

# Ajinomoto Co., Inc.

## Consolidated Results

First Quarter Ended June 30, 2007

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, 2008

### Ajinomoto Co., Inc.

Stock Code: 2802

<http://www.ajinomoto.com>

President: Norio Yamaguchi

Listed exchanges: Tokyo, Osaka  
 Inquiries: Corporate Executive Officer and  
 General Manager  
 Finance Department  
 Hiromichi Ono  
 Telephone: 813 5250-8161

July 31, 2007

### 1. First quarter consolidated financial results (April 1, 2007 to June 30, 2007) for the fiscal year ending March 31, 2008

#### 1) Consolidated Operating Results

*Millions of yen, rounded down*

	First quarter of FY ending March 31, 2008		First quarter of FY ended March 31, 2007		FY ended March 31, 2007
		Change %		Change %	
Net sales.....	298,823	8.1	276,528	5.8	1,158,510
Operating income .....	14,072	37.3	10,250	34.7	63,800
Ordinary income .....	14,871	37.1	10,847	25.9	61,589
Net income .....	8,647	138.9	3,619	4.6	30,229
Net income per share (¥) .....	¥13.35		¥5.62		¥46.70
Fully diluted earnings per share (¥) .....	--		--		--

#### 2) Financial Position

*Millions of yen, rounded down*

	As of June 30, 2007	As of June 30, 2006	As of March 31, 2007
Total assets .....	1,091,624	997,782	1,061,688
Net assets.....	631,237	559,776	607,584
Shareholders' equity ratio (%) .....	53.4%	52.5%	53.1%
Book value per share (¥) .....	¥899.97	¥808.26	¥870.02

## 2. Dividends

	FY Ended March 31, 2007	FY Ending March 31, 2008	FY Ending March 31, 2008 (forecast)
Dividend per share			
Interim .....	¥7.00	--	¥8.00
Year-end .....	¥8.00	--	¥8.00
Annual .....	¥15.00	--	¥16.00

## 3. Business forecasts for the fiscal year ending March 31, 2008 (April 1, 2007 to March 31, 2008)

There are no changes to the interim and full-year forecasts for the fiscal year ending March 31, 2008 announced on May 11, 2007.

As announced on June 11, 2007, Calpis Co., Ltd. is scheduled to become our wholly owned subsidiary through a share exchange on October 1, 2007. We will announce the impact of this and other developments on our consolidated results as confirmed.

## 4. Other

1) Transfer of important subsidiaries during the period: No

2) Adoption of simplified accounting methods: Yes

Note: For details see page 4, Qualitative Information and Financial Statements, 3. Other

3) Changes in accounting methods since previous fiscal year: No

## QUALITATIVE INFORMATION AND FINANCIAL STATEMENTS

### 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, 2007 to June 30, 2007) of the fiscal year ending March 31, 2008 increased 8.1% (¥22.2 billion) to ¥298.8 billion. Consolidated operating income increased 37.3% to ¥14.0 billion, and consolidated ordinary income increased 37.1% to ¥14.8 billion. Consolidated net income for the first quarter increased 138.9% to ¥8.6 billion.

#### Domestic food products

Net sales in domestic food products increased 0.9% (¥1.3 billion) to ¥151.7 billion, and operating income decreased 44.7% (¥1.7 billion) to ¥2.1 billion. The slight increase in sales was attributable to steady growth in frozen foods and coffee and a contribution since the start of the year from GABAN Co., Ltd., which became a consolidated subsidiary in June last year, while the major decrease in operating income was due to the higher cost of raw materials and other factors.

**Seasonings and processed foods for the retail market:** Sales of umami seasoning *AJI-NO-MOTO* and consommé were maintained at the same level as the previous comparable period, and sales of Chinese dashi progressed favorably, but revenue from sales of *HON-DASHI* decreased. Soup sales were lower than the previous comparable period. Sales of the *Cook Do* line grew steadily, driven by core product types. Sales of mayonnaise and mayonnaise-type dressings increased significantly, partly due to increased demand in advance of the price revisions to reflect higher costs of raw materials, which offset slightly lower sales of *Pure Select Saralea* than in the previous comparable period.

**Seasonings and processed foods for the commercial market:** Sales were slightly lower than in the previous comparable period, reflecting severe conditions in the restaurant market. Sales of *ACTIVA*, an enzyme (transglutaminase) that improves food texture, progressed favorably, supported by overseas sales growth, while sales of savory seasoning products performed well.

**Sweeteners and nutritional foods:** In low-calorie sweeteners for home use and restaurant use, sales increased compared to the previous first quarter period, driven by favorable sales of *PAL SWEET* and *PAL SWEET Calorie Zero*. Sales of amino acid supplement *amino VITAL* were lower, reflecting factors such as much lower sales of the jelly drink type products, although sales of granulated products increased substantially.

**Delicatessen and Bakery products:** Sales of lunchboxes and prepared dish delicatessen products were lower than in the previous comparable period, while bakery product sales also declined marginally.

**Frozen foods:** In products for the retail market, sales increased from the previous comparable period, due to strong performance by hamburger steak and pilaf products and our core *Gyoza* products. In products for restaurant and institutional use, sales decreased slightly. Overall, however, revenue increased compared to the previous first quarter.

**Edible oils:** Sales were lower than in the previous comparable period.

**Coffee, Beverages, Dairy products:** Revenue was higher due to strong sales of regular coffee and liquid coffee, despite flat sales of instant coffee.

Sales of beverage products were maintained at the same level as the previous comparable period, as a steady growth by *CALPIS Water* offset lower sales of *CALPIS* and other products.

Revenue from sales of chilled dairy products decreased.

#### Overseas food products

Overseas food product sales increased 33.1% (¥9.3 billion) to ¥37.4 billion. Operating income increased 70.3% (¥1.9 billion) to ¥4.6 billion. The major increases in revenue and income were attributable to growth in sales of flavor seasonings and *AJI-NO-MOTO* for home use and restaurant use, and the favorable impact of foreign exchange fluctuations.

**Seasonings:** In Asia, sales of *AJI-NO-MOTO* for home use and restaurant use and sales of flavor

seasonings for home use both increased substantially from the previous comparable period. In the Americas, revenue from sales of flavor seasonings for home use in South America increased considerably. In Europe and Africa, sales of *AJI-NO-MOTO* for home use grew significantly in West African nations.

**Processed foods:** In Asia, sales of instant noodles increased substantially and revenue from sales of *Birdy* canned coffee also increased, supported by the favorable impact of foreign exchange fluctuations.

### Amino acids

Sales in the amino acids business increased 11.0% (¥7.1 billion) to ¥71.9 billion. Operating income decreased 28.6% (¥1.1 billion) to ¥2.9 billion. The increase in sales was attributable to significantly higher revenue from feed-use amino acids and sweeteners and other businesses, supported by the favorable impact of foreign exchange rate fluctuations, which offset a slight decrease in sales of specialty chemicals and others. The major overall decrease in operating income from the previous comparable period was due to lower operating income of umami seasonings for processed food manufacturers, specialty chemicals and other businesses, despite higher income from sweeteners and other businesses.

**Umami seasonings for processed food manufacturers:** Sales increased slightly from the previous comparable period, with higher sales of *AJI-NO-MOTO* to the food processing industry in Japan and overseas. Revenue from sales of nucleotides increased substantially, driven mainly by increased volume of sales to major overseas customers.

**Feed-use amino acids:** Sales of Lysine increased substantially, supported by higher sales volumes and unit prices than the previous comparable period. Revenue from sales of Threonine increased, due to much higher sales volumes resulting from active marketing initiatives, despite major decline in unit prices resulting from the worsening environment in the grain market and intense competition. Sales of Tryptophan increased, with sales volumes and unit prices both significantly higher than in the previous comparable period.

**Amino acids for pharmaceuticals and foods:** In Japan, sales decreased from the previous comparable period. Overseas, sales increased strongly mainly in North America and Europe. As a result, overall revenue increased.

**Sweeteners:** Sales of sweeteners for the processed food industry were strong, with increased sales volumes. In South America, sales of powdered juice *Refresco MID*, which contains aspartame, increased significantly from the previous comparable period.

**Pharmaceutical fine chemicals:** Sales decreased slightly from the previous comparable period, reflecting slow sales in Japan.

**Specialty chemicals:** Sales of cosmetics ingredients performed well, particularly in overseas markets. Sales of amino acid-based cosmetic *Jino* also posted growth. Sales of insulation film for build-up printed wiring board decreased, due to the impact of inventory adjustment in the market.

### Pharmaceuticals

Pharmaceutical sales increased 25.7% (¥4.6 billion) to ¥22.5 billion. Operating income increased 167.0% (¥3.9 billion) to ¥6.3 billion. For sales of products distributed by the Ajinomoto Group itself, sales of *SOLITA-T*, an electrolyte solution, decreased from the previous comparable period, but sales of *LIVACT*, a branched-chain amino acids formula for the treatment of liver cirrhosis, and sales of *ELENTAL*, a diet product, and others increased. For sales under cooperative agreements, sales of *ATELEC*, an antihypertensive drug, and *ACTONEL*, a preparation used in the treatment of osteoporosis grew steadily. As a result, overall sales increased significantly and operating income also increased substantially, due partly to increased receipt of royalties.

### Other

Sales in this segment decreased 0.3% (¥53 million) to ¥15.1 billion. Operating income increased 3.7% (¥27 million) to ¥0.7 billion.

## 2. QUALITATIVE INFORMATION REGARDING FINANCIAL POSITION

Total assets as of June 30, 2007 were ¥1,091.6 billion, ¥29.9 billion more than the ¥1,061.6 billion recorded at the end of the previous fiscal year. Key factors contributing to this increase included increased accounts receivable and inventories resulting from seasonal factors such as gift products, and increased tangible fixed assets due to capital expenditure. In addition, higher value was recorded from the assets of overseas subsidiaries due to the weakening of the yen. Total interest-bearing debt increased ¥19.0 billion compared to the end of the previous fiscal year to ¥170.2 billion, due to seasonal factors such as payment of dividends and procuring funds for capital and other investment partly through borrowing. Net assets increased ¥23.6 billion compared to the end of the previous fiscal year, as a result of higher operating revenue, foreign currency translation adjustments and other factors. Shareholders' equity, which is net assets minus minority interests, was ¥582.8 billion, and the shareholders' equity ratio was 53.4%.

## 3. OTHER

(1) Transfer of important subsidiaries during the period:

No applicable items.

(2) Adoption of simplified accounting methods:

1. Method of recording corporate income tax, etc.: Use of estimated effective tax rate
2. Method of recording allowance for doubtful accounts: Use of partially simplified method

(3) Changes in accounting methods since previous fiscal year:

No applicable items.

## Consolidated Balance Sheets

*Millions of yen, rounded down*

	As of June 30, 2007		As of March 31, 2007		Increase (Decrease)		As of June 30, 2006
		%		%			%
<b>ASSETS</b>							
<b>Current assets</b>							
Cash on hand and in banks .....	76,926		81,958		(5,031)		68,498
Notes & accounts receivable .....	212,876		206,228		6,647		195,043
Marketable securities .....	212		32		180		3,439
Inventories .....	132,843		122,652		10,190		111,599
Deferred tax assets .....	11,208		11,442		(234)		10,804
Other .....	41,578		38,955		2,622		37,299
Allowance for doubtful accounts .....	(1,231)		(1,144)		(86)		(1,133)
<b>Total current assets .....</b>	<b>474,414</b>	<b>43.5</b>	<b>460,126</b>	<b>43.3</b>	<b>14,287</b>		<b>425,552</b>
<b>Fixed assets</b>							
<b>Tangible fixed assets</b>							
Buildings and structures .....	323,403		312,585		10,817		274,933
Machinery and vehicles .....	516,819		496,534		20,284		453,655
Other .....	61,339		59,056		2,282		54,523
Accumulated depreciation .....	(594,264)		(571,773)		(22,491)		(541,184)
Land .....	60,449		59,708		740		56,900
Construction in process .....	33,353		29,818		3,535		53,093
<b>Total tangible fixed assets .....</b>	<b>401,099</b>	<b>36.7</b>	<b>385,928</b>	<b>36.4</b>	<b>15,170</b>		<b>351,920</b>
<b>Intangible fixed assets</b>							
Goodwill .....	37,319		38,497		(1,178)		42,016
Other .....	25,175		25,402		(227)		24,858
<b>Total intangible fixed assets .....</b>	<b>62,494</b>	<b>5.7</b>	<b>63,900</b>	<b>6.0</b>	<b>(1,405)</b>		<b>66,874</b>
<b>Investment and other assets</b>							
Investment in securities .....	135,867		134,366		1,500		137,396
Long-term loans receivable .....	411		409		2		288
Deferred tax assets .....	7,530		7,485		45		6,639
Other .....	10,669		10,335		334		9,799
Allowance for doubtful accounts .....	(863)		(863)		0		(689)
<b>Total investment and other assets .....</b>	<b>153,616</b>	<b>14.1</b>	<b>151,733</b>	<b>14.3</b>	<b>1,882</b>		<b>153,434</b>
<b>Total fixed assets .....</b>	<b>617,210</b>	<b>56.5</b>	<b>601,561</b>	<b>56.7</b>	<b>15,648</b>		<b>572,230</b>
<b>Total Assets .....</b>	<b>1,091,624</b>	<b>100.0</b>	<b>1,061,688</b>	<b>100.0</b>	<b>29,936</b>		<b>997,782</b>

## Consolidated Balance Sheets

*Millions of yen, rounded down*

	As of June 30, 2007		As of March 31, 2007		Increase (Decrease)	As of June 30, 2006	
		%		%			%
<b>LIABILITIES</b>							
<b>Current liabilities</b>							
Notes & accounts payable .....	120,707		122,029		(1,321)	112,685	
Short-term borrowings .....	44,625		27,734		16,891	31,500	
Commercial paper .....	--		--		--	10,000	
Long-term loans due to be repaid within one year .....	306		401		(94)	694	
Corporate bonds to be redeemed within one year .....	15,000		15,000		--	--	
Accrued income taxes .....	7,130		12,122		(4,992)	5,849	
Accrued bonuses .....	3,552		4,297		(745)	3,444	
Accrued bonuses for directors .....	108		177		(69)	--	
Other .....	80,232		84,690		(4,457)	68,432	
Total current liabilities .....	271,663	24.9	266,453	25.1	5,210	232,606	23.3
<b>Long-term liabilities</b>							
Bonds .....	70,000		70,000		--	85,000	
Long-term debt .....	40,317		38,088		2,229	35,939	
Deferred tax liabilities .....	5,504		5,186		318	6,897	
Accrued employees' retirement benefits .....	50,084		51,421		(1,337)	55,826	
Accrued officers' severance benefits .....	1,608		2,201		(593)	1,776	
Allowance for environmental measures .....	214		214		--	--	
Other .....	20,995		20,538		457	19,960	
Total long-term liabilities .....	188,724	17.3	187,650	17.7	1,073	205,398	20.6
Total liabilities .....	460,387	42.2	454,103	42.8	6,283	438,005	43.9
<b>NET ASSETS</b>							
<b>Shareholders' equity</b>							
Common stock .....	79,863	7.3	79,863	7.5	--	79,863	8.0
Capital surplus .....	111,582	10.2	111,581	10.5	0	111,579	11.2
Retained earnings .....	369,368	33.9	365,791	34.5	3,576	342,622	34.3
Treasury stock .....	(2,985)	(0.3)	(2,902)	(0.3)	(82)	(2,565)	(0.2)
Total shareholders' equity .....	557,828	51.1	554,334	52.2	3,494	531,499	53.3
<b>Valuation, translation adjustments and others</b>							
Unrealized holding gain on securities .....	16,059	1.5	15,633	1.5	425	18,655	1.9
Unrealized gain from hedging instruments .....	48	0.0	27	0.0	20	84	0.0
Translation adjustments .....	8,875	0.8	(6,549)	(0.6)	15,424	(26,599)	(2.7)
Total valuation, translation adjustments and others .....	24,983	2.3	9,111	0.9	15,871	(7,859)	(0.8)
<b>Minority interests</b>							
Total net assets .....	631,237	57.8	607,584	57.2	23,652	559,776	56.1
<b>Total Liabilities and Net Assets .....</b>	<b>1,091,624</b>	<b>100.0</b>	1,061,688	100.0	29,936	<b>997,782</b>	<b>100.0</b>



## Consolidated Statements of Income

*Millions of yen, rounded down*

	First quarter ended June 30, 2007	%	First quarter ended June 30, 2006	%	Increase (Decrease)	FY ended March 31, 2007	%
Net sales .....	298,823	100.0	276,528	100.0	22,295	1,158,510	100.0
Cost of sales .....	214,976	71.9	202,471	73.2	12,504	828,050	71.5
Gross profit .....	83,847	28.1	74,056	26.8	9,790	330,459	28.5
Selling, general and administrative expenses .....	69,775	23.4	63,806	23.1	5,969	266,658	23.0
Operating income .....	14,072	4.7	10,250	3.7	3,821	63,800	5.5
<b>Non-operating income</b>							
Interest received .....	411		353		58	1,784	
Dividends received .....	435		347		87	825	
Equity in earnings of affiliates .....	1,125		1,376		(250)	3,920	
Miscellaneous income .....	2,966		1,499		1,467	4,606	
Total non-operating income .....	4,939	1.7	3,577	1.3	1,362	11,137	1.0
<b>Non-operating expenses</b>							
Interest expense .....	1,289		984		304	5,008	
Miscellaneous losses .....	2,850		1,995		854	8,340	
Total non-operating expenses .....	4,139	1.4	2,980	1.1	1,158	13,348	1.2
Ordinary income .....	14,871	5.0	10,847	3.9	4,024	61,589	5.3
<b>Extraordinary income</b>							
Gain on sales of fixed assets .....	1,101		7		1,093	373	
Profit on sale of investment securities ...	162		10		152	4,093	
Other .....	464		27		437	2,524	
Total extraordinary income .....	1,729	0.5	45	0.0	1,683	6,990	0.6
<b>Extraordinary losses</b>							
Loss on disposal of fixed assets .....	138		412		(273)	7,725	
Other .....	221		789		(568)	5,133	
Total extraordinary losses .....	360	0.1	1,202	0.4	(842)	12,859	1.1
Net income before income taxes .....	16,240	5.4	9,690	3.5	6,550	55,721	4.8
Income taxes .....	6,334	2.1	5,362	1.9	971	22,243	1.9
Minority interests .....	1,257	0.4	707	0.3	550	3,248	0.3
<b>Net income .....</b>	<b>8,647</b>	<b>2.9</b>	<b>3,619</b>	<b>1.3</b>	<b>5,027</b>	<b>30,229</b>	<b>2.6</b>

## Segment information by business

First quarter of the fiscal year ending March 31, 2008 (April 1, 2007 to June 30, 2007)

Millions of yen, rounded down

	Domestic Food Products	Overseas Food Products	Amino Acids	Pharma- ceuticals	Other	Total	Corporate and Eliminations	Consolidated
Sales								
(1) Sales to third parties.....	151,717	37,456	71,922	22,537	15,189	298,823	--	298,823
(2) Intra-group sales and transfers .....	586	444	4,257	27	14,535	19,851	(19,851)	--
Total sales .....	152,304	37,900	76,179	22,565	29,725	318,675	(19,851)	298,823
Operating expenses .....	150,108	33,287	73,252	16,257	28,959	301,864	(17,112)	284,751
Operating income .....	2,195	4,613	2,926	6,307	766	16,810	(2,738)	14,072

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 ¥3,180 million.

First quarter of the previous fiscal year, ended March 31, 2007 (April 1, 2006 to June 30, 2006)

Millions of yen, rounded down

	Domestic Food Products	Overseas Food Products	Amino Acids	Pharma- ceuticals	Other	Total	Corporate and 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 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.