Ajinomoto Co., Inc.

Consolidated Interim Results

First Half of
Fiscal Year Ending March 31, 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.

AJINOMOTO®

SUMMARY OF FINANCIAL STATEMENTS (Consolidated)

For the interim period ended September 30, 2006

Ajinomoto Co., Inc. **November 10, 2006**

Stock Code:	2802	Listed exchanges:	Tokyo, Osaka
http://www.ajinomoto.com/		Inquiries:	General Manager Finance Department Hiromichi Ono
President: Norio Yamaguchi			
Date of the meeting of the board of directors:	November 10, 2006		
U.S. GAAP Accounting Principles:	Not adopted	Telephone:	813 5250-8161

1. Consolidated Financial Results for the Six Months Ended September 30, 2006

1) Consolidated Operating Results

Millions of yen, rounded down

	Interim period ended September 30, 2006		Interim period ended September 30, 2005		FY ended March 31, 2006
		Change %		Change %	
Net sales	574,385	5.9	542,358	(0.6)	1,106,807
Operating income	27,634	27.0	21,760	(39.9)	60,322
Ordinary income	27,278	19.3	22,863	(39.3)	61,448
Net income	13,615	5.4	12,915	(41.5)	34,912
Net income per share (¥)	21.05	--	19.95	--	53.64
Fully diluted earnings per share (¥)	--	--	--	--	--

Notes: (1) Gain from investments in subsidiaries and affiliates accounted for by the equity method:

Interim period ended September 30, 2006: ¥2,263 million Interim period ended September 30, 2005: ¥2,504 million FY ended March 31, 2006: ¥3,703 million

(2) Average number of shares outstanding (consolidated) during the period:

Interim period ended September 30, 2006: 647,876,333 shares Interim period ended September 30, 2005: 648,088,729 shares FY ended March 31, 2006: 648,033,294 shares

(3) Changes to accounting principles: No

(4) Percentages for interim net sales, operating income, ordinary income and net income represent changes from the previous interim period.

2) Financial Position

Millions of yen, rounded down

	As of September 30, 2006	As of September 30, 2005	As of March 31, 2006
Total assets	1,022,607	909,190	997,405
Net assets	576,826	492,281	528,762
Shareholders' equity ratio (%)	52.8%	54.1%	53.0%
Book value per share (¥)	¥832.88	¥759.68	¥815.84

Notes: (1) Outstanding shares (consolidated) at:

September 30, 2006: 647,816,848 shares September 30, 2005: 648,030,012 shares March 31, 2006: 647,927,932 shares

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

3) Cash Flows

Millions of yen, rounded down

	Interim period ended September 30, 2006	Interim period ended September 30, 2005	FY ended March 31, 2006
Net cash provided by operating activities	25,491	13,411	55,174
Net cash used in investing activities	(33,426)	(24,657)	(83,731)
Net cash provided by (used in) financing activities	6,504	(14,747)	6,640
Cash and cash equivalents at end of period	74,387	68,181	75,133

4) Matters concerning consolidated subsidiaries and affiliates accounted for by the equity method

Number of consolidated subsidiaries	102
Number of non-consolidated subsidiaries accounted for by the equity method	4
Number of affiliates accounted for by the equity method	11

5) Changes in the scope of consolidation and companies accounted for by the equity method

Consolidated subsidiaries	Newly included:	2	Excluded:	2
Companies accounted for by the equity method	Newly included:	1	Excluded:	2

2. Forecast for the Fiscal Year Ending March 31, 2007

Millions of yen

	FY ending March 31, 2007
Net Sales	1,180,000
Operating Income	71,500
Ordinary Income	69,000
Net Income	35,500

Note: Net income per share expected for the fiscal year ending March 31, 2007 (consolidated): ¥54.84

This forecast contains forward-looking statements that are based on managements' estimates, assumptions and projections at the time of publication. A number of factors could cause actual results to differ materially from expectations. For more information, please refer to page 14.

1. Current State of the Ajinomoto Group

The Ajinomoto Group ("Ajinomoto" or the "Group") is made up of Ajinomoto Co., Inc. (the Company), along with 149 subsidiaries and 23 affiliates. The Group is engaged in manufacturing and marketing of domestic seasonings and processed foods, frozen foods, edible oils, beverages, dairy products, overseas seasonings and processed foods, umami seasonings for processed food manufacturers, feed-use amino acids, amino acids for pharmaceuticals and foods, sweeteners, pharmaceutical fine chemicals, specialty chemicals, pharmaceuticals, medical foods, and other businesses.

A breakdown of businesses of the Ajinomoto Group can be found in the following chart.

(◊ Represents companies accounted for by the equity method)

Business	Product	Main Companies
Domestic Food Products	Seasonings and Processed Foods	Knorr Foods Co., Ltd., Ajinomoto Packaging Co., Inc., AJINOMOTO BAKERY PRODUCT CO., LTD., GABAN Co., Ltd.,[1] Hokkaido Ajinomoto Co., Inc., Okinawa Ajinomoto Co., Inc.
	Frozen Foods	Ajinomoto Frozen Foods Co., Inc., Komec Co., Ltd., Ajinomoto Frozen Foods (Thailand) Co., Ltd.
	Edible Oils	◊ J-OIL MILLS, INC.[1]
	Beverages, Dairy Products	◊ Calpis Co., Ltd.,[1] ◊ Ajinomoto General Foods, Inc., ◊ Calpis Ajinomoto Danone Co., Ltd.
Overseas Food Products	Seasonings and Processed Foods	Ajinomoto Co., (Thailand) Ltd., Amoy Food Ltd., PT Ajinomoto Indonesia, ◊ Nissin-Ajinomoto Alimentos Ltda., AJINOMOTO PHILIPPINES CORPORATION, Ajinomoto Calpis Beverage (Thailand) Co., Ltd., Ajinomoto Vietnam Co., Ltd., Ajinomoto Sales (Thailand) Ltd., Ajinomoto Co., (China) Ltd.
Amino Acids	Umami Seasonings for Processed Food Manufacturers	Ajinomoto Interamericana Industria e Comercio Ltda., AJINOMOTO FOODS EUROPE S.A.S., PT Ajinex International, Ajinomoto Trading, Inc., AJINOMOTO FOODS DEUTSCHLAND GMBH
	Feed-Use Amino Acids	AJINOMOTO EUROLYSINE S.A.S., Ajinomoto Biolatina Industria e Comercio Ltda., Ajinomoto Heartland LLC
	Amino Acids for Pharmaceuticals and Foods	AJINOMOTO HEALTHY SUPPLY, INC., Ajinomoto AminoScience LLC, Shanghai Ajinomoto Amino Acid Co., Ltd.
	Sweeteners	Ajinomoto Sweeteners Europe S.A.S.[2]
	Pharmaceutical Fine Chemicals	S.A. Ajinomoto OmniChem N.V.
	Specialty Chemicals	Ajinomoto Fine-Techno Co., Ltd., JINO Co., Ltd., Taiso Commerce Inc.
Pharmaceuticals	Pharmaceuticals, Medical Foods	Ajinomoto Medica Co. Ltd., Ajinomoto Pharma Co. Ltd.
Other	Packaging Materials	Fuji Ace Co., Ltd.
	Distribution	AJINOMOTO LOGISTICS CORPORATION
	Service, others	Ajinomoto Engineering Corporation, Ajinomoto Communications, Inc., Ajinomoto System Techno Corporation, ZAO "AJINOMOTO-GENETIKA Research Institute"

Notes:

1. Companies within the Group that are listed on securities exchanges within Japan are:
   First section of the Tokyo and Osaka exchanges: J-OIL MILLS, INC., Calpis Co., Ltd.
   JASDAQ: GABAN Co., Ltd.
2. In July 2006, Ajinomoto Euro-Aspartame S.A.S. changed its name to Ajinomoto Sweeteners Europe S.A.S.

2. Management Policy

1. Basic Management Policy

In 1909 we began selling *AJI-NO-MOTO*, the world's first umami seasoning, and in the more than 90 years since then we have developed our business as we pursue mankind's fundamental need for nourishment and common desire for well-being. While cultivating ideas in the world of food, we have developed a profound understanding of amino acids, and expanded their applications from foods to include aspects of health and medical treatment. We will continue to build on our achievements to date, using our technical and operational expertise to produce valued products that contribute positively to food, health, and the future of people around the world.

(1) Ajinomoto Group Philosophy

With a global perspective we aim to contribute to significant advances in food and health and ultimately to create a better life for all.

(2) Ajinomoto Group Basic Management Policies

Business Objectives

We aim to be a global corporation, which contributes to the general well being of all people in the world, through our business domains of food and food-related products, amino acid-based fine chemicals and pharmaceuticals.

Business Ethos

By always putting customers first, synergizing our vast pool of creative resources and employing only superior technologies, we offer innovative products and services of the highest standards and quality.

Management Principle

We continue to respect all interested parties, including shareholders, customers, local communities, trading partners and employees, and manage operations on the basis of quick and concise decision-making that is fair and open, thus realizing an appropriate return of profits to our shareholders and continually increasing our business value.

Social Responsibility

As an outstanding and socially aware corporate citizen, we endeavor to contribute to the harmony and progress of society.

Corporate Culture

We strive to maintain a creative, open, spirited, and confident atmosphere in which employees can strive for self-fulfillment and career advancement.

2. Allocation of Profits

Ajinomoto Co., Inc. made a stable dividend payment of ¥10 per share from 1962 onwards, but since fiscal 2002 has adopted the basic principle of deciding dividend payments based on a policy of making stable and sustainable dividend payments that take into account progress towards achieving medium-term management plan goals and consolidated performance for the period concerned. From the fiscal year ended March 31, 2003 onward the annual dividend has been increased by ¥1 over each previous year, such that the annual dividend for the fiscal year ended March 31, 2006 was ¥14 per share, including an interim dividend of ¥7 per share. For the current fiscal year it is planned to further increase the dividend by ¥1 to ¥15 per share, with an interim dividend payment of ¥7 per share. Subsequent to the enforcement of the Corporate Act on May 1, 2006, we will continue to pay dividends twice a year, an interim dividend and a year-end dividend.

In the fiscal 2005-2010 medium- to long-term management plan, Ajinomoto is pursuing sustainable growth with the aim of attaining an operating profit margin higher than 10% in fiscal 2010. During the first half of the plan, however, Ajinomoto's policy is to invest actively to expand the Group's operations. Under this policy, retained earnings will be managed with respect to Group demand for capital relating to matters such as domestic and foreign capital expenditure, loans and investments, and R&D. Ajinomoto seeks to manage shareholders' equity efficiently, and in a way that meets the expectations of its shareholders.

3. Share Trading Unit

Since 2001 Ajinomoto Co., Inc. has operated a benefit program for shareholders, as part of efforts to increase the attractiveness of the Company as an investment to both existing and future shareholders. The Company is continuing to investigate the possibility of reducing its minimum share trading unit, taking into account issues including trends in share prices and shareholder numbers, and demand for its shares.

4. Management Goals

In the fiscal 2005-2010 medium- to long-term management plan, Ajinomoto has outlined the Group's numerical targets for the end of the fiscal year ending March 31, 2011 of net sales of ¥1.5 trillion, operating income of ¥150 billion, and an operating profit margin higher than 10%.

5. Tasks Ahead

Our Group philosophy is "with a global perspective we aim to contribute to significant advances in food and health and ultimately to create a better life for all." To achieve this, since last year we have been implementing our management plan for fiscal 2005-2010, "A-dvance 10 strategy - Laying the foundations for the next 100 years". In the second year of the plan, we are steadily implementing its core strategies: Global Management; Innovative Management; Group Management; and CSR management (management in accord with our social responsibilities as a corporation).

However, the current operating environment, one and a half years after we started the plan, has changed significantly from the operating environment at the time of its formulation.

In particular, rising energy prices and raw sugar prices due to high crude oil prices, and rising prices of other main and sub raw materials are raising production costs at our plants and serving as a major downward pressure on profits.

Meanwhile, competition is intensifying in the fermented materials business, particularly in feed-use Lysine, due to the full-fledged entry of competing Chinese manufacturers in the fermentation business.

Given such circumstances, in the short term the entire Ajinomoto Group is pursuing reform at all levels, not only through introduction of innovative new technologies but also through R&D, production, sales, corporate and other reform, and aiming to extensively reduce costs and strengthen the business structure. Through these measures we intend to overcome the increasingly intense competition.

In the medium term, we intend to relentlessly create new technologies, and by combining these new technologies with new business models develop new product groups with high value added components, thus strengthening our various businesses.

In particular, regarding the health and nutrition business, a field where future expansion is expected, we aim to concentrate the Group's overall strength on developing original health materials, and to leverage them to achieve business expansion.

Furthermore, we will increase new business, by identifying customer needs and reflecting them in our products, and using the range of functions each business possesses in an interconnected and active manner to create new business opportunities.

3. Operating Results and Financial Position

I. Operating Results

1. Consolidated interim results outline

Billions of yen

	Net Sales	Operating Income	Ordinary Income	Net Income
Interim period ended September 30, 2006	574.3	27.6	27.2	13.6
Interim period ended September 30, 2005	542.3	21.7	22.8	12.9
Change	5.9%	27.0%	19.3%	5.4%

Overview of results for this period

In the interim period under review, the Japanese economy continued its basic recovery trend, underpinned by factors including increased capital expenditure in the corporate sector having a spillover effect on private demand, mainly in terms of increased consumer spending.

In the Japanese food industry the business environment remained severe as a result of the total population starting to decrease, the unseasonable weather having a major impact, and other factors.

Internationally, the U.S. economy continued to expand, despite an easing in consumer spending growth. The Asian economy continued its expansion, led by investment-driven growth in China and other factors, and Europe continued its economic recovery.

Within this environment, based on its medium- to long-term management plan "A-dvance 10", Ajinomoto focused its efforts on pursuing reforms on all levels throughout the entire Group, and extensively reducing costs and strengthening the business structure, aiming to be successful in the increasingly severe operating environment and to overcome competitive pressures.

Consolidated net sales for the interim period ended September 30, 2006 increased ¥5.9% (¥32.0 billion) year on year to ¥574.3 billion. Operating income increased 27.0% (¥5.8 billion) to ¥27.6 billion, and ordinary income increased 19.3% (¥4.4 billion) to ¥27.2 billion. Consolidated net income increased 5.4% (¥0.7 billion) to ¥13.6 billion.

The interim dividend payment is ¥7 per share, the same as for the previous interim period.

Changes to main accounting items during the period under review

Note: All comparisons are with the previous interim period, ended September 30, 2005, unless stated otherwise.

(1) Net sales

Net sales increased ¥32.0 billion, or 5.9%, to ¥574.3 billion. By region, sales in Japan increased 2.4% to ¥411.9 billion, while sales overseas increased 15.9% to ¥162.4 billion. By overseas region, sales rose 16.0% to ¥62.8 billion in Asia, 24.5% to ¥43.8 billion in the Americas, and 9.8% to ¥55.7 billion in Europe.

(2) Cost of sales / Selling, general and administrative expenses

The cost of sales increased by ¥16.7 billion, or 4.2%, to ¥416.6 billion. The ratio of cost of sales to net sales decreased 1.2 percentage points to 72.5%, mainly due to our efforts to reduce production costs, a rise in unit prices for umami seasoning *AJI-NO-MOTO*, mainly overseas, and the receipt of one-off payment for goods sold under cooperative agreements in the pharmaceuticals business, despite a fall in unit prices for feed-use amino acids and higher raw material and fuel costs.

Selling, general and administrative expenses rose ¥9.4 billion to ¥130.1 billion, a 7.8% increase. The main reason for this rise was an increase in promotion and other marketing expenses, and R&D expenses.

(3) Operating income

Operating income increased ¥5.8 billion, or 27.0%, to ¥27.6 billion. By region, operating income in Japan increased 23.9% to ¥19.9 billion, while operating income from operations overseas rose 35.7% to ¥7.7 billion. Domestically, the main reasons for this increase in operating income included strong performance by electronic materials and the contribution from the receipt of one-off payment for goods sold under cooperative agreements in the pharmaceuticals business, despite lower income from the frozen foods business and upfront investment in health-related businesses. Overseas, the higher operating income was due to major increases across the board, particularly in the food products business, which more than compensated for the fall in income from feed-use amino acids. By overseas region, operating income rose 73.5% to ¥3.9 billion in Asia, rose 127.2% to ¥2.7 billion in the Americas, and fell 55.3% percent to ¥0.9 billion in Europe.

(4) Non-operating income (expenses)

The difference between non-operating income and non-operating expenses was minus ¥0.3 billion, compared to plus ¥1.1 billion in the previous period. This was mainly due to an increase in interest expenses as a result of a higher level of interest-bearing debt and a decline in equity method investment gain.

(5) Ordinary income

Ordinary income increased ¥4.4 billion, or 19.3%, to ¥27.2 billion.

(6) Extraordinary income

Extraordinary income for the interim period under review was ¥1.1 billion, compared to extraordinary income of ¥5.7 billion the interim period before. Profit on sale of investment securities was ¥0.5 billion, compared to ¥1.0 billion in the previous period.

(7) Extraordinary losses

Extraordinary losses were ¥3.2 billion, compared to ¥3.8 billion the interim period before. Items of note included loss on disposal of fixed assets of ¥1.8 billion, compared to a ¥1.6 billion loss in the previous interim period.

(8) Net income

Net income for the interim period under review was ¥13.6 billion, a 5.4% increase from net income in the previous interim period of ¥12.9 billion. The effective tax rate increased from 40.8% to 40.9%. As a result, net income per share for the interim period under review was ¥21.05, up from ¥19.95 in the previous comparable period.

(9) Others

1) Impact of foreign exchange fluctuations

Changes in the rates of foreign exchange applied in the previous interim period and the interim period under review increased net sales by ¥14.2 billion. The positive impact on operating income was ¥0.8 billion; that on ordinary income was ¥0.9 billion; and that on net income was ¥0.6 billion. These amounts are the translation differences stemming from changes to the rates of exchange at which the financial statements of consolidated subsidiaries and equity method affiliates overseas were translated into Japanese yen.

Consolidated operating results by segment

Note: All comparisons are with the previous interim period, ended September 30, 2005, unless stated otherwise.

Billions of yen

	Net Sales	YoY Change -amount	YoY Change -percent	Operating Income	YoY Change -amount	YoY Change -percent
Domestic food products	311.6	5.1	1.7	11.7	(1.0)	(7.9)
Overseas food products	59.9	14.8	33.0	4.3	3.3	330.5
Amino acids	130.4	9.6	8.0	6.7	0.4	6.6
Pharmaceuticals	41.7	1.5	3.8	7.6	3.0	67.0
Other	30.5	0.7	2.5	1.6	(0.1)	(8.5)

Notes:

1. Details of main products within each segment are outlined in Note 2 on page 30 of this report.
2. Sales of amino acid supplement *amino VITAL* and domestic sales of amino acid-based sweetener *PAL SWEET* are included in domestic food products.
3. Frozen food products of the Amoy Food Group (Hong Kong) are classified in domestic food products
4. Sales of *AJI-NO-MOTO* and nucleotides for use in the food processing business are included in amino acids.
5. Part of the operating expenses of the administration division and research facilities are included in the Corporate and Eliminations segment. (Details are available in part one of Segment Information in this document.)

(1) Domestic food products

Domestic food product sales increased 1.7% (¥5.1 billion) to ¥311.6 billion. Operating income decreased 7.9% (¥1.0 billion) to ¥11.7 billion. The slight increase in sales came as a result of the contribution from coffee as well as the new consolidation of GABAN Co., Ltd. and the frozen foods business of the Amoy Food Group, which was partially offset by lower sales of lunchboxes, prepared dish products and beverages. Operating income was lower, due to the higher cost of raw materials and upfront investment in health-related business.

Seasonings and processed foods: In the retail market, sales of seasoning product *HON-DASHI* and consommé were slightly higher than in the previous interim period, supported by advertising and related marketing initiatives for the Japanese, Western and Chinese dashi product range, and sales of Chinese dashi progressed favorably. Revenue from sales of umami seasoning *AJI-NO-MOTO* decreased. Although sales of *Knorr Soup Pasta* and others declined significantly, overall soup sales were slightly increased due to positive factors such as favorable sales of *Knorr Cup Soup*. Sales of the *Cook Do* line decreased slightly, affected by the rise in price of vegetables, which are used with *Cook Do* products. Sales of mayonnaise and mayonnaise-type dressings were lower than in the previous interim period, but sales of *Pure Select Saralear* increased significantly. Sales of *Ajinomoto KK Ajiamen* (*Asian noodles*) were significantly lower, and sales of *Kellog's* products for the retail market decreased slightly.

In the commercial market, sales of *AJI-NO-MOTO* increased greatly, while sales of mayonnaise and mayonnaise-type dressings were slightly higher. Sales of *ACTIVA*, an enzyme (transglutaminase) that improves food texture, were strong, driven by overseas sales, and sales of savory seasoning products were successfully maintained at the same levels as in the previous interim period.

Sweeteners and Nutritional foods: In low-calorie sweeteners for home and restaurant use, sales increased due to positive factors such as good sales of *PAL SWEET Calorie Zero.* Revenue from sales of amino acid supplement *amino VITAL* was lower, reflecting lower sales of the jelly drink type.

Delicatessen and Bakery products: Revenue from sales of lunchboxes and prepared dish delicatessen products were significantly lower than in the previous interim period. Bakery product sales declined slightly.

Frozen foods: In products for the retail market, sales of *Gyoza* continued to increase substantially, supported by promotional activities integrated with advertising and other promotional activities, while sales of *Yawaraka Wakadori Kara-Age* and *Fried rice with various ingredients* also were favorable, contributing to a strong performance overall. Sales for restaurant and institutional use increased slightly due to higher sales in key product categories, strategy initiatives for key sales channels, and contributions from dessert products and processed pork products such as pork cutlets.

Edible oils: Sales improved slightly over the previous interim period, supported by strong sales of *Canola Oil*.

Coffee, Beverages, Dairy products: Sales of instant coffee such as *Maxim* increased, as did sales of liquid coffee such as *Blendy* bottled coffee and regular coffee. Revenue from beverage sales decreased, with strong sales growth in *evian* offset by lower sales of *CALPIS Water* and a large decline in sales of functional health drinks.

Chilled dairy product sales increased, with significantly higher sales of *BIO* resulting from active investment in advertising and a major increase in sales of *Petit Danone*.

(2) Overseas food products

Overseas food product sales increased 33.0% (¥14.8 billion) to ¥59.9 billion. Operating income increased 330.5% (¥3.3 billion) to ¥4.3 billion. The major increases in revenue and income were driven by significant growth in sales of flavor seasonings in Asia and South America, higher prices of seasoning products, and the favorable impact of foreign exchange fluctuations. The consolidation of the seasonings business of the Amoy Food Group also contributed to increased revenues.

Seasonings: In Asia, retail sales and sales of *AJI-NO-MOTO* for home use and restaurant use increased significantly, due partly to higher product prices, and sales of flavor seasonings for home use grew significantly. In the Americas, sales of flavor seasonings for home use in South America were much higher than in the previous interim period. In Europe and Africa, retail sales of *AJI-NO-MOTO* grew strongly in West African nations.

Processed foods: Sales of instant noodles in Asia and sales of *Birdy* canned coffee improved significantly year on year.

(3) Amino acids

Sales in the amino acids business increased 8.0% (¥9.6 billion) to ¥130.4 billion. Operating income increased 6.6% (¥0.4 billion) to ¥6.7 billion. Although sales volumes of feed-use amino acids increased, energy and raw material costs were higher, leading to a situation where revenue increased but income decreased. The overall increase in revenue and income was due to a strong performance from electronic materials, which more than compensated for the exclusion from consolidation of overseas subsidiaries.

Umami seasonings for food processed food manufacturers: Revenue from sales in Japan of *AJI-NO-MOTO* to the food processing industry were significantly higher than in the previous comparable period, supported by higher unit prices and strong demand. Demand continued to grow in overseas markets, supported by higher unit prices, with steady performance in Asia, strong growth in North America and Europe, and significant improvement in South America, but the impact from the exclusion from consolidation of overseas subsidiaries led to a major fall in revenue. Sales of nucleotides increased significantly, mainly to major overseas customers.

Feed-use amino acids: Sales of Lysine grew substantially over the previous interim period, mainly in Asia and the Americas, despite the continued downturn of unit prices caused by rapid recent increases in supply from China. Sales of Threonine fell substantially, while revenue from Tryptophan was much greater.

Amino Acid for pharmaceuticals and foods: In Japan, sales of infusion applications decreased on shrinking demand and lower unit prices resulting from the NHI price revisions. Overseas, sales were strong in North America and Europe.

Sweeteners: Sales of sweeteners to the processing industry were strong, driven particularly by sales to major customers. In South America, sales of powdered juice *Refresco MID*, which uses aspartame, increased over the previous interim period.

Pharmaceutical fine chemicals: Sales of pharmaceutical fine chemicals were strong, supported by the contribution from sales in Europe.

Specialty chemicals: Sales of cosmetic ingredients slightly exceeded the previous interim period, due partly to a major increase in revenue from sales to North America. Sales of amino acid-based cosmetic *JINO* and sales of insulation film for build-up Printed Wiring Board both continued to post major growth.

(4) Pharmaceuticals

Pharmaceutical sales increased 3.8% (¥1.5 billion) to ¥41.7 billion. Operating income increased 67.0% (¥3.0 billion) to ¥7.6 billion. The increases in revenue and income are attributable to the strong contribution from the receipt of one-off payment for goods sold under cooperative agreements, despite the decline in sales of products distributed by Ajinomoto itself.

For sales of products distributed by Ajinomoto itself, sales of *TWINPAL*, a peripheral infusion, contributed to results, but lower sales of existing products such as *LIVACT*, a branched-chain amino acids formula for the treatment of liver cirrhosis, and other infusions led to a reduction in revenues. For sales under cooperative agreements, sales of natiglinide products such as non-insulin-dependent diabetes treatment *FASTIC,* sales of *ATELEC*, an antihypertensive drug, and sales of *ACTONEL*, a preparation used in the treatment of osteoporosis, all increased substantially.

(5) Other

Sales in this segment increased 2.5% (¥0.7 billion) to ¥30.5 billion. Operating income decreased 8.5% (¥0.1 billion) to ¥1.6 billion.

2. Outlook for the Fiscal Year Ending March 31, 2007

Billions of yen

	Net Sales	Operating Income	Ordinary Income	Net Income
Forecasts for FY ending March 31, 2007	1,180.0	71.5	69.0	35.5
FY ended March 31, 2006	1,106.8	60.3	61.4	34.9
Difference in %	6.6%	18.5%	12.3%	1.7%

The Japanese economy is expected to continue its recovery, supported by domestic private-sector demand. The global economy is forecast to continue to expand in each region, although there are concerns that a deceleration of the U.S. economy and movements of oil prices could have an impact on both the Japanese and overseas economies.

Given such conditions, in domestic food products Ajinomoto aims to strengthen core products, while further improving profitability by reducing production costs. In overseas food products we will continue to seek to expand our seasonings operations, and develop the processed foods business. In amino acids we aim to enhance production facilities to meet rising demand, and further strengthen profitability by leveraging our advanced technical abilities. In pharmaceuticals we will seek to boost sales of our top brands while working to reduce costs and maximize efficiencies in production and distribution.

Our full-year forecasts for the fiscal year ending March 31, 2007 are as follows: net sales to increase 6.6% to ¥1,180.0 billion; operating income to increase 18.5% to ¥71.5 billion; ordinary income to increase 12.3% to ¥69.0 billion; and net income to increase 1.7% to ¥35.5 billion.

These forecasts are based on an assumed average exchange rate of ¥115 to the U.S. dollar.

The year-end dividend payment for the fiscal year will be ¥8 per ordinary share, an increase of ¥1, which in combination with the interim dividend payment of ¥7 yen per ordinary share amounts to a planned total dividend payment of ¥15 per share for the full fiscal year.

II. Financial Position

1. Overview of results for this period

Financial position as of September 30, 2006

Total assets as of September 30, 2006 were ¥1,022.6 billion compared to ¥997.4 billion recorded on March 31, 2006. This increase of ¥25.2 billion was due mainly to factors such as the effect of the weaker yen on the translated balance sheet value of assets held by overseas subsidiaries, and an increase in capital expenditures and operating assets to expand the Group's revenue base.

Total interest-bearing debt was ¥156.8 billion, ¥11.1 billion higher than March 31, 2006, due to procuring funds for capital and other investment partly through borrowing, and other factors.

Net assets increased ¥48.0 billion compared to March 31, 2006, due to factors such as the inclusion of minority interests as a result of the change in accounting treatment and higher operating revenue. Shareholders' equity, which is net assets net of minority interests, was ¥539.5 billion, and the shareholders' equity ratio was 52.8%.

Summary of consolidated cash flow

Billions of yen

	Interim period ended September 30, 2006	Interim period ended September 30, 2005	FY ended March 31, 2006
Net cash provided by operating activities	25.4	13.4	55.1
Net cash used in investing activities	(33.4)	(24.6)	(83.7)
Net cash provided by (used in) financing activities	6.5	(14.7)	6.6
Effect of exchange rate changes on cash and cash equivalents	1.2	1.0	3.9
Increase (decrease) in cash and cash equivalents	(0.1)	(24.9)	(17.9)
Decrease in initial balance due to change in scope of consolidation	(0.6)	0.1	0.1
Cash and cash equivalents at end of period	74.3	68.1	75.1

Net cash provided by operating activities increased ¥12.0 billion over the previous comparable period to ¥25.4 billion. The main factors behind this increase were higher operating income and lower tax payments.

Net cash used in investing activities was ¥33.4 billion. The main factors for this increase reflects increased capital expenditure in Japan and overseas.

Net cash provided by financing activities was ¥6.5 billion. This reflects factors such as procurement of funds through long-term borrowings.

As a result of the above, cash and cash equivalents at the end of September 30, 2006 was ¥74.3 billion, ¥6.2 billion more than at the end of the previous interim period.

2. Trends in Cash Flow-related Indices

	FY ended March 31, 2005		FY ended March 31, 2006		FY ending March 31, 2007
	Interim	Full year	Interim	Full year	Interim
Shareholders' equity ratio (%)	50.3	51.7	54.1	53.0	52.8
Shareholders' equity ratio based on market price (%)	91.8	93.8	85.1	81.7	80.6
Debt service coverage (years)	--	1.7	--	2.9	--
Interest coverage ratio (times)	26.2	28.7	8.4	21.2	11.7

Notes:

1. All indices are calculated from consolidated financial results figures.
2. Shareholders' equity ratio = (Net assets – minority interests)/total assets
3. Shareholders' equity ratio based on market price = Market capitalization/total assets
   [Market capitalization = market price on last trading day of period x total shares outstanding at end of period (excluding treasury stock)]
4. Debt service coverage = Interest-bearing debt (including customers' deposits received)/operating cash flow
5. Interest coverage ratio = Operating cash flow/interest paid
   [Operating cash flow is the Net Cash Provided From Operating Activities figure in the consolidated statements of cash flows]
   [Interest paid is the Interest Paid figure in the consolidated statements of cash flows

4. Consolidated Financial Statements

Consolidated Balance Sheets

Millions of yen

	As of September 30, 2006	%	As of March 31, 2006	%	Increase (Decrease)	As of September 30, 2005	%
ASSETS		%		%			%
Current assets							
Cash on hand and in banks	73,804		72,168		1,636	66,893	
Notes & accounts receivable	205,605		196,967		8,638	187,735	
Marketable securities	1,580		4,228		(2,647)	3,201	
Inventories	114,360		108,324		6,035	104,916	
Deferred tax assets	9,914		10,787		(872)	10,560	
Other	37,204		34,640		2,564	28,006	
Allowance for doubtful accounts	(1,058)		(1,125)		67	(1,433)	
Total current assets	441,412	43.2	425,991	42.7	15,421	399,880	44.0
Fixed assets							
Tangible fixed assets							
Buildings and structures	296,678		272,416		24,261	260,474	
Machinery and vehicles	476,406		452,736		23,670	434,893	
Other	56,188		54,120		2,068	50,152	
Accumulated depreciation	(553,331)		(540,184)		(13,146)	(517,523)	
Land	57,066		55,611		1,455	58,870	
Construction in process	30,471		47,250		(16,779)	30,963	
Total tangible fixed assets	363,480	35.5	341,950	34.3	21,530	317,831	34.9
Intangible fixed assets							
Goodwill	40,846		43,194		(2,347)	25,014	
Other	25,000		25,311		(310)	18,380	
Total intangible fixed assets	65,847	6.4	68,505	6.9	(2,658)	43,395	4.8
Investment and other assets							
Investment in securities	135,813		146,151		(10,337)	133,037	
Long-term loans receivable	256		184		71	227	
Deferred tax assets	6,483		6,616		(133)	7,314	
Other	10,198		8,692		1,505	10,011	
Allowance for doubtful accounts	(885)		(687)		(198)	(2,509)	
Total investment and other assets	151,866	14.9	160,957	16.1	(9,091)	148,082	16.3
Total fixed assets	581,194	56.8	571,413	57.3	9,780	509,309	56.0
Total Assets	**1,022,607**	**100.0**	**997,405**	**100.0**	**25,202**	**909,190**	**100.0**

Consolidated Balance Sheets

Millions of yen

	As of September 30, 2006	%	As of March 31, 2006	%	Increase (Decrease)	As of September 30, 2005	%
LIABILITIES		%		%			%
Current liabilities							
Notes & accounts payable	115,947		109,092		6,855	110,646	
Short-term borrowings	25,293		24,851		442	26,060	
Commercial paper	10,000		10,000		--	--	
Long-term loans due to be repaid within one year	889		410		478	849	
Corporate bonds to be redeemed within one year	15,000		--		15,000	--	
Accrued income taxes	8,565		7,274		1,290	8,555	
Accrued bonuses	3,890		3,897		(6)	3,863	
Accrued bonuses for directors	102		--		102	--	
Other	78,884		82,314		(3,429)	61,820	
Total current liabilities	258,573	25.3	237,840	23.8	20,733	211,796	23.3
Long-term liabilities							
Bonds	70,000		85,000		(15,000)	85,000	
Long-term debt	35,625		25,382		10,243	5,166	
Deferred tax liabilities	5,497		9,076		(3,579)	2,211	
Accrued employees' retirement benefits	54,071		57,234		(3,163)	60,596	
Accrued officers' severance benefits	1,785		1,607		177	1,386	
Other	20,227		19,856		371	22,332	
Total long-term liabilities	187,207	18.3	198,157	19.9	(10,949)	176,693	19.5
Total liabilities	445,781	43.6	435,997	43.7	9,783	388,490	42.8
NET ASSETS:							
Owners' equity							
Common stock	79,863	7.8	--	--	--	--	--
Capital surplus	111,580	10.9	--	--	--	--	--
Retained earnings	353,760	34.6	--	--	--	--	--
Treasury stock	(2,654)	(0.2)	--	--	--	--	--
Total owners' equity	542,549	53.1					
Valuation, translation adjustments and others							
Unrealized holding gain on securities	17,364	1.7	--	--	--	--	--
Unrealized gain from hedging instruments	58	0.0	--	--	--	--	--
Translation adjustments	(20,444)	(2.0)	--	--	--	--	--
Total valuation, translation adjustments and others	(3,021)	(0.3)	--	--	--	--	--
Minority interests	37,298	3.6	--	--	--	--	--
Total net assets	576,826	56.4	--	--	--	--	--
Total Liabilities & Net Assets	**1,022,607**	**100.0**	**--**	**--**	**--**	**--**	**--**

MINORITY INTERESTS:							
Minority interests	--	--	32,644	3.3	--	28,417	3.1
SHAREHOLDERS' EQUITY:							
Common stock	--	--	79,863	8.0	--	79,863	8.8
Capital surplus	--	--	111,579	11.2	--	111,579	12.3
Retained earnings	--	--	341,528	34.2	--	324,075	35.6
Unrealized holding gains on securities	--	--	23,848	2.4	--	16,419	1.8
Translation adjustments	--	--	(25,547)	(2.6)	--	(37,267)	(4.1)
Treasury stock	--	--	(2,510)	(0.2)	--	(2,388)	(0.3)
Total shareholders' equity..................	--	--	528,762	53.0	--	492,281	54.1
Total Liabilities, Minority Interests And Shareholders' Equity.....................	**--**	**--**	**997,405**	**100.0**	**--**	**909,190**	**100.0**

AJINOMOTO

Consolidated Statements of Income

Millions of yen

	Interim period ended September 30, 2006		Interim period ended September 30, 2005		Increase (Decrease)	FY ended March 31, 2006	
Net sales	574,385	100.0	542,358	100.0	32,026	1,106,807	100.0
Cost of sales	416,643	72.5	399,923	73.7	16,720	795,007	71.8
Gross profit	157,741	27.5	142,435	26.3	15,305	311,799	28.2
Selling, general and administrative expenses	130,107	22.7	120,675	22.3	9,431	251,476	22.7
Operating income	27,634	4.8	21,760	4.0	5,873	60,322	5.5
Non-operating income							
Interest received	729		574		154	1,287	
Dividends received	426		561		(134)	1,279	
Equity in earnings of affiliates	2,263		2,504		(241)	3,703	
Miscellaneous income	1,968		2,832		(864)	3,793	
Total non-operating income	5,387	0.9	6,473	1.2	(1,086)	10,064	0.9
Non-operating expenses							
Interest expense	2,171		1,752		418	3,292	
Miscellaneous losses	3,571		3,617		(46)	5,645	
Total non-operating expenses	5,742	1.0	5,370	1.0	372	8,938	0.8
Ordinary income	27,278	4.7	22,863	4.2	4,415	61,448	5.6
Extraordinary income							
Gain on sales of fixed assets	91		4,192		(4,101)	4,339	
Profit on sale of investment securities	519		1,096		(577)	1,634	
Other	524		443		81	1,008	
Total extraordinary income	1,135	0.2	5,732	1.1	(4,596)	6,981	0.6
Extraordinary losses							
Loss on disposal of fixed assets	1,850		1,621		228	4,699	
Other	1,413		2,245		(831)	6,561	
Total extraordinary losses	3,264	0.5	3,867	0.7	(602)	11,261	1.0
Net income before income taxes	25,150	4.4	24,729	4.6	421	57,169	5.2
Income taxes – current	8,594	1.5	9,250	1.7	(656)	15,800	1.4
Income taxes – deferred	1,682	0.3	843	0.2	839	3,510	0.3
Minority interests	1,257	0.2	1,720	0.3	(462)	2,945	0.3
Net income	13,615	2.4	12,915	2.4	**700**	**34,912**	**3.2**

Consolidated Statements of Changes in Net Assets

Millions of yen

	Owners' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total owners' equity
Balances as of March 31, 2006	79,863	111,579	341,528	(2,510)	530,461
Changes in interim period ended September 30, 2006					
Cash dividends paid			(4,535)		(4,535)
Bonuses to directors and statutory auditors...			(156)		(156)
Net income			13,615		13,615
Increase in retained earnings from changes in accounting standard for fixed assets at an overseas subsidiary			3,308		3,308
Purchase of treasury stock				(168)	(168)
Disposal of treasury stock		0		24	25
Net changes in items other than those in owners' equity					
Total of changes in interim period ended September 30, 2006	--	0	12,231	(144)	12,088
Balances as of September 30, 2006	79,863	111,580	353,760	(2,654)	542,549

Millions of yen

	Valuation, Translation Adjustments and Others					
	Unrealized holding gain on securities	Unrealized gain from hedging instruments	Translation adjustments	Total valuation, translation adjustments and others	**Minority Interests**	**Total Net Assets**
Balances as of March 31, 2006	23,848	--	(25,547)	(1,699)	32,644	561,407
Changes in interim period ended September 30, 2006						
Cash dividends paid						(4,535)
Bonuses to directors and statutory auditors..						(156)
Net income						13,615
Increase in retained earnings from changes in accounting standard for fixed assets at an overseas subsidiary						3,308
Purchase of treasury stock						(168)
Disposal of treasury stock						25
Net changes in items other than those in owners' equity	(6,484)	58	5,103	(1,322)	4,653	3,330
Total of changes in interim period ended September 30, 2006	(6,484)	58	5,103	(1,322)	4,653	15,418
Balances as of September 30, 2006	17,364	58	(20,444)	(3,021)	37,298	576,826

Consolidated Statements of Surplus

	Millions of Yen	
	As of September 30, 2005	As of March 31, 2006
Capital surplus		
Capital surplus at beginning of period	**111,579**	**111,579**
Decrease in capital surplus from:		
Loss from sale of treasury stock	0	0
Capital surplus at end of period	**111,579**	**111,579**
Retained earnings		
Retained earnings at the beginning of the period	**315,981**	**315,981**
Increase in retained earnings from:		
Net income	12,915	34,912
Other	--	7
Total increase in retained earnings	12,915	34,920
Decrease in retained earnings from:		
Dividends	4,537	9,073
Directors' bonuses	206	206
Proceeds from sale of treasury stock	1	1
Other	76	91
Total decrease in retained earnings	4,821	9,372
Retained earnings at end of period	**324,075**	**341,528**

Consolidated Statements of Cash Flows

	Millions of yen		
	Interim period ended September 30, 2006	Interim period ended September 30, 2005	FY ended March 31, 2006
I. Cash flows from operating activities			
Income before income taxes and minority interests	25,150	24,729	57,169
Depreciation and amortization	21,328	19,822	40,341
Amortization of goodwill	2,301	2,318	4,421
Increase (decrease) in allowance for doubtful accounts	102	663	53
Increase (decrease) in accrued bonuses	(118)	689	694
Increase (decrease) in accrued employees' retirement benefits	(3,371)	(2,943)	(6,326)
Increase (decrease) in accrued officers' severance benefits	85	(474)	(255)
Interest and dividend income	(1,155)	(1,136)	(2,567)
Interest expense	2,171	1,752	3,292
Equity in earnings of affiliates	(2,263)	(2,504)	(3,703)
Loss (gain) on sales of investment securities	(519)	(1,096)	(1,634)
Loss on revaluation of investment securities	23	90	92
Loss (gain) on sale or disposal of tangible fixed assets	1,892	(2,570)	1,723
Decrease (increase) in notes and accounts receivable	(7,434)	1,959	(1,734)
Increase (decrease) in notes and accounts payable	5,599	1,247	(612)
Decrease (increase) in inventories	(5,145)	(5,504)	(4,704)
Increase (decrease) in accrued consumption tax	(2,858)	(1,604)	(3,242)
Bonus for directors	(156)	(206)	(206)
Other	(2,455)	(5,116)	(1,913)
Sub-total	**33,175**	**30,114**	**80,887**
Interest and dividends received	1,922	1,777	4,375
Interest paid	(2,185)	(1,671)	(2,596)
Settlement package	(1,979)	--	--
Income taxes paid	(5,441)	(16,809)	(27,490)
Net cash provided by operating activities	**25,491**	**13,411**	**55,174**
II. Cash flows from investing activities			
Acquisition of tangible fixed assets	(33,848)	(28,557)	(62,628)
Proceeds from sale of tangible fixed assets	135	4,777	9,862
Acquisition of intangible assets	(1,640)	(1,771)	(9,317)
Acquisition of investment securities	(407)	(1,979)	(1,993)
Proceeds from sale of investment securities	804	2,685	3,521
Acquisition of shares of subsidiaries due to change in scope of consolidation	2,190	243	254
Proceeds from sale of shares of affiliates	198	--	5
Acquisition of shares of affiliates	(684)	(140)	(2,379)
Other	(174)	84	(21,056)
Net cash used in investing activities	**(33,426)**	**(24,657)**	**(83,731)**

III. Cash flows from financing activities			
Net change in short-term borrowings	749	736	(2,434)
Proceeds from long-term debt	11,307	663	21,383
Repayment of long-term debt	(606)	(1,546)	(3,064)
Redemption of bonds	--	(10,000)	(10,000)
Amount paid for underwriting capital increase by minority shareholders	80	653	681
Cash dividends paid	(4,530)	(4,533)	(9,073)
Distribution of dividends to minority shareholders	(354)	(580)	(590)
Acquisition of own stock	(168)	(162)	(301)
Other	25	22	10,040
Net cash used in financing activities	**6,504**	**(14,747)**	**6,640**
IV. Effect of exchange rate changes on cash and cash equivalents	**1,294**	**1,054**	**3,928**
V. (Decrease) Increase in cash and cash equivalents	**(136)**	**(24,939)**	**(17,987)**
VI. Cash and cash equivalents at the beginning of the period	**75,133**	**92,980**	**92,980**
Increase due to change in scope of consolidation	160	140	140
Decrease due to change in scope of consolidation	(770)	--	--
Sub-total	**74,524**	**93,121**	**93,121**
VII. Cash and cash equivalents at the end of the period	**74,387**	**68,181**	**75,133**

Significant Items for the Preparation of Consolidated Interim Financial Statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries:

102 companies

Names of main consolidated subsidiaries:

Knorr Foods Co., Ltd., Ajinomoto Frozen Foods Co., Inc., Ajinomoto Pharma Co., Ltd., Ajinomoto Co., (Thailand) Ltd., S.A. Ajinomoto OmniChem N.V., AJINOMOTO EUROLYSINE S.A.S.

In consideration of their importance, AJINOMOTO TAIWAN INC. will be included in the scope of consolidated companies, and PT SASA INTI will become accounted for by the equity method. Further, with the additional acquisition of shares, GABAN Co., Ltd., which was accounted for by the equity method, has now become a consolidated company. Moreover, with procedures underway for the liquidation of s.a. Belgopia and its impact on the consolidated financial statements immaterial, it is no longer included in the scope of consolidated companies.

(2) Names of main non-consolidated subsidiaries:

Main non-consolidated subsidiaries:

Bonito Technical Laboratory Co., Inc.

(Reasons for exclusion from scope of consolidation)

Subsidiaries classified as non-consolidated are all small, and none have total assets, sales, current year net income (corresponding to equity share), or surpluses (corresponding to equity share), etc. that impact the consolidated financial statements significantly.

2. Scope of application of the equity method

(1) Number of non-consolidated subsidiaries accounted for by the equity method:

4 companies

Names of main companies:

Si Ayutthaya Realestate Co., Ltd., Erawan Industrial Development Co., Ltd.

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

11 companies

Names of main companies:

Ajinomoto General Foods, Inc., Calpis Co., Ltd., J-OIL MILLS, INC., Nissin-Ajinomoto Alimentos Ltda.

PT SASA INTI will become accounted for by the equity method. Further, with the acquisition of additional shares, GABAN Co., Ltd. which was accounted for by the equity method company has now become a consolidated company. In addition, Nee Seng Ngeng & Sons Sago Industries Sdn.Bhd. will no longer be accounted for by the equity method due to disposal of their shares.

(3) Interim net income and surpluses from non-consolidated subsidiaries not accounted for by the equity method (including Bonito Technical Laboratory Co., Inc.) and affiliated companies not accounted for by the equity method (including Yaguchi & Company Ltd.) would have negligible impact if included in consolidated interim results on an equity basis, and as these companies have minimal overall importance, they are not included in the scope of application of the equity method.

3. Interim results, etc. of consolidated subsidiaries and affiliated companies accounted for by the equity method

Of the consolidated subsidiaries, Ajinomoto del Peru S.A. and 17 other companies have interim period settlement dates of June 30. Of these, 17 companies carry out trial settlements for the period to September 30. In preparing the consolidated interim financial statements for a company that does not carry out trial settlement, the Company has used the interim financial statements for its settlement date, carrying out adjustments for significant transactions that have occurred in the period leading up to the consolidated settlement date.

Of the companies accounted for by the equity method, Calpis Co., Ltd. and 6 other companies have interim period settlement dates of June 30. Of this total, 5 companies carry out trial settlements for the period to September 30. In preparing the consolidated interim financial statements for a company that does not carry out trial settlement, the Company has used the interim financial statements for its settlement date, carrying out adjustments for significant transactions that have occurred in the period leading up to the consolidated settlement date.

4. Accounting treatment standards

(1) Valuation standards and methods

1) Marketable securities:

Other securities:

Other securities for which a price is available are stated at market value at the balance sheet date and the changes in appraisal value, are directly charged or credited to net assets. The cost of such securities sold is determined by the moving-average method. Other securities for which a price is not available are stated at cost mainly determined by the moving-average method.

2) Derivatives:

Market value method

However, with respect to interest rate swaps, in cases where conditions for exceptional treatment are met, exceptional treatment is basically adopted.

3) Inventories:

Inventories of the Company and main consolidated subsidiaries are stated based on the lower of cost or market method, cost being determined by the average method.

(2) Depreciation method for important fixed assets

1) Tangible fixed assets:

The Company and domestic consolidated subsidiaries have mainly employed the fixed percentage method, while foreign consolidated subsidiaries have mainly employed the straight-line method. However, for buildings acquired after April 1, 1998 by the Company and domestic consolidated subsidiaries (not including facilities attached to buildings), the straight-line method has been employed. Useful life for buildings and structures is from 3 to 50 years and for machinery and vehicles is 2 to 20 years.

2) Intangible fixed assets:

The Company and domestic subsidiaries primarily compute the amortization of intangible fixed assets by the straight-line method. Computer software held at the Company and domestic consolidated subsidiaries is amortized by the straight-line method based on their estimated useful life (5 years).

(3) Important reserves

1) Allowance for doubtful accounts:

The allowance for doubtful accounts is provided at the amount estimated based on past bad debt experience for general debtors and for specific debtors where collection is doubtful based on estimates of the uncollectible amount in each case.

2) Allowance for accrued bonuses:

At certain consolidated subsidiaries, allowances for employees' bonuses have been made based on the amount of expenditure projected.

3) Allowance for retirement benefits for employees:

The allowance for accrued retirement benefits for employees is provided for at the Company and its main domestic consolidated subsidiaries in the amount required as at the end of the interim period based on projected benefit obligations and the fair value of pension plan assets at the end of the fiscal year. Prior employment liabilities are amortized by the straight-line method over a period within the average remaining service years for employees (mainly 10 years) at the time of occurrence. Actuarial differences are amortized by the straight-line method over a period within the average remaining service years for employees (mainly 10 years) at the time of occurrence, and allocated proportionately from the consolidated fiscal year following the respective fiscal year of occurrence.

4) Allowance for severance benefits for directors:

At the Company and certain domestic consolidated subsidiaries, in order to provide for payment of severance benefits to directors, corporate auditors and others, required amounts as calculated at the period end are accounted for in accordance with internal rules.

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

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

(5) Accounting for leases

For finance lease transactions of the Company and domestic consolidated subsidiaries other than those in which a transfer of ownership of leased assets to the lessee has been recognized, accounting treatment is based on normal leasing transaction methods. For certain overseas consolidated subsidiaries, the leased assets of finance lease contracts have been included in 'Tangible fixed assets' based on the accounting regulations of the respective countries.

(6) Hedge accounting

Ajinomoto and its consolidated subsidiaries, in principle, do not adopt deferred hedge accounting.

However, with respect to interest rate swaps, in cases where conditions for exceptional treatment are met, exceptional treatment is basically adopted.

(7) Accounting for consumption tax

Transactions of the Company and consolidated subsidiaries subject to consumption tax and/or regional consumption tax are recorded at amounts exclusive of the consumption tax. Unearned consumption tax is included in 'Current assets – Other', while unpaid consumption tax is included in 'Current liabilities – Other.'

5. Scope of 'Cash' in the Consolidated Statements of Cash Flows

The category 'cash' 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.

Major changes to the Consolidated Interim Results

1. Accounting Standard for Presentation of Net Assets in the Balance Sheet

Effective from the interim period ended September 30, 2006, the Company adopted the Accounting Standards Board of Japan (ASBJ) Statement No. 5 of December 9, 2005, “Accounting Standard for Presentation of Net Assets in the Balance Sheet”, and ASBJ Guidance No. 8 of December 9, 2005, “Guidance on Accounting Standards for Presentation of Net Assets in the Balance Sheet”.

Shareholders’ equity under the previous presentation method amounted to ¥539,469 million as of September 30, 2006.

Net assets in the balance sheet as of September 30, 2006 have been prepared in accordance with the revised “Regulation for Semiannual Consolidated Financial Statements”.

2. Accounting Standard for Directors’ Bonus

Effective from the interim period ended September 30, 2006, the Company adopted the ASBJ Statement No. 4 of November 29, 2005, “Accounting Standard for Directors’ Bonus”.

As a result, operating income, ordinary income and net income before income taxes each decreased by ¥102 million.

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Notes to Consolidated Statements of Changes in Net Assets

1. Shares issued and outstanding and treasury stock

Thousands of shares

Type of Shares	Number of Shares as of March 31, 2006	Increase	Decrease	Number of Shares as of September 30, 2006
Shares issued and outstanding				
Common stock	649,981	--	--	649,981
Total	649,981	--	--	649,981
Treasury stock				
Common stock	2,053	130	19	2,164
Total	2,053	130	19	2,164

Notes:
Increase of 130,000 shares of treasury stock was due to purchase of stocks less than a trading unit.
Decrease of 19,000 shares of treasury stock was due to fulfilling requests for purchase of additional shares less than a trading unit.

2. Dividends

(1) Dividends

Resolution	Type of Shares	Cash Dividends Paid (millions of yen)	Dividends Per Share (yen)	Cut Off Date	Effective Date
Annual General Meeting of Shareholders on June 29, 2006	Common stock	4,535	7	March 31, 2006	June 29, 2006

(2) Dividends, cut off date of which was in interim period ended September 30, 2006, and effective date of which will be after October 1, 2006

Resolution	Type of Shares	Total Dividends (millions of yen)	Resources of Dividends	Dividends Per Share	Cut Off Date	Effective Date
Meeting of Board of Directors on November 10, 2006	Common stock	4,534	Retained earnings	7	September 30, 2006	December 6, 2006

AJINOMOTO®

Segment Information

1. Segment information by business

Interim period ended September 30, 2006

Millions of yen

	Domestic Food Products	Overseas Food Products	Amino Acids	Pharma-ceuticals	Other	Total	Corporate and Eliminations	Consolidated
Sales								
(1) Sales to third parties	311,680	59,960	130,488	41,754	30,502	574,385	--	574,385
(2) Intra-group sales and transfers	1,396	945	9,953	67	32,394	44,757	(44,757)	--
Total sales..........	313,077	60,905	140,441	41,821	62,896	619,142	(44,757)	574,385
Operating expenses...	301,318	56,594	133,737	34,194	61,221	587,065	(40,314)	546,751
Operating income	11,759	4,311	6,704	7,627	1,675	32,077	(4,443)	27,634

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	"AJI-NO-MOTO," "HON-DASHI," "Cook Do," soups, mayonnaise and mayonnaise-type dressings, "PAL SWEET" (for domestic market), delicatessen products, bakery products, "amino VITAL", frozen foods, edible oils, coffee, domestic beverages, chilled dairy products, etc.
Overseas Food Products	"AJI-NO-MOTO," flavor seasonings, instant noodles, beverages, etc.
Amino Acids	"AJI-NO-MOTO" 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 was ¥4,976 million, which mainly consisted of administrative operating expenses at the parent company and part of operating expenses at research facilities.

Interim period ended September 30, 2005

Millions of yen

	Domestic Food Products	Overseas Food Products	Amino Acids	Pharma-ceuticals	Other	Total	Corporate and Eliminations	Consolidated
Sales								
(1) Sales to third parties	306,529	45,073	120,793	40,216	29,746	542,358	--	542,358
(2) Intra-group sales and transfers	1,191	796	12,497	47	28,239	42,772	(42,772)	--
Total sales...........	307,721	45,869	133,291	40,264	57,985	585,131	(42,772)	542,358
Operating expenses....	294,953	44,867	127,000	35,697	56,155	558,674	(38,076)	520,598
Operating income........	12,767	1,001	6,290	4,566	1,829	26,457	(4,696)	21,760

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	"AJI-NO-MOTO," "HON-DASHI," "Cook Do," soups, mayonnaise and mayonnaise-type dressings, "PAL SWEET", delicatessen products, bakery products, "amino VITAL," frozen foods, edible oils, coffee, beverages, chilled dairy products, etc.
Overseas Food Products	"AJI-NO-MOTO," flavor seasonings, instant noodles, beverages, etc.
Amino Acids	"AJI-NO-MOTO" 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 interim period ended September 30, 2005 these items totaled ¥5,170 million.
4. Change of product allocations to business segments
   From the interim period ended September 30, 2005 the Company has reorganized its internal company system as part of measures included in the Group's new management plan. Accordingly, product allocations to business segments have been reorganized as follows in order to more appropriately disclose the state of Group operations.
   - Food products exported by Ajinomoto Co., Inc. have been shifted from the 'Domestic Food Products' category to 'Overseas Foods Products'.
   - Certain frozen foods business has been shifted from 'Overseas Food Products' to 'Domestic Food Products'.
   - Umami seasonings for processed food manufacturers and overseas *amino VITAL* and have been shifted from 'Overseas Food Products' to 'Amino Acids'.
   - Certain operations of overseas subsidiaries and part of other businesses have been shifted from 'Overseas Food Products' to 'Amino Acids'.
   - Health food projects have reached commercialization as health and nutrition businesses, and as such have been shifted from 'Corporate' to 'Domestic Food Products'.
5. Changes to accounting methods

   Income and expenses of overseas subsidiaries have previously been calculated using the exchange rate on the balance sheet date. However, from the interim period ended September 30, 2005 onwards, such figures have been recorded using the average exchange rate throughout the relevant period. This change has been made to reflect the increasing importance of the production and sales of overseas subsidiaries to the parent company. As quarterly financial information disclosure further develops, this change will enable each financial report to show a balanced result for the period despite severe fluctuations of the spot exchange rate that may occur.

   For comparison, using the previous calculation method results net sales decreased by ¥73 million for Domestic Food Products, ¥1,514 million for Overseas Food Products, ¥2,050 million for Amino Acids, ¥69 million for Other and increased by ¥37 million for Corporate and Eliminations. Changes to operating income are: Declines of ¥3 million for Domestic Food Products, ¥95 million for Overseas Food Products, ¥8 million for Other. Increases of ¥44 million for Amino Acids, ¥0 million for Pharmaceuticals and ¥0 million for Corporate and Eliminations.

Fiscal year ended March 31, 2006

Millions of yen

	Domestic Food Products	Overseas Food Products	Amino Acids	Pharma-ceuticals	Other	Total	Corporate and Eliminations	Consolidated
Sales								
(1) Sales to third parties	608,573	99,588	255,794	83,227	59,623	1,106,807	--	1,106,807
(2) Intra-group sales and transfers	2,929	1,949	22,476	107	65,925	93,387	(93,387)	--
Total sales..........	611,503	101,538	278,270	83,334	125,548	1,200,195	(93,387)	1,106,807
Operating expenses...	579,700	96,520	263,450	70,756	122,281	1,132,709	(86,224)	1,046,484
Operating income	31,802	5,018	14,819	12,578	3,267	67,485	(7,163)	60,322

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	"AJI-NO-MOTO," "HON-DASHI," "Cook Do," soups, mayonnaise and mayonnaise-type dressings, "PAL SWEET" (for domestic market), delicatessen products, bakery products, "amino VITAL", frozen foods, edible oils, coffee, domestic beverages, chilled dairy products, etc.
Overseas Food Products	"AJI-NO-MOTO," flavor seasonings, instant noodles, beverages, etc.
Amino Acids	"AJI-NO-MOTO" 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 was ¥8,504 million, which mainly consisted of administrative operating expenses at the parent company and part of operating expenses at research facilities.
4. Change of product allocations to business segments
From the fiscal year ended March 31, 2006 the Company has reorganized its internal company system as part of measures included in the Group's new management plan. Accordingly, product allocations to business segments have been reorganized as follows in order to more appropriately disclose the state of Group operations.
- Food products exported by Ajinomoto Co., Inc. have been shifted from the 'Domestic Food Products' category to 'Overseas Foods Products'.
- Certain frozen foods business has been shifted from 'Overseas Food Products' to 'Domestic Food Products'.
- Umami seasonings for processed food manufacturers and overseas *amino VITAL* and have been shifted from 'Overseas Food Products' to 'Amino Acids'.
- Certain operations of overseas subsidiaries and part of other businesses have been shifted from 'Overseas Food Products' to 'Amino Acids'.
- Health food projects have reached commercialization as health and nutrition businesses, and as such have been shifted from 'Corporate' to 'Domestic Food Products'.

5. Changes to accounting methods

Income and expenses of overseas subsidiaries have previously been calculated using the exchange rate on the balance sheet date. However, from the fiscal year ended March 31, 2006 onwards, such figures have been recorded using the average exchange rate throughout the relevant period. This change has been made to reflect the increasing importance of the production and sales of overseas subsidiaries to the parent company. As quarterly financial information disclosure further develops, this change will enable each financial report to show a balanced result for the period despite severe fluctuations of the spot exchange rate that may occur.

For comparison, using the previous calculation method results net sales decreased by ¥277 million for Domestic Food Products, ¥7,881 million for Overseas Food Products, ¥8,489 million for Amino Acids, ¥431 million for Other and increased by ¥186 million for Corporate and Eliminations. Changes to operating income are: Declines of ¥845 million for Overseas Food Products, ¥212 million for Amino Acids, ¥0 million for Pharmaceuticals, and ¥40 million for Other. Increases of ¥0 million for Domestic Food Products.

2. Segment information by geographical area

Interim period ended September 30, 2006

Millions of yen

	Japan	Asia	America	Europe	Total	Corporate and Eliminations	Consolidated
Sales							
(1) Sales to third parties	411,914	62,848	43,861	55,760	574,385	--	574,385
(2) Intra-group sales and transfers	20,938	9,124	6,683	2,691	39,437	(39,437)	--
Total	432,852	71,972	50,545	58,452	613,822	(39,437)	574,385
Operating expenses..................................	412,951	68,013	47,749	57,474	586,188	(39,437)	546,751
Operating income......................................	19,900	3,959	2,796	978	27,634	--	27,634

Notes 1. Country and regional segments are categorized on the basis of geographic proximity.

2. Main countries and regions in segments other than Japan:

Asia: Countries of East and Southeast Asia

America: Countries of North and South America

Europe: Countries of Europe and Africa

Interim period ended September 30, 2005

Millions of yen

	Japan	Asia	America	Europe	Total	Corporate and Eliminations	Consolidated
Sales							
(1) Sales to third parties	402,169	54,174	35,229	50,784	542,358	--	542,358
(2) Intra-group sales and transfers	21,069	7,463	5,974	3,254	37,761	(37,761)	--
Total	423,238	61,637	41,204	54,039	580,120	(37,761)	542,358
Operating expenses..................................	407,179	59,355	39,973	51,851	558,359	(37,761)	520,598
Operating income......................................	16,059	2,281	1,230	2,188	21,760	--	21,760

Notes 1. Country and regional segments are categorized on the basis of geographic proximity.

2. Main countries and regions in segments other than Japan:

Asia: Countries of East and Southeast Asia

America: Countries of North and South America

Europe: Countries of Europe and Africa

3. Changes to accounting methods

Income and expenses of overseas subsidiaries have previously been calculated using the exchange rate on the balance sheet date. However, from the interim period ended September 30, 2005 onwards, such figures have been recorded using the average exchange rate throughout the relevant period. This change has been made to reflect the increasing importance of the production and sales of overseas subsidiaries to the parent company. As quarterly financial information disclosure further develops, this change will enable each financial report to show a balanced result for the period despite severe fluctuations of the spot exchange rate that may occur.

For comparison, using the previous calculation method net sales decreased by ¥1,329 million for Asia, ¥2,880 million for America, ¥294 million for Europe, and increased by ¥834 million in Corporate and Eliminations. Operating income increased by ¥15 million for Asia and decreased by ¥61 million for America and by ¥16 million for Europe.

AJINOMOTO

Fiscal Year ended March 31, 2006

	Millions of yen						
	Japan	Asia	America	Europe	Total	Corporate and Eliminations	Consolidated
Sales							
(1) Sales to third parties	804,634	118,256	76,734	107,181	1,106,807	--	1,106,807
(2) Intra-group sales and transfers	41,073	15,935	12,491	6,737	76,238	(76,238)	--
Total	845,708	134,192	89,226	113,918	1,183,045	(76,238)	1,106,807
Operating expenses	802,032	128,641	84,852	107,195	1,122,722	(76,238)	1,046,484
Operating income	43,675	5,550	4,373	6,722	60,322	--	60,322

Notes 1. Country and regional segments are categorized on the basis of geographic proximity.

2. Main countries and regions in segments other than Japan:

Asia: Countries of East and Southeast Asia

America: Countries of North and South America

Europe: Countries of Europe and Africa

3. Changes to accounting methods

Income and expenses of overseas subsidiaries have previously been calculated using the exchange rate on the balance sheet date. However, from the fiscal year ended March 31, 2006 onwards, such figures have been recorded using the average exchange rate throughout the relevant period. This change has been made to reflect the increasing importance of the production and sales of overseas subsidiaries to the parent company. As quarterly financial information disclosure further develops, this change will enable each financial report to show a balanced result for the period despite severe fluctuations of the spot exchange rate that may occur.

For comparison, using the previous calculation method net sales decreased by ¥9,442 million for Asia, ¥6,579 million for America, ¥3,656 million for Europe, and increased by ¥2,785 million in Corporate and Eliminations. Operating income decreased by ¥558 million for Asia, ¥271 million for America and by ¥269 million for Europe.

3. Overseas sales

Interim period ended September 30, 2006

	Asia	America	Europe	Total
	Millions of yen			
Overseas sales	70,673	49,293	54,585	174,552
Consolidated net sales	--	--	--	574,385
Overseas sales % of consolidated net sales	12.3	8.6	9.5	30.4

Notes 1. Country and regional segments are categorized on the basis of geographic proximity.
2. Main countries and regions in segments other than Japan:
Asia: Countries of East and Southeast Asia
America: Countries of North and South America
Europe: Countries of Europe and Africa
3. Overseas sales are sales of the Company and its consolidated subsidiaries in countries and regions outside of Japan.

Interim period ended September 30, 2005

	Asia	America	Europe	Total
	Millions of yen			
Overseas sales	59,922	38,049	52,242	150,214
Consolidated net sales	--	--	--	542,358
Overseas sales % of consolidated net sales	11.0	7.0	9.6	27.7

Notes 1. Country and regional segments are categorized on the basis of geographic proximity.
2. Main countries and regions in segments other than Japan:
Asia: Countries of East and Southeast Asia
America: Countries of North and South America
Europe: Countries of Europe and Africa
3. Overseas sales are sales of the Company and its consolidated subsidiaries in countries and regions outside of Japan.
4. Changes to accounting methods
Income and expenses of existing subsidiaries have previously been calculated using the exchange rate on the balance sheet date. However, from the interim period ended September 30, 2005 onwards, such figures have been recorded using the average exchange rate throughout the relevant period. This change has been made to reflect the increasing importance of the production and sales of overseas subsidiaries to the parent company. As quarterly financial information disclosure further develops, this change will enable each financial report to show a balanced result for the period despite severe fluctuations of the spot exchange rate that may occur.
For comparison, using the previous calculation method results. Overseas net sales decreased in each by segment as follows: by ¥1,071 million for Asia, ¥2,256 million for America and ¥322 million for Europe.

Fiscal year ended March 31, 2006

	Asia	America	Europe	Total
	Millions of yen			
Overseas sales	133,276	86,266	107,000	326,543
Consolidated net sales	--	--	--	1,106,807
Overseas sales % of consolidated net sales	12.0	7.8	9.7	29.5

Notes 1. Country and regional segments are categorized on the basis of geographic proximity.
2. Main countries and regions in segments other than Japan:
Asia: Countries of East and Southeast Asia
America: Countries of North and South America
Europe: Countries of Europe and Africa
3. Overseas sales are sales of the Company and its consolidated subsidiaries in countries and regions outside of Japan.

4. Change in accounting treatment

Income and expenses of overseas subsidiaries and equity method affiliates overseas have previously been calculated using the exchange rate on the balance sheet date. However, from the fiscal year ended March 31, 2006 onwards, such figures have been recorded using the average exchange rate throughout the relevant period. This change has been made to reflect the increasing importance of the production and sales of overseas subsidiaries and affiliates to the parent company. As quarterly financial information disclosure further develops, this change will also enable each financial report to show a balanced result for the period despite severe fluctuations of the spot exchange rate that may occur.

The effect of this change compared to the former method is to reduce sales in Asia, America, and Europe by ¥8,455 million, ¥5,182 million, and ¥3,284 million respectively.

Marketable Securities-Related

As of September 30, 2006

1. 'Other securities' with fair value

	Millions of yen		
	Acquisition cost	Carrying value as of September 30, 2006	Unrealized gain (loss)
1. Stocks	35,552	62,800	27,248
2. Other	5	5	0
Total	**35,557**	**62,805**	**27,248**

2. Main 'Marketable securities' without fair value

	Millions of yen
	Carrying value
Other marketable securities	
Unlisted stocks (not including OTC stocks)	4,534
Unlisted domestic bonds	0
Unlisted foreign bonds	0
Investment trusts	4
Money management funds etc.	1,731

As of September 30, 2005

1. 'Other securities' with fair value

	Millions of yen		
	Acquisition cost	Carrying value as of September 30, 2005	Unrealized gain (loss)
1. Stocks	35,905	61,809	25,903
2. Other	60	58	(1)
Total	**35,965**	**61,867**	**25,902**

2. Main 'Marketable securities' without fair value

	Millions of yen
	Carrying value
Other marketable securities	
Unlisted stocks (not including OTC stocks)	4,541
Unlisted domestic bonds	0
Unlisted foreign bonds	--
Investment trusts	310
Money management funds etc.	3,041

As of March 31, 2006

1. 'Other securities' with fair value

	Millions of yen		
	Acquisition cost	Carrying value as of March 31, 2006	Unrealized gain (loss)
1. Stocks	35,785	73,470	37,684
2. Other	5	5	0
Total	**35,790**	**73,475**	**37,684**

2. Main 'Marketable securities' without fair value

	Millions of yen
	Carrying value
Other marketable securities	
Unlisted stocks (not including OTC stocks)	4,535
Unlisted domestic bonds	0
Unlisted foreign bonds	0
Investment trusts	4
Money management funds etc.	4,228