounts shown.
2. Retirement benefit expenses at consolidated subsidiaries using the simplified method are recorded in Service cost.
3. Payments into defined contribution pension funds are recorded in Other.
4. In addition to the above, an extraordinary gain of ¥27,752 million (\$295,234 thousand) is recorded due to recognition of prior return of the substitutional portion of the welfare pension fund..

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

	As of March 31,	
	2013	2012
Discount rate	Mainly 1.5%	Mainly 2.5%
Expected rate of return on plan assets	Mainly 2.5%	Mainly 2.5%

12. 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

Ajinomoto Co., Inc. and Consolidated Subsidiaries
March 31, 2013

13. Dividends

Dividends paid for the years ended March 31, 2013 and 2012 were outlined as follows:

Year ended March 31, 2013							
Resolution	Type of shares	Total amount of dividends		Dividends per share		Record date	Effective date
		Millions of yen	Thousands of U.S. dollars	Yen	U.S. dollars		
Annual general meeting of the shareholders on June 28, 2012	Common stock	¥5,413	\$57,585	¥8	\$0.085	March 31, 2012	June 29, 2012
Meeting of the Board of Directors on November 5, 2012	Common stock	¥5,187	\$55,181	¥8	\$0.085	September 30, 2012	December 4, 2012

Year ended March 31, 2012							
Resolution	Type of shares	Total amount of dividends		Dividends per share		Record date	Effective date
		Millions of yen	Thousands of U.S. dollars	Yen	U.S. dollars		
Annual general meeting of the shareholders on June 29, 2011	Common stock	¥5,582		¥8		March 31, 2011	June 30, 2011
Meeting of the Board of Directors on November 4, 2011	Common stock	¥5,413		¥8		September 30, 2011	December 2, 2011

The following dividends have a record date during the year ended March 31, 2013 but an effective date during the year ending March 31, 2014:

Resolution	Type of shares	Total amount of dividends		Dividends per share		Record date	Effective date
		Millions of yen	Thousands of U.S. dollars	Yen	U.S. dollars		
Annual general meeting of the shareholders on June 27, 2013	Common stock	¥6,325	\$67,287	¥10	\$0.106	March 31, 2013	June 28, 2013

14. Selling, General and Administrative Expenses

Selling, general and administrative expenses consisted of the following:

	2013	2012	2013
	(Millions of yen)		(Thousands of U.S. dollars)
Transportation expenses	¥ 31,423	¥ 34,265	\$ 334,287
Advertising expenses	32,700	32,571	347,872
Sales commissions	53,681	61,331	571,074
Salaries	43,955	45,238	467,606
Provision for accrued bonuses	17,421	18,888	185,330
Retirement benefit expenses	6,561	8,971	69,798
Depreciation and amortization	9,948	10,395	105,830
Research and development expenses	32,626	34,836	347,085
Amortization of goodwill	2,265	4,503	24,096
Other	82,519	80,201	877,862
Total	¥313,104	¥331,203	\$3,330,894

Research and development expenses included in manufacturing costs and selling, general and administrative expenses for the years ended March 31, 2013 and 2012 were ¥32,626 million (\$347,085 thousand) and ¥34,836 million, respectively.

15. Other Income (Expenses)

"Interest and dividend income" consisted of the following:

	2013	2012	2013
	(Millions of yen)		(Thousands of U.S. dollars)
Interest income	¥1,857	¥1,847	\$19,755
Dividend income	1,044	974	11,106
Total	¥2,902	¥2,821	\$30,872

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

Ajinomoto Co., Inc. and Consolidated Subsidiaries
March 31, 2013

"Gain (loss) on sales of securities" consisted of the following:

	2013	2012	2013
	(Millions of yen)		(Thousands of U.S. dollars)
Gain on sales of investment securities	¥ 34	¥554	\$ 362
Loss on sales of investment securities	(71)	(27)	(755)
Other	0	—	0
Total	¥(36)	¥526	\$(383)

"Other, net" consisted of the following:

	2013	2012	2013
	(Millions of yen)		(Thousands of U.S. dollars)
Rental income	¥ 781	¥ 757	\$ 8,309
Loss from natural disaster	—	(3,759)	—
Gain on sales of fixed assets	908	—	9,660
Loss on disposal of fixed assets	(2,951)	—	(31,394)
Other	(2,722)	673	(28,957)
Total	¥(3,984)	¥(2,329)	\$(42,383)

Gain on sales of investments in affiliates

"Gain on sales of investments in affiliates" mainly consists of the gain from the transfer of all shares held in Calpis Co., Ltd during the year ended March 31, 2013.

16. Impairment Loss

The impairment losses for the years ended March 31, 2013 and 2012 were outlined as follows:

Year ended March 31, 2013

The main assets with respect to which impairment losses were recorded in the fiscal year ended March 31, 2013 are as follows. In addition to these, other impairment losses of ¥166 million (\$1,766 thousand) were also recorded.

Location	Use	Classification
Saitama Prefecture, Japan Shimizu-ku, Shizuoka City Yaizu City, Shizuoka Prefecture	Manufacturing facilities	Buildings and structures, land, machinery and vehicles, leased assets
France	Manufacturing facilities	Machinery and vehicles, buildings and structures

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 in Kawajima, Hiki District, Saitama Prefecture, and Shimizu-ku, Shizuoka City and Yaizu City, Shizuoka Prefecture, in accordance with the restructuring of the pharmaceuticals business, the Company reduced the book value to the recoverable amount, and recorded an impairment loss of ¥7,955 million (\$84,628 thousand). This is broken down into, buildings and structures ¥3,292 million (\$35,021 thousand), land, ¥2,123 million (\$22,585 thousand), machinery and vehicles, ¥2,041 million (\$21,713 thousand), leased assets ¥339 million (\$3,606 thousand), and other ¥159 million (\$1,691 thousand). The recoverable amount was determined based on estimated selling price.

With respect to the sweeteners business in France, as demand in European markets has cooled and decreases in sales volumes due to an intensified competition with other companies continue to create losses, and as prospects for future recovery are currently poor, the entire book value of the aforementioned sweeteners manufacturing facilities has been recorded as an extraordinary loss under impairment losses. The amount of the impairment loss is ¥6,440 (\$68,511 thousand) million, broken down into machinery and vehicles, ¥3,414 million (\$36,319 thousand), buildings and structures, ¥2,829 million (\$30,096 thousand), and other, ¥197 million (\$2,096 thousand).

Year ended March 31, 2012

The main assets with respect to which impairment losses were recorded in the fiscal year are as follows. In addition to these, other impairment losses of ¥702 million were also recorded.

Location	Use	Classification
Kamisu, Ibaraki Prefecture, Japan	Idle asset	Land

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 idle assets in Kamisu, Ibaraki Prefecture, Japan, the Company reduced the book value to an amount proportionate to the price at which part of the land was sold during the fiscal year, as the market value had fallen compared to the book value. The impairment loss recorded was ¥404 million.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

Ajinomoto Co., Inc. and Consolidated Subsidiaries
March 31, 2013

17. Consolidated Statements of Comprehensive Income

Reclassification adjustments and tax effects relating to other comprehensive income for the year ended March 31, 2013 and 2012.

	2013	2012	2013
	(Millions of yen)		(Thousands of U.S. dollars)
Unrealized holding gain on securities:			
Amount arising during the year	¥10,335	¥ 1,294	\$ 109,947
Reclassification adjustments	(1,816)	261	(19,319)
Before tax effect	8,519	1,555	90,628
Tax effect	(2,155)	(328)	(22,926)
Unrealized holding gain on securities	6,363	1,227	67,691
Unrealized gain from hedging instruments:			
Amount arising during the year	(222)	(21)	(2,362)
Reclassification adjustments	8	6	85
Before tax effect	(214)	(15)	(2,277)
Tax effect	54	5	574
Unrealized gain from hedging instruments	(159)	(9)	(1,691)
Translation adjustments:			
Amount arising during the year	41,357	(14,831)	439,968
Reclassification adjustments	255	—	2,713
Before tax effect	41,612	(14,831)	442,681
Tax effect	(149)	—	(1,585)
Translation adjustments	41,462	(14,831)	441,085
Adjustment in pension liabilities of overseas subsidiaries:			
Amount arising during the year	—	(264)	—
Reclassification adjustments	784	—	8,340
Before tax effect	784	(264)	8,340
Tax effect	(305)	112	(3,245)
Adjustment in pension liabilities of overseas subsidiaries	478	(151)	5,085
Share of other comprehensive income of equity-method affiliates:			
Amount arising during the year	1,344	(555)	14,298
Reclassification adjustments	(5)	(11)	(53)
Before tax effect	1,339	(567)	14,245
Tax effect	—	—	—
Share of other comprehensive income of equity-method affiliates	1,339	(567)	14,245
Total other comprehensive income	¥49,485	¥(14,332)	\$ 526,436

18. 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, 2013 and 2012, 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, 2013							
	Acquisition costs	Accumulated depreciation	Accumulated impairment loss	Net book value	Acquisition costs	Accumulated depreciation	Accumulated impairment loss	Net book value
	(Millions of yen)				(Thousands of U.S. dollars)			
Buildings and structures	¥1,533	¥ 99	¥1,352	¥ 81	\$16,309	\$1,053	\$14,383	\$ 862
Machinery	807	547	148	111	8,585	5,819	1,574	1,181
Equipment	322	220	14	87	3,426	2,340	149	926
Other	2	2	—	0	21	21	—	0
Total	¥2,666	¥869	¥1,515	¥281	\$28,362	\$9,245	\$16,117	\$2,989

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

Ajinomoto Co., Inc. and Consolidated Subsidiaries
March 31, 2013

	March 31, 2012			
	Acquisition costs	Accumulated depreciation	Accumulated impairment loss	Net book value
	(Millions of yen)			
Buildings and structures	¥1,533	¥ 98	¥1,352	¥ 82
Machinery	1,068	719	148	200
Equipment	843	618	14	210
Other	16	13	—	2
Total	¥3,461	¥1,450	¥1,515	¥496

Lease payments relating to finance leases accounted for as operating leases in the accompanying consolidated financial statements amounted to ¥161 million (\$1,713 thousand) and ¥1,323 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, 2013 and 2012, respectively. The reversals of impairment loss applicable the above lease payments for the years ended March 31, 2013 and 2012 amounted to ¥71 million (\$755 thousand) and ¥73 million, respectively.

Future minimum lease payments (including the interest portion thereon) subsequent to March 31, 2013 for finance leases accounted for as operating leases were summarized as follows:

Year ending March 31,	(Millions of yen)	(Thousands of U.S. dollars)
2014	¥ 174	\$ 1,851
2015 and thereafter	906	9,638
Total	1,080	11,489
Accumulated impairment loss on leased assets	¥ 799	\$ 8,500

Future minimum lease payments subsequent to March 31, 2013 for operating leases were summarized as follows:

Year ending March 31,	(Millions of yen)	(Thousands of U.S. dollars)
2014	¥ 672	\$ 7,149
2015 and thereafter	2,950	31,383
Total	¥3,622	\$38,532

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, 2013 and 2012:

	March 31, 2013					
	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	—	—	—	—	—	—

	March 31, 2012		
	Acquisition costs	Accumulated depreciation	Net book value
	(Millions of yen)		
Machinery, equipment and other	¥15	¥14	¥0

Lease income relating to finance leases accounted for as operating leases in the accompanying consolidated financial statements amounted to ¥2 million for the year ended March 31, 2012. Depreciation of the assets leased under finance leases accounted for as operating leases amounted to ¥2 million for the year ended March 31, 2012.

Future minimum lease income subsequent to March 31, 2013 for operating leases was summarized as follows:

Year ending March 31,	(Millions of yen)	(Thousands of U.S. dollars)
2014	¥173	\$1,840
2015 and thereafter	253	2,691
Total	¥427	\$4,543

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

Ajinomoto Co., Inc. and Consolidated Subsidiaries
March 31, 2013

19. Contingent Liabilities

At March 31, 2013 and 2012, the Company and its consolidated subsidiaries had the following contingent liabilities.

Guarantees are for loans from financial institutions undertaken by unconsolidated subsidiaries or employees.

	2013	2012	2013
	(Millions of yen)		(Thousands of U.S. dollars)
As endorser of documentary export bills and trade notes receivable discounted with banks	¥ 464	¥493	\$ 4,936
As guarantor of indebtedness of unconsolidated subsidiaries, affiliates and employees:			
Granules OmniChem Private Ltd.	1,207	—	12,840
New Season Foods	216	205	2,298
Itoham Betagro Foods	91	76	968
Healthcare Committee Inc.	33	—	351
Employees	24	35	255
Ajinomoto de Mexico S. de R.L.. de C.V.	5	4	53
Kyodo Ace Butsuryu	1	1	11
	¥1,580	¥323	\$16,809

20. Amounts Per Share

Amounts per share as of and for the years ended March 31, 2013 and 2012 were as follows:

	2013	2012	2013
	(Yen)		(U.S. dollars)
Net income	¥74.35	¥61.27	\$0.791
Cash dividends	18.00	16.00	0.191
Net assets	1,004.38	894.58	10.685

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.

21. Related Party Transactions

For the year ended March 31, 2013

Attribute	Name	Domicile	Capitalization (Millions of yen)	Nature of operation	Equity ownership by the Company	Relationship		Transaction amount (Millions of yen) (Thousands of U.S. dollars)	Account	Balance at year end (Millions of yen) (Thousands of U.S. dollars)
						Operational relationship	Nature of transaction			
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 .etc	¥138,655 \$1,475,053	Notes and accounts payable	¥23,798 \$253,170

For the year ended March 31, 2012

Attribute	Name	Domicile	Capitalization (Millions of yen)	Nature of operation	Equity ownership by the Company	Relationship		Transaction amount (Millions of yen)	Account	Balance at year end (Millions of yen)
						Operational relationship	Nature of transaction			
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 .etc	¥138,237	Notes and accounts payable	¥23,809

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

Ajinomoto Co., Inc. and Consolidated Subsidiaries
March 31, 2013

22. Financial Instruments**a. Status of financial instruments****(1) Policy for financial instruments**

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

(2) Characteristics and risks of financial instruments

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

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

Derivative transactions undertaken include forward foreign exchange contracts and currency swaps to hedge the risk associated with foreign currency-denominated payables and receivables, and interest rate swaps are undertaken to hedge interest rate risks associated with borrowings, lending to Group companies and other such activities.

Hedge accounting details with regard to hedging instruments, hedged transactions, hedging policy and assessment of hedge effectiveness are outlined in "Hedge Accounting" in the previous section, "1. Notes regarding Significant Items for the Preparation of Consolidated Financial Statements".

(3) System for financial instruments risk management**1.) Credit risk management (risks of transaction partners failing to honor contracts, etc.)**

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

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

The Company's maximum potential exposure to credit risk is shown in the balance sheet as of March 31, 2013.

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

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

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

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

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

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

(4) Supplementary explanation on fair value of financial instruments

The fair value of financial instruments is based on market price for items having a market price. For items not having market price, the fair value is calculated based on reasonable estimates. As a number of variables are incorporated in such estimates, the fair values arrived at are subject to change as a result of the use of different assumptions in the calculations. Furthermore, with respect to the contract prices of derivative transactions in "Note 24. Derivative Transactions," the amounts do not indicate the market risk relating to the derivative transactions.

>>>

FINANCIAL SECTION >>>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

Ajinomoto Co., Inc. and Consolidated Subsidiaries
March 31, 2013

b. Fair value of financial instruments

The book values, fair values and any differences as of March 31, 2013 were as follows:

	Book value in consolidated financial statements	Estimated fair value	Difference	Book value in consolidated financial statements	Estimated fair value	Difference
	(Millions of yen)			(Thousands of U.S. dollars)		
(1) Cash and cash equivalents	¥186,501	¥186,501	¥ —	\$1,984,053	\$1,984,053	\$ —
(2) Notes and accounts receivable	197,568	197,568	—	2,101,787	2,101,787	—
(3) Marketable securities and investment securities						
Investments in stock of subsidiaries and affiliates	20,282	13,218	¥(7,063)	215,766	140,617	\$(75,138)
Other marketable securities	32,755	32,755	—	348,457	348,457	—
Total assets	¥437,108	¥430,044	¥(7,063)	\$4,650,085	\$4,574,936	\$(75,138)
(1) Notes and accounts payable	¥108,903	¥108,903	—	\$1,158,543	\$1,158,543	—
(2) Short-term borrowings	12,365	12,365	—	131,543	131,543	—
(3) Current portion of corporate bonds	20,000	20,000	—	212,766	212,766	—
(4) Current portion of long-term debts	3,411	3,411	—	36,287	36,287	—
(5) Corporate bonds	49,992	52,578	¥ 2,586	531,830	559,340	\$ 27,511
(6) Long-term debts	31,442	33,195	1,752	334,489	353,138	18,638
Total liabilities	¥226,115	¥230,453	¥ 4,338	\$2,405,479	\$2,451,628	\$ 46,149
Derivative transactions*	¥ 4,004	¥ 4,004	¥ —	\$ 42,596	\$ 42,596	\$ —

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

The book values, fair values and any differences as of March 31, 2012 were as follows:

	Book value in consolidated financial statements	Estimated fair value	Difference
	(Millions of yen)		
(1) Cash and cash equivalents	¥149,913	¥149,913	¥ —
(2) Notes and accounts receivable	206,952	206,952	—
(3) Marketable securities and investment securities			
Investments in stock of subsidiaries and affiliates	19,311	10,774	(8,537)
Other marketable securities	29,565	29,565	—
Total assets	¥405,742	¥397,205	¥(8,537)
(1) Notes and accounts payable	¥112,965	¥112,965	—
(2) Short-term borrowings	17,790	17,790	—
(3) Current portion of long-term debts	4,406	4,406	—
(4) Corporate bonds	69,990	72,154	¥ 2,163
(5) Long-term debts	34,847	36,669	1,821
Total liabilities	¥240,000	¥243,985	¥ 3,985
Derivative transactions*	¥ 917	¥ 917	¥ —

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

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

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

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

(3) Marketable securities and investment securities

The fair value of equities is based on prices at listing exchanges. The fair value of bonds is based on prices at listing exchanges or transaction prices disclosed by financial institutions. For notes relating to marketable securities according to holding purpose of such securities, please refer to "Note 23. Securities".

LIABILITIES**(1) Notes and accounts payable, (2) Short-term borrowings, (3) Current portion of corporate bonds and (4) Current portion of long-term debts**

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

Ajinomoto Co., Inc. and Consolidated Subsidiaries
March 31, 2013

(6) Long-term debts

The fair value of long-term debts with fixed interest rates is calculated based on the current total amount of principal and interest, discounted by the expected interest rate if the debts were refinanced at current rates. The book value is used for the fair value of long-term debts with floating interest rates, as the fair value of such debts 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 debts, as such swaps are treated as a single item incorporating the hedged long-term debts. For information relating to derivative transactions, please refer to "Note 24. Derivative Transactions".

Note 2: Financial instruments as of March 31, 2013 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	¥39,187	\$416,883
Other securities		
Unlisted shares	2,029	21,585
Unlisted domestic bonds	0	0
Money management funds, etc.	523	5,564
Total	¥41,740	\$444,043

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."

Note 3: Planned redemptions subsequent to March 31, 2013 for monetary claims and marketable securities with maturities

	2014	2015 and thereafter	2014	2015 and thereafter
	(Millions of yen)		(Thousands of U.S. dollars)	
Cash and cash equivalents	¥186,501	—	\$1,984,053	—
Notes and accounts receivable	197,568	—	2,101,787	—
Investment securities				
"Other marketable securities" with maturities	—	—	—	—

Note 4: Planned repayments subsequent to March 31, 2013 for corporate bonds and long-term debts

Year ending	Corporate bonds	Long-term debts	Corporate bonds	Long-term debts
	(Millions of yen)		(Thousands of U.S. dollars)	
2014	¥20,000	¥ 3,411	\$212,766	\$36,287
2015	15,000	3,416	159,574	36,340
2016	15,000	15,007	159,574	159,649
2017	—	2	—	21
2018	—	13,002	—	138,319
2019 and thereafter	20,000	13	212,766	138

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

Ajinomoto Co., Inc. and Consolidated Subsidiaries
March 31, 2013

23. Securities

a. Information regarding marketable securities classified as other securities with fair value at March 31, 2013 and 2012 was as follows:

	March 31, 2013					
	Carrying value	Acquisition cost	Difference	Carrying value	Acquisition cost	Difference
	(Millions of yen)			(Thousands of U.S. dollars)		
Securities whose carrying value exceeds their acquisition cost:						
Stocks	¥29,255	¥17,654	¥11,600	\$311,223	\$187,809	\$123,404
Bonds						
Government bonds	—	—	—	—	—	—
Corporate bonds	—	—	—	—	—	—
Other bonds	—	—	—	—	—	—
Other	—	—	—	—	—	—
Subtotal	29,255	17,654	11,600	311,223	187,809	123,404
Securities whose acquisition cost exceeds their carrying value:						
Stocks	3,500	3,617	(117)	37,234	38,479	(1,245)
Bonds						
Government bonds	—	—	—	—	—	—
Corporate bonds	—	—	—	—	—	—
Other bonds	—	—	—	—	—	—
Other	—	—	—	—	—	—
Subtotal	3,500	3,617	(117)	37,234	38,479	(1,245)
Total	¥32,755	¥21,272	¥11,483	\$348,457	\$226,298	\$122,160

	March 31, 2012		
	Carrying value	Acquisition cost	Difference
	(Millions of yen)		
Securities whose carrying value exceeds their acquisition cost:			
Stocks	¥23,049	¥17,666	¥ 5,383
Other	—	—	—
Subtotal	¥23,049	¥17,666	¥ 5,383
Securities whose acquisition cost exceeds their carrying value:			
Stocks	6,515	9,393	(2,877)
Other	—	—	—
Subtotal	6,515	9,393	(2,877)
Total	¥29,565	¥27,059	¥ 2,505

b. Sales of securities classified as other securities for the years ended March 31, 2013 and 2012 were summarized as follows:

	March 31, 2013					
	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	¥22	¥3	¥1	\$234	\$32	\$11
Bonds						
Government bonds	—	—	—	—	—	—
Corporate bonds	—	—	—	—	—	—
Other bonds	—	—	—	—	—	—
Other	—	—	—	—	—	—
Total	¥22	¥3	¥1	\$234	\$32	\$11

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

Ajinomoto Co., Inc. and Consolidated Subsidiaries
March 31, 2013

	March 31, 2012		
	Proceeds from sales	Gains on sales	Losses on sales
	(Millions of yen)		
Stocks	¥1,319	¥370	¥22
Bonds			
Government bonds	—	—	—
Corporate bonds	—	—	—
Other bonds	—	—	—
Other	—	—	—
Total	¥1,319	¥370	¥22

c. Securities recognized as impaired for the year ended March 31, 2013

Impairment of ¥2,345 million (\$24,947 thousand) has been recognized on other securities.

Securities recognized as impaired for the year ended March 31, 2012

Impairment of ¥607 million has been recognized on other securities.

24. Derivative Transactions

a. Summarized below were the notional amounts and the estimated fair value of the derivatives positions for which hedge accounting is not applied outstanding at March 31, 2013 and 2012:

1) Currency-related transactions

	March 31, 2013					
	Notional amount	Fair value	Unrealized gain (loss)	Notional amount	Fair value	Unrealized gain (loss)
	(Millions of yen)			(Thousands of U.S. dollars)		
Forward foreign exchange contracts:						
Sell:						
USD	¥15,567	¥(1,059)	¥(1,059)	\$165,606	\$(11,266)	\$(11,266)
EUR	5,807	(621)	(621)	61,777	(6,606)	(6,606)
HKD	694	(158)	(158)	7,383	(1,681)	(1,681)
JPY	515	6	6	5,479	64	64
THB	46	(9)	(9)	489	(96)	(96)
PEN	799	(236)	(236)	8,500	(2,511)	(2,511)
GBP	26	(0)	(0)	277	(0)	(0)
Buy:						
USD	1,478	(5)	(5)	15,723	(53)	(53)
EUR	130	(1)	(1)	1,383	(11)	(11)
JPY	1,017	(33)	(33)	10,819	(351)	(351)
HKD	19	(0)	(0)	202	(0)	(0)
THB	125	1	1	1,330	11	11
CNY	480	3	3	5,106	32	32
Currency swaps						
Receive/JPY and pay/USD	753	(100)	(100)	8,011	(1,064)	(1,064)
Receive/THB and pay/JPY	25,937	6,410	6,410	275,926	68,191	68,191
Receive/THB and pay/USD	491	36	36	5,223	383	383
Total	¥53,889	¥ 4,231	¥ 4,231	\$573,287	\$ 45,011	\$ 45,011

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

Ajinomoto Co., Inc. and Consolidated Subsidiaries
March 31, 2013

	March 31, 2012		
	Notional amount	Fair value	Unrealized gain (loss)
	(Millions of yen)		
Forward foreign exchange contracts:			
Sell:			
USD	¥15,217	¥183	¥183
EUR	2,164	(34)	(34)
HKD	518	(23)	(23)
JPY	444	12	12
THB	14	(1)	(1)
Buy:			
USD	1,472	53	53
EUR	44	0	0
JPY	1,017	(50)	(50)
HKD	0	(0)	(0)
THB	197	0	0
CNY	248	0	0
Currency swaps			
Receive/JPY and pay/USD	1,045	5	5
Receive/THB and pay/JPY	16,029	710	710
Receive/THB and pay/USD	397	7	7
Total	¥38,812	¥866	¥866

2) Interest-related transactions

	March 31, 2013					
	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	—	—	—	—	—	—
Currency swaps:						
Receive/JPY and pay/USD	171	(5)	(5)	1,819	(53)	(53)
Total	¥171	¥(5)	¥(5)	\$1,819	\$(53)	\$(53)

	March 31, 2012		
	Notional amount	Fair value	Unrealized gain (loss)
	(Millions of yen)		
Interest-rate swaps:			
Pay/fixed and receive/floating	¥1,479	¥(37)	¥(37)
Currency swaps:			
Receive/JPY and pay/USD	443	87	87
Total	¥1,923	¥ 50	¥ 50

b. Summarized below were the notional amounts and the estimated fair value of the derivatives positions for which hedge accounting is applied outstanding at March 31, 2013 and 2012:

1) Interest-related transactions

	March 31, 2013			
	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 debts:				
Pay/fixed and receive/floating	¥7,800	¥(69)	\$82,979	\$(734)
Receive/fixed and pay/floating	23	0	245	0
Total	¥7,823	¥(69)	\$83,223	\$(734)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

Ajinomoto Co., Inc. and Consolidated Subsidiaries
March 31, 2013

	March 31, 2012	
	Notional amount	Fair value
	(Millions of yen)	
Exceptional treatment is applied with respect to interest-rate swaps for long-term debts:		
Pay/fixed and receive/floating	¥11,200	¥(94)
Receive/fixed and pay/floating	33	34
Total	¥11,233	¥(60)

2) Currency-related transactions

	March 31, 2013			
	Notional amount	Fair value	Notional amount	Fairvalue
	(Millions of yen)		(Thousands of U.S. dollars)	
Forward foreign exchange contracts:				
Buy:				
USD	¥17,147	¥(222)	\$182,415	\$(2,362)
Total	¥17,147	¥(222)	\$182,415	\$(2,362)

Fiscal year ended March 31, 2012

No applicable items.

25. Business Combination

The Company resolved at a Board of Directors meeting on May 8, 2012 to sell all outstanding shares of its wholly owned subsidiary Calpis to Asahi GH, and on the same day concluded a contract with Asahi GH for the transfer of the shares. Calpis was a specified subsidiary as provided by Article 19-10 of the Cabinet Office Order on Disclosure of Corporate Information, etc.

In accordance with the contract, on October 1, 2012, the Company closed the sale of its entire holdings of Calpis shares to Asahi GH.

1. Reason for sale of shares

Under the FY2011-2013 Medium-Term Management Plan, the Company is focusing resources on the core businesses of "seasonings & food products" and "advanced bioscience & fine chemicals" to generate growth and reinforce its business structure toward becoming a genuine global company. Calpis has focused its operations on lactic acid beverages since its establishment in 1917. Its flagship Calpis brand was the first such beverage in Japan.

The Company became the largest Calpis shareholder in 1990, integrated Calpis by acquiring 100% of its outstanding shares in October 2007, accelerated overseas development of its beverage business, and expanded its operations while leveraging synergies in functional areas including purchasing and logistics. Under these circumstances, the Company carefully considered a formal proposal from Asahi GH in January 2012 to purchase Calpis's shares.

Asahi GH expressed its desire to expand Calpis as a key component for growing its core beverage business, citing a strong appreciation for the Calpis brand and Calpis's technology for utilizing lactobacillus and microorganisms, corporate culture and history spanning more than 90 years, and outstanding human resources. Moreover, Calpis and Asahi GH group company Asahi Soft Drinks Co., Ltd. have been building mutual trust through their joint business for vending machine beverages.

After due consideration of these issues, the Company decided that selling its Calpis shares to Asahi GH would contribute to the Company's plan to concentrate on core businesses, and would further optimize growth over the long term for Calpis. The Company therefore decided to conclude the contract in the fiscal year ended March 31, 2013.

2. Overview of Calpis

- | | |
|------------------------|---|
| 1) Corporate name: | Calpis Co., Ltd. |
| 2) Outstanding shares: | 73,936,871 shares |
| 3) Main business: | Manufacture and sale of beverages, functional health foods and drinks, dairy products, alcoholic beverages, feed additives, etc., and other business activities |

3. Overview of transactions between the Company and Calpis

The Company purchases and sells Calpis products and the companies engage in joint raw materials purchasing and logistics.

4. Overview of sale

- | | |
|---------------------------------|--|
| 1) Closing date: | October 1, 2012 |
| 2) Number of shares to be sold: | 73,936,871 shares (entire shareholding) |
| 3) Sale price: | ¥121,720 million (\$1,294,894 thousand)* |

*The sale price includes dividends from retained earnings paid to Ajinomoto in September 2012 by Calpis of ¥27,000 million (\$287,234 thousand).

- | | |
|--|----|
| 4) The Company's ownership ratio after sale: | —% |
|--|----|

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

Ajinomoto Co., Inc. and Consolidated Subsidiaries
March 31, 2012

5. Overview of accounting treatment of sale

1) Gain on sales:

Gain on sales of shares in affiliated company ¥17,575 million (\$186,968 thousand)

2) Book value of assets and liabilities associated with the transferred company as of October 1, 2012:

Current assets:	¥22,471 million (\$239,053 thousand)
Fixed assets:	¥86,147 million (\$916,457 thousand)
Total assets:	¥108,618 million (\$1,155,511 thousand)
Current liabilities:	¥29,301 million (\$311,713 thousand)
Long-term liabilities:	¥17,332 million (\$184,383 thousand)
Total liabilities:	¥46,634 million (\$496,106 thousand)

6. Part of "Segment Information" in which Calpis was categorized

Domestic Food Products

7. Overview of sales and income attributable to Calpis for the fiscal year ended March 31, 2013

Sales:	¥59,386 million (\$631,766 thousand)
Operating income:	¥4,772 million (\$50,766 thousand)

26. Segment Information**Segment information**

Fiscal year ended March 31, 2013

1. Overview of reporting segments

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

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

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

Reporting Segments	Product Category	Main Products
Domestic Food Products	Seasonings and Processed Foods	AJI-NO-MOTO®, HON-DASHI®, Ajinomoto KK Consommé, Cook Do®, Knorr® Cup Soup, Pure Select® Mayonnaise, Kellogg's® products, savory seasonings, food enzyme ACTIVA®, lunchboxes and prepared dish products, bakery products, etc.
	Frozen Foods	Gyoza, Yawaraka Wakadori Kara-Age, Puripuri-no-Ebi Shumai, Ebi-yose Fry, Fried rice with various ingredients, etc.
	Beverages	CALPIS®, CALPIS Water®, etc.
Overseas Food Products	Consumer Food Products	AJI-NO-MOTO®, Ros Dee® (flavor seasoning), Masako® (flavor seasoning), Aji-ngo® (flavor seasoning), Sazón® (flavor seasoning), YumYum® (instant noodles), VONO® (noodle soup) Birdy® (canned coffee beverage), Birdy®3in1 (powdered drink), etc.
	Umami Seasonings for Processed Food Manufacturers	AJI-NO-MOTO®, etc. for the food processing industry, nucleotides
Bioscience Products and Fine Chemicals	Feed-Use Amino Acids	Feed-use Lysine, feed-use Threonine, feed-use Tryptophan
	Amino Acids	Arginine, Glutamine, Valine, Leucine, Isoleucine, other amino acids, PAL SWEET®, Aspartame, Refresco MID® (powdered juice mix), Pharmaceutical fine chemicals, etc.
	Specialty Chemicals	Amisoft®, Jino® (cosmetics), Insulation film for build-up printed wiring boards, etc.
Pharmaceuticals	Pharmaceuticals	LIVACT® (amino acid formula for treatment of liver cirrhosis), SOLITA®-T (electrolyte liquid for infusion), ELENAL® (elemental diet), FASTIC® (antidiabetes agent), ATELEC® (calcium channel blocker), ACTONEL® (osteoporosis treatment), etc.
Business Tie-Ups	Edible Oils	Salad Oil, Sara-Sara Canola Oil, Kenko Sarara®, etc.
	Coffee	MAXIM®, Blendy®, Blendy® bottled coffee, etc.

Formerly, for the coffee and edible oils businesses and some other businesses, the gross figures for sales and cost of sales were recorded in the accounts but from fiscal 2013 this method is scheduled to change by netting off sales and cost of goods sold and recording the net figure in the accounts. Accompanying this change, from fiscal 2013 Business Tie-Ups will be included in the Other segment and classification into five segments: Domestic Food Products; Overseas Food Products; Bioscience Products and Fine Chemicals; Pharmaceuticals; Business Tie-Ups; and Other, will be replaced by classification into four segments: Domestic Food Products; Overseas Food Products; Bioscience Products and Fine Chemicals; Pharmaceuticals; and Other.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

Ajinomoto Co., Inc. and Consolidated Subsidiaries
March 31, 2013

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

The accounting treatment methods for each reported business segment are broadly similar to those outlined in "Significant items for the preparation of consolidated financial statements". Reporting segment income figures are on an operating income basis. Internal sales between segments are mainly based on prices for third-party transactions.

(Changes in depreciation methods)

Effective the year ended March 31, 2013 and in line with a corporation tax revision, the Company and its domestic consolidated subsidiaries have changed to a depreciation method based on the revised Corporation Tax Act for tangible fixed assets acquired on or after April 1, 2012. The impact of these changes on segment income is minimal.

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

 Attachment

	Fiscal year ended March 31, 2013								
	Millions of yen								
	Reporting segments						Other Business*1	Adjustment amount*2	Consolidated
Domestic Food Products	Overseas Food Products	Bioscience Products and Fine Chemicals	Pharmaceuticals	Business Tie-ups					
Sales									
(1) Sales to third parties	¥401,183	¥245,397	¥204,206	¥71,450	¥180,079	¥ 70,126	¥ —	¥1,172,442	
(2) Intra-group sales and transfers	5,556	6,621	6,614	90	236	52,755	(71,874)	—	
Total sales	406,739	252,019	210,820	71,540	180,315	122,881	(71,874)	1,172,442	
Segment income	32,641	20,703	14,368	3,194	1,585	(1,261)	—	71,232	
Segment assets	191,008	294,304	245,908	64,808	60,593	68,539	166,578	1,091,741	
Other									
Depreciation and amortization	10,272	9,832	11,344	3,321	—	1,921	5,771	42,463	
Increase in tangible and intangible fixed assets	¥ 11,718	¥ 23,451	¥ 16,306	¥ 3,469	¥ —	¥ 1,849	¥ 4,809	¥ 61,605	

	Thousands of U.S. dollars							
	Reporting segments							
	Domestic Food Products	Overseas Food Products	Bioscience Products and Fine Chemicals	Pharmaceuticals	Business Tie-ups	Other Business*1	Adjustment amount*2	Consolidated
Sales								
(1) Sales to third parties	\$4,267,904	\$2,610,606	\$2,172,404	\$760,106	\$1,915,734	\$ 746,021	\$ —	\$12,472,787
(2) Intra-group sales and transfers	59,106	70,436	70,362	957	2,511	561,223	\$ (764,617)	—
Total sales	4,327,011	2,681,053	2,242,766	761,064	1,918,245	1,307,245	(764,617)	12,472,787
Segment income	347,245	220,245	152,851	33,979	16,872	(13,415)	—	757,787
Segment assets	2,032,000	3,130,894	2,616,043	689,447	644,606	729,138	1,772,106	11,614,266
Other								
Depreciation and amortization	109,277	104,596	120,681	35,330	—	20,436	61,394	451,734
Increase in tangible and intangible fixed assets	\$ 124,660	\$ 249,479	\$ 173,468	\$ 36,904	\$ —	\$ 19,670	\$ 51,160	\$ 655,372

Notes

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

2. The adjustment amounts are as follows:

- 1.) Adjustments of ¥166,578 million (\$1,772,106 thousand) for segment assets mainly include 'Corporate' assets of ¥250,136 million (\$2,661,021 thousand) and intersegment offsetting of receivables against payables of negative ¥84,070 million (\$894,362 thousand). 'Corporate' assets primarily consist of accumulated working capital, long-term investments, land not used in operations, and certain assets associated with the Company's administrative divisions and research facilities.
- 2.) Adjustments of ¥5,771 million (\$61,394 thousand) for depreciation related to 'Corporate' assets.
- 3.) Adjustments of ¥4,809 million (\$51,160 thousand) for increases in tangible fixed assets and intangible fixed assets are the acquisition cost of tangible and intangible fixed assets related to 'Corporate' assets.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

Ajinomoto Co., Inc. and Consolidated Subsidiaries
March 31, 2013

Fiscal year ended March 31, 2012

	Millions of yen							
	Reporting segments					Other Business*1	Adjustment amount*2	Consolidated*3
	Domestic Food Products	Overseas Food Products	Bioscience Products and Fine Chemicals	Pharmaceuticals	Business Tie-ups			
Sales								
(1) Sales to third parties	¥438,423	¥230,541	¥198,021	¥77,922	¥182,830	¥ 69,574	—	¥1,197,313
(2) Intra-group sales and transfers	4,779	6,771	5,699	102	297	67,779	¥ (85,431)	—
Total sales	443,202	237,312	203,721	78,025	183,128	137,354	(85,431)	1,197,313
Segment income	31,705	21,545	12,159	6,488	1,618	(931)	—	72,584
Segment assets	299,789	229,883	231,897	69,110	58,677	76,203	131,495	1,097,057
Other								
Depreciation and amortization	12,911	8,569	10,599	3,661	—	2,180	5,795	43,717
Increase in tangible and intangible fixed assets	¥ 12,281	¥ 24,021	¥ 12,423	¥ 3,233	¥ —	¥ 2,005	¥ 2,813	¥ 56,778

Notes

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

2. The adjustment amounts are as follows:

- 1.) Adjustments of ¥131,945 million for segment assets mainly include 'Corporate' assets of ¥231,210 million and intersegment offsetting of receivables against payables of negative ¥100,195 million. 'Corporate' assets primarily consist of accumulated working capital, long-term investments, land not used in operations, and certain assets associated with the Company's administrative divisions and research facilities.
- 2.) Adjustments of ¥5,795 million for depreciation related to 'Corporate' assets.
- 3.) Adjustments of ¥2,813 million for increases in tangible and intangible fixed assets are the acquisition cost of tangible and intangible fixed assets related to 'Corporate' assets.

b. Related information

Information by geographical area

As of and for the fiscal year ended March 31, 2013

(1) Sales

 Attachment

	Millions of yen				
	Japan	Asia	Americas	Europe	Total
Sales	¥744,586	¥210,192	¥123,256	¥94,407	¥1,172,442
Percentage of total consolidated sales	63.5%	17.9%	10.5%	8.1%	100.0%

	Thousands of U.S. dollars				
	Japan	Asia	Americas	Europe	Total
Sales	\$7,921,128	\$2,236,085	\$1,311,234	\$1,004,330	\$12,472,787
Percentage of total consolidated sales	63.5%	17.9%	10.5%	8.1%	100.0%

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

(2) Tangible fixed assets

	Millions of yen				
	Japan	Asia	Americas	Europe	Total
Tangible fixed assets	¥151,552	¥96,098	¥52,766	¥50,807	¥351,224

	Thousands of U.S. dollars				
	Japan	Asia	Americas	Europe	Total
Tangible fixed assets	\$1,612,255	\$1,022,319	\$561,340	\$540,500	\$3,736,426

As of and for the fiscal year ended March 31, 2012

(1) Sales

	Millions of yen				
	Japan	Asia	Americas	Europe	Total
Sales	¥792,020	¥198,435	¥116,979	¥89,877	¥1,197,313
Percentage of total consolidated sales	66.1%	16.6%	9.8%	7.5%	100.0%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

Ajinomoto Co., Inc. and Consolidated Subsidiaries
March 31, 2013

(2) Tangible fixed assets

	Millions of yen				
	Japan	Asia	Americas	Europe	Total
Tangible fixed assets	¥222,011	¥71,591	¥43,434	¥51,647	¥388,683

c. Impairment losses on fixed assets by reporting segment

As of and for the fiscal year ended March 31, 2013

	Millions of yen							
	Reporting segments					Other Business	Adjustment amount	Total
	Domestic Food Products	Overseas Food Products	Bioscience Products and Fine Chemicals	Pharmaceuticals	Business Tie-ups			
Impairment losses	¥164	¥1	¥6,440	¥7,955	—	—	—	¥14,562

	Thousands of U.S. dollars							
	Reporting segments					Other Business	Adjustment amount	Total
	Domestic Food Products	Overseas Food Products	Bioscience Products and Fine Chemicals	Pharmaceuticals	Business Tie-ups			
Impairment losses	\$1,745	\$11	\$68,511	\$84,628	—	—	—	\$154,915

As of and for the fiscal year ended March 31, 2012

	Millions of yen							
	Reporting segments					Other Business	Adjustment amount	Total
	Domestic Food Products	Overseas Food Products	Bioscience Products and Fine Chemicals	Pharmaceuticals	Business Tie-ups			
Impairment losses	¥411	—	—	¥129	—	¥161	¥404	¥1,106

d. Amortization of goodwill and outstanding balance by reporting segment

As of and for the fiscal year ended March 31, 2013

	Millions of yen							
	Reporting segments					Other Business	Adjustment amount	Total
	Domestic Food Products	Overseas Food Products	Bioscience Products and Fine Chemicals	Pharmaceuticals	Business Tie-ups			
Amortization	¥ 983	¥ 148	¥35	¥1,097	—	—	—	¥2,265
Outstanding balance	¥2,844	¥1,897	¥37	—	—	—	—	¥4,779

	Thousands of U.S. dollars							
	Reporting segments					Other Business	Adjustment amount	Total
	Domestic Food Products	Overseas Food Products	Bioscience Products and Fine Chemicals	Pharmaceuticals	Business Tie-ups			
Amortization	\$10,457	\$ 1,574	\$372	\$11,670	—	—	—	\$24,096
Outstanding balance	\$30,255	\$20,181	\$394	—	—	—	—	\$50,840

As of and for the fiscal year ended March 31, 2012

	Millions of yen							
	Reporting segments					Other Business	Adjustment amount	Total
	Domestic Food Products	Overseas Food Products	Bioscience Products and Fine Chemicals	Pharmaceuticals	Business Tie-ups			
Amortization	¥ 2,673	¥ 148	¥34	¥1,646	—	—	—	¥ 4,503
Outstanding balance	¥21,868	¥2,046	¥68	¥1,097	—	—	—	¥25,080

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

Ajinomoto Co., Inc. and Consolidated Subsidiaries
March 31, 2013

e. Gains on negative goodwill by reporting segment

Fiscal year ended March 31, 2013
No applicable items.

Fiscal year ended March 31, 2012
No applicable items.

27. Significant Subsequent Events**1. Business combination through acquisition****(1) Name of acquired company**

Althea Technologies, Inc. ("Althea")

(2) Reason for business combination

Althea possesses sophisticated technology, rigorous quality control, expertise for each manufacturing process required for biopharmaceuticals, and established relationships with its biopharmaceutical customer base. The Company, a market leader in amino acids for 100 years, developed unique biotech capabilities, and has recently been promoting its own contract process development business for biopharmaceuticals.

Through the acquisition of Althea, the Company aims to expand the business for biopharmaceutical development and manufacturing in the markets of North America, as well as Asia and Japan and strengthen the Ajinomoto Group's advanced biomedical business by combining its unique biotechnology with Althea's sophisticated technology, experienced personnel and expertise in manufacturing and development.

(3) Date of business combination

April 4, 2013

(4) Legal form of business combination

Acquisition of shares with cash compensation

(5) Post business combination company name

Ajinomoto Althea, Inc.

(6) Percentage of voting shares acquired

100%

(7) Cost of acquisition and cost breakdown

¥16,801 million (\$178,734 thousand)

(8) Amount of goodwill, reason for its occurrence, and amortization method and period**1.) Amount of goodwill, reason for its occurrence**

As the allotment of the acquisition price is not yet complete, the value is pending at the present time.

2.) Amortization method and period

Undetermined at the present time.

(9) Amount of assets and liabilities assumed at the time of the business combination and their breakdown

Undetermined at the present time.

2. Share repurchase based on Articles of Incorporation pursuant to Article 165-2 of the Companies Act

The Company resolved, at a Board of Directors meeting on May 8, 2013, on matters pertaining to a share repurchase based on Article 156 of the Companies Act as applied pursuant to Article 165-3 of the same act. The details are as follows:

(1) Reason for conducting the share repurchase

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

(2) Details of repurchase

- | | |
|---|--|
| 1.) Class of shares: | Common stock |
| 2.) Total number of shares to be repurchased: | 30 million (maximum) (4.74% of total shares outstanding, excluding treasury stock) |
| 3.) Total amount to be paid for repurchase: | ¥30,000 million (maximum) (\$319,149 thousand)* |
| 4.) Period of share repurchase: | May 9 through to July 19, 2013 |
| 5.) Method of repurchase: | Purchase in the market through a trust bank |
| 6.) Other | |

The Company plans to retire all of the shares repurchased under this program by resolution of the Board of Directors, pursuant to Article 178 of the Companies Act.

*Reference: Total number of shares outstanding (excluding treasury stock) as of March 31, 2013: 632,514,586



Ernst & Young ShinNihon LLC
Hibiya Kokusai Bldg.
2-2-3 Uchisaiwai-cho
Chiyoda-ku, Tokyo, Japan 100-0011

Tel : +81 3 3503 1100
Fax: +81 3 3503 1197

Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of Ajinomoto Co., Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2013, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Ajinomoto Co., Ltd. and its consolidated subsidiaries as at March 31, 2013, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Emphasis of Matter

1. As described in Note 27, the Company acquired all outstanding shares of Althea Technologies, Inc. on April 4, 2013
2. As described in Note 27, the Company passed a resolution at the Board of Directors meeting on May 8, 2013 related to a share repurchase plan.

Our opinion is not qualified in respect of these matters.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 4.

Ernst & Young ShinNihon LLC

June 27, 2013

A member firm of Ernst & Young Global Limited

MAJOR SUBSIDIARIES AND AFFILIATES (1/2)

(As of March 31, 2013)

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

COMPANY NAME	COUNTRY	CAPITAL STOCK (THOUSANDS)	VOTING RIGHTS*	MAJOR BUSINESS
--------------	---------	---------------------------	----------------	----------------

JAPAN

■ Ajinomoto Frozen Foods Co., Inc.	Japan	JPY 9,537,650	100.0	Frozen Foods
■ AJINOMOTO LOGISTICS CORPORATION	Japan	JPY 1,930,240	89.4 (0.9)	Logistics
■ Ajinomoto Pharmaceuticals Co., Ltd.	Japan	JPY 4,650,000	100.0	Pharmaceuticals
■ Ajinomoto Treasury Management, Inc.	Japan	JPY 500,000	100.0	Service, etc.
■ GABAN Co., Ltd.	Japan	JPY 2,827,868	55.4	Domestic Seasonings and Processed Foods
■ Knorr Foods Co., Ltd.	Japan	JPY 4,000,000	100.0	Domestic Seasonings and Processed Foods
■ Ajinomoto Animal Nutrition Group, Inc.	Japan	JPY 500,000	100.0	Feed-Use Amino Acid
■ Ajinomoto General Foods, Inc.	Japan	JPY 3,862,697	50.0	Beverages
■ J-OIL MILLS, INC.	Japan	JPY 10,000,000	27.3	Edible Oils

ASIA

■ Ajinomoto (China) Co., Ltd.	China	USD 104,108	100.0	Consumer foods
■ HENAN AJINOMOTO AMINO ACID CO., LTD.	China	USD 6,000	100.0 (100.0)	Amino Acids
■ 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
■ Shanghai Ajinomoto Seasoning Co., Ltd.	China	USD 27,827	100.0 (99.0)	Consumer foods
■ Xiamen Ajinomoto Life Ideal Foods Co., Ltd.	China	USD 7,000	51.0 (51.0)	Frozen Foods
■ PT Ajinex International	Indonesia	USD 44,000	95.0	Umami Seasonings for Processed Food mfrs.
■ PT Ajinomoto Indonesia**	Indonesia	USD 8,000	50.0	Consumer foods
■ Ajinomoto (Malaysia) Berhad	Malaysia	MYR 60,798	50.1	Consumer foods
■ AJINOMOTO PHILIPPINES CORPORATION	Philippines	PHP 665,444	95.0	Consumer foods
■ 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 Speciality Foods (Thailand) Co., Ltd.	Thailand	THB 390,000	51.0 (51.0)	Frozen Foods
■ Ajinomoto Co., (Thailand) Ltd.	Thailand	THB 796,362	78.7 (4.5)	Consumer foods
■ 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	Consumer foods

Notes: *Numbers in parentheses indicate indirect equity ownership.

**This company is classified as a subsidiary as it is under the substantial control of Ajinomoto Co.

MAJOR SUBSIDIARIES AND AFFILIATES (2/2)

(As of March 31, 2013)

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

COMPANY NAME	COUNTRY	CAPITAL STOCK (THOUSANDS)	VOTING RIGHTS*	MAJOR BUSINESS
--------------	---------	---------------------------	----------------	----------------

AMERICA

■ Ajinomoto do Brasil Ind. e Com. de Alimentos Ltda.	Brazil	BRL	913,298	100.0	Feed-Use Amino Acids and Umami Seasonings for Processed Food mfrs.
■ Ajinomoto del Perú S.A.	Peru	PEN	45,282	99.6	Consumer foods
■ Ajinomoto Frozen Foods U.S.A., Inc.	United States	USD	15,030	100.0 (100.0)	Frozen Foods
■ Ajinomoto Heartland., Inc.	United States	USD	750	100.0 (100.0)	Feed-Use Amino Acids
■ AJINOMOTO NORTH AMERICA, INC.	United States	USD	750	100.0	Amino Acids for Pharmaceuticals and Foods mfrs
■ Nissin-Ajinomoto Alimentos Ltda.	Brazil	BRL	12,688	50.0	Consumer foods

EUROPE

■ S.A. Ajinomoto OmniChem N.V.	Belgium	EUR	21,320	100.0 (0.0)	Amino Acids
■ Ajinomoto Sweeteners Europe S.A.S.	France	EUR	51,000	100.0 (0.0)	Amino Acids
■ AJINOMOTO FOODS EUROPE S.A.S.	France	EUR	42,609	100.0 (0.0)	Umami Seasonings for Processed Food mfrs
■ AJINOMOTO EUROLYSINE S.A.S.	France	EUR	26,865	100.0 (100.0)	Feed-Use Amino Acids
■ Ajinomoto Poland Sp. z o.o.	Poland	PLN	39,510	100.0 (100.0)	Consumer foods
■ ZAO "AJINOMOTO-GENETIKA Research Institute"	Russia	RBL	468,151	100.0	Service, etc.
■ West African Seasoning Co., Ltd.	Nigeria	NGN	2,623,714	100.0	Consumer foods

Notes: *Numbers in parentheses indicate indirect equity ownership.

**This company is classified as a subsidiary as it is under the substantial control of Ajinomoto Co.

V
V
V

CORPORATE DATA >>>

INVESTOR INFORMATION (1/2)

(As of March 31, 2013)

AJINOMOTO CO., INC.

Established: May 20, 1909

Number of employees: 27,518 (consolidated basis)
3,343 (non-consolidated basis)

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

Common stock

Authorized: 1,000,000,000 shares

Issued: 635,010,654 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: 64,814

Head office: 15-1, Kyobashi 1-chome, Chuo-ku,
Tokyo 104-8315, Japan
Tel: +81 (3) 5250-8111
<http://www.ajinomoto.com/en/>

Investor relations: Securities analysts and investment
professionals should direct inquiries to:

Investor relations

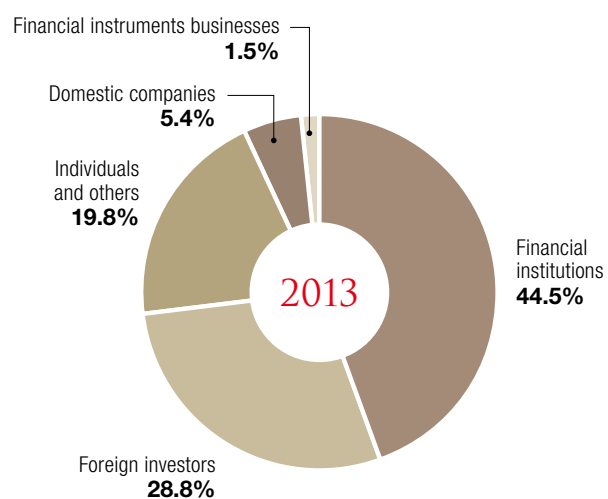
E-mail: investor_relations@ajinomoto.com

Tel: +81 (3) 5250-8291

Fax: +81 (3) 5250-8378

DISTRIBUTION OF SHAREHOLDERS

(By number of shares)



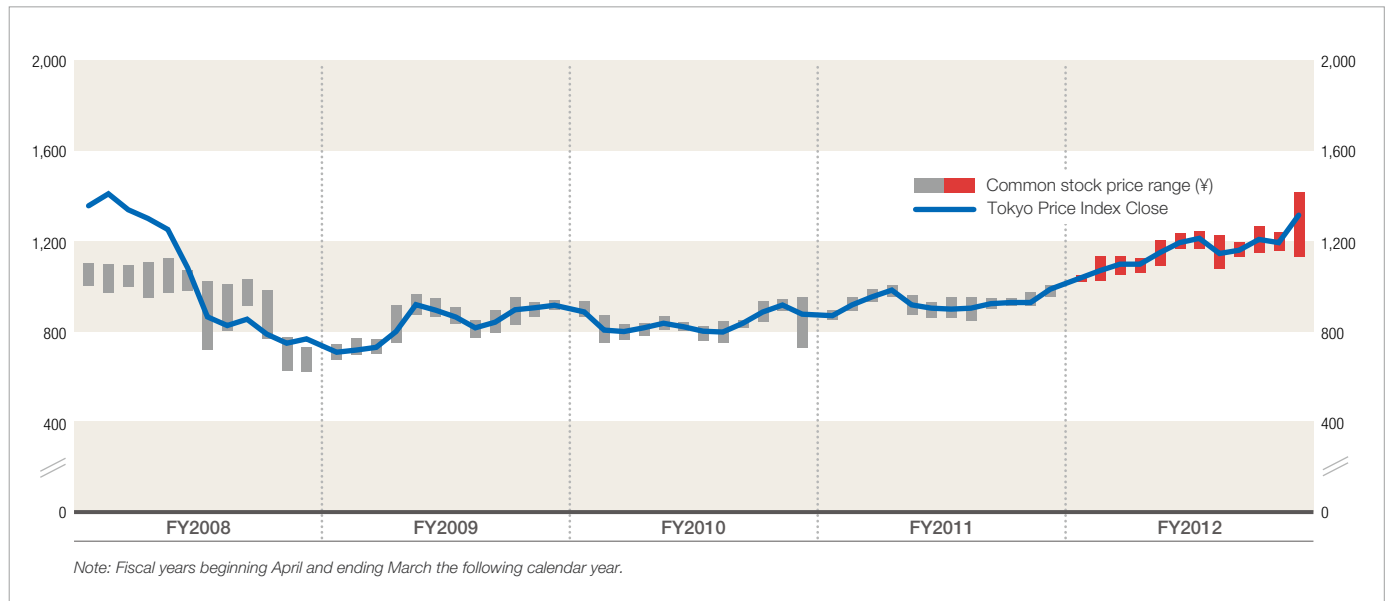
MAJOR SHAREHOLDERS

Name of shareholders	Number of Shares (Thousands)	Equity Position (%)
The Master Trust Bank of Japan, Ltd. (trust account)	45,963	7.24
Japan Trustee Services Bank, Ltd. (trust account)	31,180	4.91
The Dai-ichi Life Insurance Company, Limited	26,199	4.13
NIPPON LIFE INSURANCE COMPANY	25,706	4.05
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	20,149	3.17
SSBT OD05 OMNIBUS ACCOUNT-TREATY CLIENTS	13,523	2.13
Meiji Yasuda Life Insurance Company	12,624	1.99
Nipponkoa Insurance Co., Ltd.	12,073	1.90
Mitsubishi UFJ Trust and Banking Corporation	11,548	1.82
Mizuho Corporate Bank, Ltd.	10,036	1.58

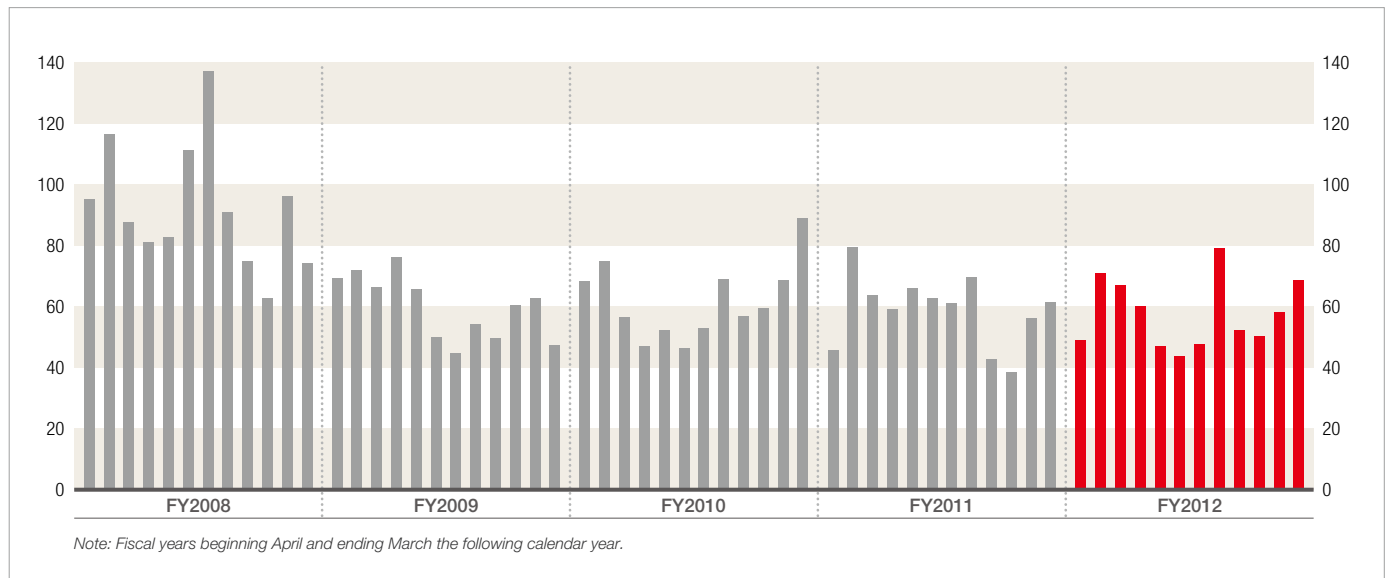
INVESTOR INFORMATION (2/2)

(As of March 31, 2013)

MONTHLY STOCK PRICE RANGE (¥)



MONTHLY TRADING VOLUME (million shares)



RELATED LINKS

The Ajinomoto Group Home: www.ajinomoto.com/en/

[Corporate Brochure](#)

Investor Relations: www.ajinomoto.com/en/ir/

[Sustainability Report](#)

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