

# Ajinomoto Co., Inc.

## Consolidated Results

First Quarter Ended June 30, 2006

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

## SUMMARY OF FINANCIAL STATEMENTS (Consolidated)

First quarter results for the year ending March 31, 2007

### Ajinomoto Co., Inc.

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July 31, 2006

### 1. Notes to preparation of these financial statements

Adoption of simplified accounting treatments: Yes

a) Income taxes: based on estimated actual tax rate      b) Allowance for doubtful accounts: partial use of the simple method

Differences in accounting treatments applied compared to previous consolidated fiscal year: None

Changes in the scope of consolidation and companies accounted for by the equity method compared to previous consolidated fiscal year: Yes

|                                              |                  |              |   |
|----------------------------------------------|------------------|--------------|---|
| Consolidated subsidiaries                    | (Newly included) | 2 (Excluded) | 1 |
| Companies accounted for by the equity method | (Newly included) | 1 (Excluded) | 1 |

### 2. First quarter consolidated financial results (April 1, 2006 to June 30, 2006) for the fiscal year ending March 31, 2007

#### 1) Consolidated Operating Results

*Millions of yen, rounded down*

|                                            | First quarter of FY ending<br>March 31, 2007 | First quarter of FY ended<br>March 31, 2006 | FY ended<br>March 31, 2006 |
|--------------------------------------------|----------------------------------------------|---------------------------------------------|----------------------------|
| Net sales .....                            | 276,528                                      | 261,454                                     | 1,106,807                  |
| Operating income .....                     | 10,250                                       | 7,611                                       | 60,322                     |
| Ordinary income .....                      | 10,847                                       | 8,614                                       | 61,448                     |
| Net income .....                           | 3,619                                        | 3,459                                       | 34,912                     |
| Net income per share (¥) .....             | ¥5.62                                        | ¥5.36                                       | ¥53.64                     |
| Fully diluted earnings per share (¥) ..... | --                                           | --                                          | --                         |

#### 2) Financial Position

*Millions of yen, rounded down*

|                                      | As of June 30, 2006 | As of June 30, 2005 | As of March 31,<br>2006 |
|--------------------------------------|---------------------|---------------------|-------------------------|
| Total assets .....                   | 997,782             | 886,946             | 997,405                 |
| Net assets .....                     | 559,776             | 469,207             | 528,762                 |
| Shareholders' equity ratio (%) ..... | 52.5%               | 52.9%               | 53.0%                   |
| Book value per share (¥) .....       | ¥808.26             | ¥724.01             | ¥815.84                 |

(Note) Net assets as of June 30, 2005 and as of March 31, 2006 do not include minority interests.

### 3. Matters concerning consolidated subsidiaries and affiliates accounted for by the equity method:

|                                                                                 |     |
|---------------------------------------------------------------------------------|-----|
| Number of consolidated subsidiaries .....                                       | 103 |
| Number of non-consolidated subsidiaries accounted for by the equity method .... | 4   |
| Number of affiliates accounted for by the equity method .....                   | 12  |

### 4. Forecast for the fiscal year ending March 31, 2007

*Millions of yen*

|                        | 6 months ending September 30, 2006 | FY ending March 31, 2007 |
|------------------------|------------------------------------|--------------------------|
| Net sales .....        | 580,000                            | 1,180,000                |
| Operating income ..... | 23,500                             | 71,500                   |
| Ordinary income .....  | 23,000                             | 69,000                   |
| Net income .....       | 11,000                             | 35,500                   |

(Notes) 1. Net income per share expected for the fiscal year ending March 31, 2007 (consolidated): ¥54.79

2. The above forecast for the 6 months ending September 30, 2006 and FY ending March 31, 2006 are the same as those announced on May 12, 2006

Please refer to pages 3 and 4 of this report for qualitative information on these three-month results.

## 1. CONSOLIDATED OPERATING RESULTS

Note: All comparisons are with the first quarter of the previous fiscal year, unless stated otherwise.

Consolidated net sales for the first three months (April 1, 2006 to June 30, 2006) of the fiscal year ending March 31, 2007 increased 5.8% (¥15.0 billion) to ¥276.5 billion. Consolidated operating income increased 34.7% to ¥10.2 billion, and consolidated ordinary income increased 25.9% to ¥10.8 billion. Consolidated net income for the first quarter increased 4.6% to ¥3.6 billion.

### Domestic food products

Net sales in the domestic food products segment increased 1.0% (¥1.4 billion) to ¥150.4 billion, and operating income decreased 1.6% (¥0.06 billion) to ¥3.9 billion.

The operating environment for this segment remained difficult in the period under review, due to poor weather conditions, sharp rises in vegetable prices and other factors. During the period the Ajinomoto Group (Ajinomoto) undertook a number of measures to stimulate demand and increase sales of key products.

**Seasonings:** Sales of *Hon-Dashi* increased slightly, despite the current declining trend of the Japanese flavor seasonings market. Sales of umami seasoning *AJI-NO-MOTO* decreased, despite the continued implementation of the *AjiPanda* campaign that began last year in an effort to stimulate demand. Sales of *ACTIVA*, an enzyme (transglutaminase) that improves food texture, increased significantly, as sales to the domestic meat processing industry were strong and overseas growth was also considerable.

**Processed foods:** Sales of soups increased slightly. Sales of mayonnaise and mayonnaise-type dressings were lower than in the previous comparable period, despite the significant increase in sales of *Pure Select Saralear*, amid lack of growth in the overall market for mayonnaise products. Sales of the *Cook Do* line decreased slightly, due to the impact of the sharp rise in vegetable prices and other factors.

**Sweeteners and nutritional foods:** Sales of amino acid-based sweeteners for home and restaurant use, which include key product *PAL SWEET Calorie Zero*, were higher than in the previous first quarter period. Sales of amino acid supplement *amino VITAL* were lower.

**Frozen foods:** Sales of frozen foods for home use increased, supported by promotional activities integrated with advertising that produced sales growth in the *Gyoza* products for which quality was improved in spring. Sales for restaurant and institutional use increased, as a result of increasing sales in focus categories and actively targeting important sales channels.

**Edible oils:** Sales increased slightly over the previous comparable period due to the strong performance of *Canola Oil*.

**Coffee, Beverages, Dairy products:** Sales of bottled coffee only increased slightly, affected by the unfavorable weather, but overall sales increased due to continued strong performance by instant and regular coffee. Sales of beverage products decreased due to the unfavorable weather. Sales of chilled dairy products performed well, supported by a significant increase in sales of *Danone Bio* resulting from the positive impact of TV commercials launched in April and other factors.

### Overseas food products

Net sales in the overseas food products segment increased 26.4% (¥5.8 billion) to ¥28.1 billion. Operating income increased 378.3% (¥2.1 billion) to ¥2.7 billion.

**Seasonings:** Sales of seasonings increased greatly, supported by the contribution of Amoy Food Group, which has been consolidated since January 2006. In Asia, sales of umami seasoning *AJI-NO-MOTO* for home use and restaurant use were strong, due partly to the impact of foreign exchange rates, and sales of flavor seasonings for home use increased significantly over the previous comparable period. In the Americas, flavor seasonings for home use grew substantially in South America, in part due to the impact of foreign exchange rates. In Europe and Africa, sales of *AJI-NO-MOTO* increased slightly in West African nations.

**Processed foods:** In Asia, sales of instant noodles increased significantly, and sales of canned coffee beverage *Birdy* also performed strongly.

## Amino acids

Net sales in the amino acid segment increased 7.9% (¥4.7 billion) to ¥64.8 billion. Operating income increased 33.9% (¥1.0 billion) to ¥4.0 billion. The strong sales were driven mainly by feed-use amino acids, pharmaceutical fine chemicals and specialty chemicals. Operating income increased significantly over the previous comparable period, lead by strong growth in specialty chemicals and other factors.

**Umami seasonings for processed food manufacturers:** Sales in this product segment decreased significantly over the previous comparable period, due to the impact of the reduction in the number of consolidated subsidiaries, despite the increases in sales prices both in Japan and overseas. Sales of nucleotides increased substantially, mainly to major overseas customers.

**Feed-use amino acids:** Sales of Lysine increased, supported by higher sales volume, despite the continued low sales prices resulting from the rapid increase in supply by Chinese manufacturers. Sales of Threonine decreased, due to a decline in sales volume. Sales of Tryptophan increased significantly.

**Amino Acids for pharmaceuticals and foods:** Sales of amino acids for pharmaceuticals for domestic customers declined due to the shrinking of the infusion market and the price fall in line with NHI price revision. Sales of amino acids for use in beverages also decreased over the previous comparable period as demand declined substantially. Overseas, amino acids for pharmaceuticals performed well in the United States and Europe in categories such as infusion.

**Sweeteners:** Sales to major customers trended well, and results slightly exceeded the previous comparable period.

**Pharmaceutical fine chemicals:** Sales in Europe grew substantially, and overall results increased greatly over the previous comparable period.

**Specialty chemicals:** Sales of cosmetics ingredients performed well due to major growth in cosmetics ingredients for the overseas market. Sales of amino acid-based cosmetic *Jino* and of insulation film for use in MPU boards both increased significantly.

## Pharmaceuticals

Net sales in the pharmaceuticals segment increased 11.0% (¥1.7 billion) to ¥17.9 billion. Operating income increased 116.4% (¥1.2 billion) to ¥2.3 billion.

Sales of products distributed by Ajinomoto itself exceeded the previous comparable period despite the impact of NHI price revision. Contributing factors were sales growth of *LIVACT*, an amino acid formula for treatment of liver cirrhosis, and infusions, as well as good performance of elemental diet product *ELENTAL*. Sales of products distributed through marketing alliances increased along with strong growth in sales of antihypertensive drug *ATELEC* and non-insulin-dependent diabetes treatment *FASTIC*.

## Other

Net sales in this segment decreased 8.5% (¥1.1 billion) to ¥15.2 billion. Operating income increased 10.3% (¥0.06 billion) to ¥0.7 billion.

## 2. FINANCIAL POSITION

Compared to the end of the previous fiscal year, cash on hand and in banks at the end of the first quarter decreased ¥3.6 billion, inventories increased ¥3.2 billion, and current assets decreased ¥0.4 billion. Tangible fixed assets increased ¥9.9 billion, and investment and other securities decreased ¥8.7 billion, leading to an increase of ¥0.8 billion in fixed assets. As a result, total assets increased ¥0.3 billion. Net assets increased ¥31.0 billion, due to the inclusion in net assets of minority interests by change in presentation under a new accounting standard issued by Accounting Standards Board of Japan. Shareholders' equity consisting of net assets minus minority interests was ¥523.6 billion, and the shareholders' equity ratio was 52.5%.

### **3. DISCLAIMER**

Forecasts and any forward-looking statements in this document are based on a number of assumptions and beliefs made by management in light of information currently available. Actual financial results may differ materially depending on a number of factors, including economic conditions, legislative and regulatory developments, delay in new product launches, and pricing and product initiatives of competitors.

## Consolidated Balance Sheets

*Millions of yen, rounded down*

|                                                | As of June 30, 2006 |              | As of March 31, 2006 |              | Increase<br>(Decrease) | As of June 30, 2005 |              |
|------------------------------------------------|---------------------|--------------|----------------------|--------------|------------------------|---------------------|--------------|
|                                                |                     | %            |                      | %            |                        |                     | %            |
| <b>ASSETS</b>                                  |                     |              |                      |              |                        |                     |              |
| <b>Current assets</b>                          |                     |              |                      |              |                        |                     |              |
| Cash on hand and in banks.....                 | 68,498              |              | 72,168               |              | (3,670)                | 71,773              |              |
| Notes & accounts receivable.....               | 195,043             |              | 196,967              |              | (1,924)                | 184,981             |              |
| Marketable securities .....                    | 3,439               |              | 4,228                |              | (788)                  | 799                 |              |
| Inventories.....                               | 111,599             |              | 108,324              |              | 3,275                  | 102,285             |              |
| Deferred tax assets .....                      | 10,804              |              | 10,787               |              | 17                     | 10,082              |              |
| Other .....                                    | 37,299              |              | 34,640               |              | 2,659                  | 25,062              |              |
| Allowance for doubtful accounts.....           | (1,133)             |              | (1,125)              |              | (7)                    | (784)               |              |
| <b>Total current assets .....</b>              | <b>425,552</b>      | <b>42.6</b>  | <b>425,991</b>       | <b>42.7</b>  | <b>(439)</b>           | <b>394,200</b>      | <b>44.4</b>  |
| <b>Fixed assets</b>                            |                     |              |                      |              |                        |                     |              |
| <b>Tangible fixed assets</b>                   |                     |              |                      |              |                        |                     |              |
| Buildings and structures.....                  | 274,933             |              | 272,416              |              | 2,516                  | 258,472             |              |
| Machinery and vehicles.....                    | 453,655             |              | 452,736              |              | 918                    | 431,747             |              |
| Other .....                                    | 54,523              |              | 54,120               |              | 402                    | 49,419              |              |
| Accumulated depreciation.....                  | (541,184)           |              | (540,184)            |              | (999)                  | (509,612)           |              |
| Land .....                                     | 56,900              |              | 55,611               |              | 1,288                  | 58,222              |              |
| Construction in process.....                   | 53,093              |              | 47,250               |              | 5,843                  | 20,958              |              |
| <b>Total tangible fixed assets .....</b>       | <b>351,920</b>      | <b>35.3</b>  | <b>341,950</b>       | <b>34.3</b>  | <b>9,970</b>           | <b>309,208</b>      | <b>34.9</b>  |
| <b>Intangible fixed assets</b>                 |                     |              |                      |              |                        |                     |              |
| Adjustment for consolidated account ....       | 42,016              |              | 43,194               |              | (1,177)                | 26,083              |              |
| Other .....                                    | 24,858              |              | 25,311               |              | (452)                  | 17,632              |              |
| <b>Total intangible fixed assets.....</b>      | <b>66,874</b>       | <b>6.7</b>   | <b>68,505</b>        | <b>6.9</b>   | <b>(1,630)</b>         | <b>43,715</b>       | <b>4.9</b>   |
| <b>Investment and other assets</b>             |                     |              |                      |              |                        |                     |              |
| Investment in securities.....                  | 137,396             |              | 146,151              |              | (8,754)                | 117,740             |              |
| Long-term loans receivable.....                | 288                 |              | 184                  |              | 104                    | 260                 |              |
| Deferred tax assets .....                      | 6,639               |              | 6,616                |              | 23                     | 13,957              |              |
| Other .....                                    | 9,799               |              | 8,692                |              | 1,106                  | 9,363               |              |
| Allowance for doubtful accounts.....           | (689)               |              | (687)                |              | (2)                    | (1,501)             |              |
| <b>Total investment and other assets .....</b> | <b>153,434</b>      | <b>15.4</b>  | <b>160,957</b>       | <b>16.1</b>  | <b>(7,523)</b>         | <b>139,821</b>      | <b>15.8</b>  |
| <b>Total fixed assets.....</b>                 | <b>572,230</b>      | <b>57.4</b>  | <b>571,413</b>       | <b>57.3</b>  | <b>816</b>             | <b>492,745</b>      | <b>55.6</b>  |
| <b>Total Assets .....</b>                      | <b>997,782</b>      | <b>100.0</b> | <b>997,405</b>       | <b>100.0</b> | <b>377</b>             | <b>886,946</b>      | <b>100.0</b> |

## Consolidated Balance Sheets

Millions of yen, rounded down

|                                                              | As of June 30, 2006 |              | As of March 31, 2006 |             | Increase<br>(Decrease) | As of June 30, 2005 |             |
|--------------------------------------------------------------|---------------------|--------------|----------------------|-------------|------------------------|---------------------|-------------|
|                                                              |                     | %            |                      | %           |                        |                     | %           |
| <b>LIABILITIES</b>                                           |                     |              |                      |             |                        |                     |             |
| Current liabilities                                          |                     |              |                      |             |                        |                     |             |
| Notes & accounts payable.....                                | 112,685             |              | 109,092              |             | 3,593                  | 112,570             |             |
| Short-term borrowings.....                                   | 31,500              |              | 24,851               |             | 6,649                  | 24,807              |             |
| Commercial paper.....                                        | 10,000              |              | 10,000               |             | --                     | --                  |             |
| Long-term loans due to be repaid<br>within one year .....    | 694                 |              | 410                  |             | 283                    | 774                 |             |
| Corporate bonds to be redeemed<br>within one year .....      | --                  |              | --                   |             | --                     | 10,000              |             |
| Accrued income taxes.....                                    | 5,849               |              | 7,274                |             | (1,424)                | 6,384               |             |
| Accrued bonuses .....                                        | 3,444               |              | 3,897                |             | (452)                  | 3,046               |             |
| Other .....                                                  | 68,432              |              | 82,314               |             | (13,882)               | 53,734              |             |
| <b>Total current liabilities .....</b>                       | <b>232,606</b>      | <b>23.3</b>  | <b>237,840</b>       | <b>23.8</b> | <b>(5,233)</b>         | <b>211,318</b>      | <b>23.8</b> |
| Long-term liabilities                                        |                     |              |                      |             |                        |                     |             |
| Bonds.....                                                   | 85,000              |              | 85,000               |             | --                     | 85,000              |             |
| Long-term debt.....                                          | 35,939              |              | 25,382               |             | 10,556                 | 5,463               |             |
| Deferred tax liabilities.....                                | 6,897               |              | 9,076                |             | (2,179)                | 2,084               |             |
| Accrued employees' retirement<br>benefits.....               | 55,826              |              | 57,234               |             | (1,408)                | 61,916              |             |
| Accrued officers' severance benefits.....                    | 1,776               |              | 1,607                |             | 168                    | 1,341               |             |
| Other .....                                                  | 19,960              |              | 19,856               |             | 103                    | 23,182              |             |
| <b>Total long-term liabilities .....</b>                     | <b>205,398</b>      | <b>20.6</b>  | <b>198,157</b>       | <b>19.9</b> | <b>7,241</b>           | <b>178,988</b>      | <b>20.2</b> |
| <b>Total liabilities .....</b>                               | <b>438,005</b>      | <b>43.9</b>  | <b>435,997</b>       | <b>43.7</b> | <b>2,007</b>           | <b>390,307</b>      | <b>44.0</b> |
| <b>NET ASSETS</b>                                            |                     |              |                      |             |                        |                     |             |
| Owners' equity                                               |                     |              |                      |             |                        |                     |             |
| Common stock .....                                           | 79,863              | 8.0          | --                   | --          | --                     | --                  | --          |
| Capital surplus .....                                        | 111,579             | 11.2         | --                   | --          | --                     | --                  | --          |
| Retained earnings.....                                       | 342,622             | 34.3         | --                   | --          | --                     | --                  | --          |
| Treasury stock.....                                          | (2,565)             | (0.2)        | --                   | --          | --                     | --                  | --          |
| <b>Total owners' equity .....</b>                            | <b>531,499</b>      | <b>53.3</b>  | <b>--</b>            | <b>--</b>   | <b>--</b>              | <b>--</b>           | <b>--</b>   |
| Appraisal and translation differences                        |                     |              |                      |             |                        |                     |             |
| Appraisal differences of other<br>marketable securities..... | 18,655              | 1.9          | --                   | --          | --                     | --                  | --          |
| Gain (loss) on deferred hedges.....                          | 84                  | 0.0          | --                   | --          | --                     | --                  | --          |
| Translation adjustments .....                                | (26,599)            | (2.7)        | --                   | --          | --                     | --                  | --          |
| <b>Total appraisal and translation<br/>differences .....</b> | <b>(7,859)</b>      | <b>(0.8)</b> | <b>--</b>            | <b>--</b>   | <b>--</b>              | <b>--</b>           | <b>--</b>   |
| Minority interests                                           |                     |              |                      |             |                        |                     |             |
| <b>Total net assets .....</b>                                | <b>559,776</b>      | <b>56.1</b>  | <b>--</b>            | <b>--</b>   | <b>--</b>              | <b>--</b>           | <b>--</b>   |
| <b>Total Liabilities and Net Assets .....</b>                | <b>997,782</b>      | <b>100.0</b> | <b>--</b>            | <b>--</b>   | <b>--</b>              | <b>--</b>           | <b>--</b>   |

## Consolidated Balance Sheets

Millions of yen, rounded down

|                                                                                | As of June 30, 2006 |           | As of March 31, 2006 |              | Increase<br>(Decrease) | As of June 30, 2005 |              |
|--------------------------------------------------------------------------------|---------------------|-----------|----------------------|--------------|------------------------|---------------------|--------------|
|                                                                                |                     | %         |                      | %            |                        |                     | %            |
| <b>MINORITY INTERESTS</b>                                                      |                     |           |                      |              |                        |                     |              |
| Minority interests .....                                                       | --                  | --        | 32,644               | 3.3          | --                     | 27,431              | 3.1          |
| <b>SHAREHOLDERS' EQUITY</b>                                                    |                     |           |                      |              |                        |                     |              |
| Common stock .....                                                             | --                  | --        | 79,863               | 8.0          | --                     | 79,863              | 9.0          |
| Capital surplus .....                                                          | --                  | --        | 111,579              | 11.2         | --                     | 111,579             | 12.6         |
| Retained earnings .....                                                        | --                  | --        | 341,528              | 34.2         | --                     | 314,637             | 35.5         |
| Unrealized holding gains on<br>Securities.....                                 | --                  | --        | 23,848               | 2.4          | --                     | 8,371               | 0.9          |
| Translation adjustments .....                                                  | --                  | --        | (25,547)             | (2.6)        | --                     | (42,926)            | (4.8)        |
| Treasury stock .....                                                           | --                  | --        | (2,510)              | (0.2)        | --                     | (2,318)             | (0.3)        |
| Total shareholders' equity.....                                                | --                  | --        | 528,762              | 53.0         | --                     | 469,207             | 52.9         |
| <b>Total Liabilities, Minority Interests<br/>and Shareholders' Equity.....</b> | <b>--</b>           | <b>--</b> | <b>997,405</b>       | <b>100.0</b> | <b>--</b>              | <b>886,946</b>      | <b>100.0</b> |



## Consolidated Statements of Income

*Millions of yen, rounded down*

|                                                       | First quarter ended<br>June 30, 2006 | %          | First quarter ended<br>June 30, 2005 | %          | Increase<br>(Decrease) | FY ended<br>March 31, 2006 | %          |
|-------------------------------------------------------|--------------------------------------|------------|--------------------------------------|------------|------------------------|----------------------------|------------|
| Net sales .....                                       | 276,528                              | 100.0      | 261,454                              | 100.0      | 15,073                 | 1,106,807                  | 100.0      |
| Cost of sales.....                                    | 202,471                              | 73.2       | 193,400                              | 74.0       | 9,070                  | 795,007                    | 71.8       |
| Gross profit.....                                     | 74,056                               | 26.8       | 68,053                               | 26.0       | 6,003                  | 311,799                    | 28.2       |
| Selling, general and administrative<br>expenses ..... | 63,806                               | 23.1       | 60,442                               | 23.1       | 3,363                  | 251,476                    | 22.7       |
| Operating income .....                                | 10,250                               | 3.7        | 7,611                                | 2.9        | 2,639                  | 60,322                     | 5.5        |
| <b>Non-operating income</b>                           |                                      |            |                                      |            |                        |                            |            |
| Interest received.....                                | 353                                  |            | 276                                  |            | 77                     | 1,287                      |            |
| Dividends received.....                               | 347                                  |            | 346                                  |            | 1                      | 1,279                      |            |
| Equity in earnings of affiliates.....                 | 1,376                                |            | 1,082                                |            | 293                    | 3,703                      |            |
| Miscellaneous income .....                            | 1,499                                |            | 1,369                                |            | 129                    | 3,793                      |            |
| Total non-operating income .....                      | 3,577                                | 1.3        | 3,075                                | 1.2        | 501                    | 10,064                     | 0.9        |
| <b>Non-operating expenses</b>                         |                                      |            |                                      |            |                        |                            |            |
| Interest expense.....                                 | 984                                  |            | 928                                  |            | 56                     | 3,292                      |            |
| Miscellaneous losses .....                            | 1,995                                |            | 1,145                                |            | 850                    | 5,645                      |            |
| Total non-operating expenses .....                    | 2,980                                | 1.1        | 2,073                                | 0.8        | 907                    | 8,938                      | 0.8        |
| Ordinary income .....                                 | 10,847                               | 3.9        | 8,614                                | 3.3        | 2,233                  | 61,448                     | 5.6        |
| <b>Extraordinary income</b>                           |                                      |            |                                      |            |                        |                            |            |
| Gain on sales of fixed assets .....                   | 7                                    |            | 23                                   |            | (16)                   | 4,339                      |            |
| Profit on sale of investment securities .....         | 10                                   |            | 1,014                                |            | (1,004)                | 1,634                      |            |
| Others .....                                          | 27                                   |            | 248                                  |            | (220)                  | 1,008                      |            |
| Total extraordinary income .....                      | 45                                   | 0.0        | 1,286                                | 0.5        | (1,240)                | 6,981                      | 0.6        |
| <b>Extraordinary losses</b>                           |                                      |            |                                      |            |                        |                            |            |
| Loss on disposal of fixed assets.....                 | 412                                  |            | 322                                  |            | 90                     | 4,699                      |            |
| Others .....                                          | 789                                  |            | 331                                  |            | 458                    | 6,561                      |            |
| Total extraordinary losses.....                       | 1,202                                | 0.4        | 654                                  | 0.3        | 548                    | 11,261                     | 1.0        |
| Net income before income taxes .....                  | 9,690                                | 3.5        | 9,246                                | 3.5        | 444                    | 57,169                     | 5.2        |
| Income taxes .....                                    | 5,362                                | 1.9        | 4,805                                | 1.8        | 557                    | 19,311                     | 1.7        |
| Minority interests .....                              | 707                                  | 0.3        | 982                                  | 0.4        | (274)                  | 2,945                      | 0.3        |
| <b>Net income .....</b>                               | <b>3,619</b>                         | <b>1.3</b> | <b>3,459</b>                         | <b>1.3</b> | <b>160</b>             | <b>34,912</b>              | <b>3.2</b> |

## Segment information by business

First quarter of the fiscal year ending March, 2007 (April 1, 2006 to June 30, 2006)

Millions of yen, rounded down

|                                              | Domestic<br>Food<br>Products | Overseas<br>Food<br>Products | Amino<br>Acids | Pharma-<br>ceuticals | Other  | Total   | Corporate<br>and<br>Eliminations | Consolidated |
|----------------------------------------------|------------------------------|------------------------------|----------------|----------------------|--------|---------|----------------------------------|--------------|
| Sales                                        |                              |                              |                |                      |        |         |                                  |              |
| (1) Sales to third parties.....              | 150,403                      | 28,133                       | 64,822         | 17,926               | 15,243 | 276,528 | --                               | 276,528      |
| (2) Intra-group sales and<br>transfers ..... | 660                          | 421                          | 4,564          | 35                   | 15,047 | 20,730  | (20,730)                         | --           |
| Total sales .....                            | 151,063                      | 28,555                       | 69,386         | 17,962               | 30,290 | 297,258 | (20,730)                         | 276,528      |
| Operating expenses .....                     | 147,092                      | 25,846                       | 65,288         | 15,599               | 29,551 | 283,378 | (17,101)                         | 266,277      |
| Operating income .....                       | 3,971                        | 2,709                        | 4,097          | 2,362                | 739    | 13,879  | (3,628)                          | 10,250       |

Notes 1. Business segments are based on the management structure of the internal company system.

2. Main products for each business segment:

| Business segment       | Main products                                                                                                                                                                                                                                                                 |
|------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Domestic Food Products | <i>AJI-NO-MOTO</i> , <i>Hon-Dashi</i> , <i>Cook Do</i> , soups, mayonnaise and mayonnaise-type dressings, <i>PAL SWEET</i> , delicatessen products, bakery products, <i>amino VITAL</i> , frozen foods, edible oils, coffee, domestic beverages, chilled dairy products, etc. |
| Overseas Food Products | <i>AJI-NO-MOTO</i> , flavor seasonings, instant noodles, beverages, etc.                                                                                                                                                                                                      |
| Amino Acids            | <i>AJI-NO-MOTO</i> for processed food manufacturers, nucleotides, feed-use amino acids, amino acids for pharmaceuticals and foods, pharmaceutical fine chemicals, aspartame, specialty chemicals, etc.                                                                        |
| Pharmaceuticals        | Pharmaceuticals, medical foods                                                                                                                                                                                                                                                |
| Other                  | Distribution, various services, etc.                                                                                                                                                                                                                                          |

3. Major unallocated items in operating expenses included under Corporate and Eliminations include administrative operating expenses at the parent company and part of operating expenses at research facilities. For the period under review, these items totaled 3,806 million yen.

## Segment information by business

First quarter of the previous fiscal year, ended March 31, 2006 (April 1, 2005 to June 30, 2005)

Millions of yen, rounded down

|                                              | Domestic<br>Food<br>Products | Overseas<br>Food<br>Products | Amino<br>Acids | Pharma-<br>ceuticals | Other  | Total   | Corporate<br>and<br>Eliminations | Consolidated |
|----------------------------------------------|------------------------------|------------------------------|----------------|----------------------|--------|---------|----------------------------------|--------------|
| Sales                                        |                              |                              |                |                      |        |         |                                  |              |
| (1) Sales to third parties.....              | 148,940                      | 22,252                       | 60,061         | 16,145               | 14,054 | 261,454 | --                               | 261,454      |
| (2) Intra-group sales and<br>transfers ..... | 731                          | 333                          | 6,068          | 22                   | 12,692 | 19,849  | (19,849)                         | --           |
| Total sales .....                            | 149,672                      | 22,585                       | 66,130         | 16,168               | 26,746 | 281,304 | (19,849)                         | 261,454      |
| Operating expenses .....                     | 145,637                      | 22,019                       | 63,069         | 15,077               | 26,076 | 271,880 | (18,037)                         | 253,843      |
| Operating income .....                       | 4,034                        | 566                          | 3,060          | 1,091                | 670    | 9,423   | (1,811)                          | 7,611        |

Notes 1. Business segments are based on the management structure of the internal company system.

2. Main products for each business segment:

| Business segment       | Main manufactured goods                                                                                                                                                                                                                                                                            |
|------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Domestic Food Products | <i>AJI-NO-MOTO</i> , <i>Hon-Dashi</i> , <i>Cook Do</i> , soups, mayonnaise and mayonnaise-type dressings, <i>PAL SWEET</i> (for domestic market), delicatessen products, bakery products, <i>amino VITAL</i> , frozen foods, edible oils, coffee, domestic beverages, chilled dairy products, etc. |
| Overseas Food Products | <i>AJI-NO-MOTO</i> , flavor seasonings, instant noodles, overseas beverages, etc.                                                                                                                                                                                                                  |
| Amino Acids            | <i>AJI-NO-MOTO</i> for processed food manufacturers, nucleotides, feed-use amino acids, amino acids for pharmaceuticals and foods, pharmaceutical fine chemicals, aspartame, specialty chemicals etc.                                                                                              |
| Pharmaceuticals        | Pharmaceuticals, medical foods                                                                                                                                                                                                                                                                     |
| Other                  | Distribution, various services, etc.                                                                                                                                                                                                                                                               |

3. Major unallocated items in operating expenses included under Corporate and Eliminations include administrative operating expenses at the parent company and part of operating expenses at research facilities. For the period under review, these items totaled 1,811 million yen.