Ajinomoto Co., Inc.

Consolidated Interim Results

First Half of
Fiscal Year Ending March 31, 2008

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, 2007

Ajinomoto Co., Inc. **November 9, 2007**

Stock Code: 2802

URL:http://www.ajinomoto.com/

President: Norio Yamaguchi

Scheduled date of submission of Interim Securities Report December 26, 2007

Scheduled date of starting payment of dividend December 4, 2007

Listed exchanges: Tokyo, 1st Section, Osaka, 1st Section

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1. Consolidated Financial Results for the Six Months Ended September 30, 2007

1) Consolidated Operating Results

Millions of yen, rounded down, change compared to previous interim period

	Interim period ended September 30, 2007		Interim period ended September 30, 2006		FY ended March 31, 2007
		Change %		Change %	
Net sales	609,603	6.1	574,385	5.9	1,158,510
Operating income	28,547	3.3	27,634	27.0	63,800
Ordinary income	27,473	0.7	27,278	19.3	61,589
Net income	13,966	2.6	13,615	5.4	30,229
Net income per share (¥)	21.57	--	21.05	--	46.70
Fully diluted earnings per share (¥)	--	--	--	--	--

Note: Gain from investments in subsidiaries and affiliates accounted for by the equity method:
Interim period ended September 30, 2007: ¥1,706 million Interim period ended September 30, 2006: ¥2,263 million FY ended March 31, 2007: ¥3,920 million

2) Financial Position

Millions of yen, rounded down

	As of September 30, 2007	As of September 30, 2006	As of March 31, 2007
Total assets	1,071,292	1,022,607	1,061,688
Net assets	618,281	576,826	607,584
Shareholders' equity ratio (%)	53.5%	52.8%	53.1%
Net assets per share (¥)	¥884.82	¥832.88	¥870.02

Note: Shareholders' equity as of:
September 30, 2007: ¥572,923 million September 30, 2006: ¥539,528 million March 31, 2007: ¥563,446 million

3) Cash Flows

Millions of yen, rounded down

	Interim period ended September 30, 2007	Interim period ended September 30, 2006	FY ended March 31, 2007
Net cash provided by operating activities	23,149	25,491	75,764
Net cash used in investing activities	(23,452)	(33,426)	(67,911)
Net cash provided by (used in) financing activities	(3,775)	6,504	(5,504)
Cash and cash equivalents at end of period	77,540	74,387	81,486

2. Dividends

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

3. Forecasts for the Fiscal Year Ending March 31, 2008

Millions of yen, rounded down, change compared to previous fiscal year

	FY ending March 31, 2008	
		Change %
Net sales	1,225,000	5.7
Operating income	75,000 – 77,500	17.6 – 21.5
Ordinary income	70,000 – 72,500	13.7 – 17.7
Net income	33,500 – 35,000	10.8 – 15.8
Net income per share	¥49.75 – 51.98	--

4. Other

1) Transfer of important subsidiaries during the period (Transfers of certain subsidiaries resulting in changes in the scope of consolidation): No

2) Changes in accounting methods, procedures and presentation in the making of these financial statements (Key items mentioned in "Significant Items for the Preparation of Consolidated Financial Statements")

(1) Changes in line with revision to accounting standards: Yes

(2) Other changes: No

Note: For details see page 23, "Significant Items for the Preparation of Consolidated Financial Statements."

3) Number of shares outstanding (ordinary shares)

(1) Number of shares outstanding (including treasury shares):

As of September 30, 2007:	As of September 30, 2006:	As of March 31, 2007:
649,981,740 shares	649,981,740 shares	649,981,740 shares

(2) Number of treasury shares:

As of September 30, 2007:	As of September 30, 2006:	As of March 31, 2007:
2,478,667 shares	2,164,892 shares	2,334,244 shares

Note: See "Per share information" on page 34 for details on the number of outstanding shares used as the basis of calculation of net income per share.

1. Forward-looking information, such as business forecasts, made in these financial statements are based on management's estimates, assumptions and projections at the time of publication. A number of factors could cause actual results to differ materially from expectations. For information regarding our business forecasts, please refer to pages 4 to 9, "1. Operating Results, I. Analysis of Operating Results."
2. Ajinomoto Co., Inc. made Calpis Co., Ltd. a wholly owned subsidiary on October 1, 2007, through an exchange of shares. The forecast range for Net income per share in "3. Forecasts for the Fiscal Year Ending March 31, 2008" is calculated based on the number of shares increased due to the share exchange. For details of this share exchange, please refer to pages 35 to 36, "Significant subsequent events."

1. Operating Results

I. Analysis of Operating Results

1. Consolidated results outline

Billions of yen, rounded down

	Net Sales	Operating Income	Ordinary Income	Net Income
Interim period ended September 30, 2007	609.6	28.5	27.4	13.9
Interim period ended September 30, 2006	574.3	27.6	27.2	13.6
Change	6.1%	3.3%	0.7%	2.6%

Overview of results for this period

In the period under review, the Japanese economy continued its recovery trend, underpinned by factors including continued improvement in corporate profits and a moderate recovery in consumer spending.

In the Japanese food industry there was a sense of uncertainty about future prospects, as a result of the total population starting to decrease, continued moves to raise prices reflecting higher costs of raw materials, and other factors.

Internationally, the U.S. economy showed signs of decelerating. The Asian economy, however, 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*, the Ajinomoto Group ("Ajinomoto" or "the Group") 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.

As a result of the above, consolidated net sales for the interim period ended September 30, 2007 increased 6.1% (¥35.2 billion) year on year to ¥609.6 billion. Operating income increased 3.3% (¥0.9 billion) to ¥28.5 billion, and ordinary income increased 0.7% (¥0.1 billion) to ¥27.4 billion. Consolidated net income increased 2.6% (¥0.3 billion) to ¥13.9 billion.

The interim dividend payment is ¥8 per share, an increase of ¥1 from 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, 2006, unless stated otherwise.

(1) Net sales

Net sales increased 6.1% (¥35.2 billion) to ¥609.6 billion. By region, sales in Japan increased 0.7% to ¥414.9 billion, while sales overseas increased 19.8% to ¥194.6 billion. By overseas region, sales rose 25.1% to ¥78.6 billion in Asia, 19.5% to ¥52.4 billion in America, and 14.0% to ¥63.5 billion in Europe.

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

The cost of sales increased 6.4% (¥26.6 billion) to ¥443.2 billion. The ratio of cost of sales to net sales increased 0.2 percentage points to 72.7%, due to an increase in raw material costs, despite further efforts to reduce production costs.

Selling, general and administrative expenses increased 5.9% (¥7.6 billion) to ¥137.7 billion. The main reason for this rise was an increase in promotion and other marketing expenses, and higher distribution expenses in line with higher sales volumes.

(3) Operating income

Operating income increased 3.3% (¥0.9 billion) to ¥28.5 billion. By region, operating income in Japan decreased 27.8% to ¥14.3 billion, while operating income from operations overseas rose 83.5% to ¥14.1 billion. Domestically, the main reasons for this overall decrease were lower income in the seasonings and processed foods business and the frozen foods business, despite a strong performance in the pharmaceuticals business. Overseas, the higher operating income was due to major increases across the board, particularly in the feed-use amino acids business and the food products business. By overseas region, operating income increased 98.3% to ¥7.8 billion in Asia, 12.9% to ¥3.1 billion in America, and 225.2% to ¥3.1 billion in Europe.

(4) Non-operating income (expenses)

The difference between non-operating income and non-operating expenses was minus ¥1.0 billion, ¥0.7 billion lower than in the previous interim period. This was mainly due to higher interest payments and lower equity in earnings of affiliates.

(5) Ordinary income

Ordinary income increased 0.7% (¥0.1 billion) to ¥27.4 billion.

(6) Extraordinary income

Extraordinary income for the interim period under review was ¥8.2 billion, compared to ¥1.1 billion the previous interim period. This was mainly the result of gain on sales of fixed assets of ¥4.1 billion and profit on sales of shares of affiliates of ¥3.2 billion.

(7) Extraordinary losses

Extraordinary losses were ¥6.5 billion, compared to ¥3.2 billion the previous interim period. Loss on disposal of fixed assets was ¥1.7 billion, compared to a ¥1.8 billion loss in the previous interim period. Other major factors for the increase included the occurrence of extraordinary expenses in line with the closure of plants of overseas subsidiaries.

(8) Net income

Net income for the interim period under review was ¥13.9 billion, an increase of 2.6% from net income in the previous interim period of ¥13.6 billion. The effective tax rate increased from 40.9% to 46.0%. As a result, net income per share for the interim period under review was ¥21.57, up from ¥21.05 in the previous interim period.

Consolidated operating results by segment

Note: All comparisons are with the previous interim period, ended September 30, 2006, unless otherwise stated.

Billions of yen, rounded down

	Net Sales	YoY Change -amount	YoY Change - percent	Operating Income	YoY Change -amount	YoY Change - percent
Domestic food products	315.1	3.5	1.1	6.6	(5.0)	(43.1)
Overseas food products	76.8	16.9	28.2	7.9	3.6	83.7
Amino acids	145.1	14.7	11.3	8.0	1.3	19.9
Pharmaceuticals	42.5	0.7	1.9	8.6	1.0	13.2
Other	29.7	(0.7)	(2.4)	1.4	(0.1)	(10.9)

Notes:

1. For the main products of each business segment, please refer to “Segment Information, 1. Segment information by business, Note 2: Main products for each business segment” (page 27).
2. Domestic and overseas sales of *ACTIVA* and savory seasonings for use in the food processing industry are classified in domestic food products.
3. Domestic sales of amino acid supplement *amino VITAL* and domestic sales of low-calorie sweetener for home use and the restaurant market are included in domestic food products.
4. Frozen food products of the Amoy Food Group (Hong Kong) are classified in domestic food products.
5. Domestic and overseas sales of umami seasoning *AJI-NO-MOTO* and nucleotides for use in the food processing industry are included in amino acids.
6. Expenses relating to our administrative operating divisions and research institutes are partly recorded in Corporate and Eliminations. For details, please refer to “Segment Information, 1. Segment information by business”.

(1) Domestic food products

Net sales in domestic food products increased 1.1% (¥3.5 billion) to ¥315.1 billion. Operating income decreased 43.1% (¥5.0 billion) to ¥6.6 billion. The increase in sales was attributable to the contribution from coffee and beverages, despite the impact of lower revenue from *HON-DASHI*. The decrease in operating income was due to the higher cost of raw materials, upfront investment in health-related business, and other factors.

Seasonings and processed foods: In the retail market, sales of *HON-DASHI* decreased substantially from the previous interim period, as a result of distribution inventory adjustment in line with the full renewal carried out in September. Sales of consommé and *AJI-NO-MOTO* were maintained at the same level as in the previous interim period, while sales of Chinese dashi products increased slightly. Sales of soups were lower than in the previous interim period, influenced by the shrinking market resulting from the record late summer heat. Sales of the *Cook Do* line increased slightly, driven by steady sales of core product types. Sales of mayonnaise and mayonnaise-type dressings performed well, and sales of Kellogg’s products grew steadily.

In the commercial market, sales of *HON-DASHI* were maintained at the same level as in the previous interim period, while sales of mayonnaise and mayonnaise-type dressings were slightly higher. Sales of *ACTIVA*, an enzyme (transglutaminase) that improves food texture, for use in the food processing industry grew steadily, and sales of savory seasoning products increased slightly.

Sweeteners and Nutritional foods: Sales of low-calorie sweeteners for home and restaurant use increased due partly to a contribution from *PAL SWEET Calorie Zero liquid type.* Revenue from sales of amino acid supplement *amino VITAL* was significantly lower, reflecting a major decrease in sales of the jelly drink type, despite sales of granulated products being maintained at the same level as a result of active initiatives to increase customers.

Delicatessen and Bakery products: Sales of lunchboxes and prepared dish delicatessen products were lower than in the previous interim period. Bakery product sales declined substantially.

Frozen foods: In products for the retail market, amid stagnant market conditions, sales of *Gyoza* were maintained at the same level as the previous interim period, and sales of *Obento Juicy Hamburg* increased substantially. In addition, sales of *Ebi Pilaf* and *Yawaraka Wakadori Kara-Age* grew steadily, contributing to an overall increase in revenue. In products for restaurant and institutional use, revenue from sales decreased due to lower sales of products to major existing customers and other factors, despite a major increase in sales of products for the prepared dish delicatessen market.

Edible oils: Sales decreased from the previous interim period, due to lower sales of *Salad Oil* and other factors.

Coffee, Beverages, Dairy products: Sales of instant coffee and regular coffee increased slightly, and sales of liquid coffee also grew steadily, due to a contribution from *Blendy Aromatic Black*.

Revenue from beverage sales increased, with substantial sales growth in *CALPIS Water* and a contribution from *THE PREMIUM CALPIS* offsetting slightly lower sales of *evian.*

In chilled dairy products, sales of *BIO* increased significantly.

(2) Overseas food products

Overseas food product sales increased 28.2% (¥16.9 billion) to ¥76.8 billion. Operating income increased 83.7% (¥3.6 billion) to ¥7.9 billion. The major increases in revenue and income were driven by significant growth in sales of flavor seasonings in Asia and South America, and the favorable impact of foreign exchange fluctuations.

Seasonings: In Asia, sales of *AJI-NO-MOTO* for home use and restaurant use increased significantly, and sales of flavor seasonings for home use also showed major growth. In America, revenue from sales of flavor seasonings for home use in South America was significantly higher than in the previous interim period. In Europe and Africa, sales of *AJI-NO-MOTO* for home use grew strongly in West African nations. Overall, exchange rate fluctuations also contributed to increased revenues.

Processed foods: Sales of instant noodles and *Birdy* canned coffee in Asia improved significantly, due in part to the favorable impact of foreign exchange fluctuations.

(3) Amino acids

Sales in the amino acids business increased 11.3% (¥14.7 billion) to ¥145.1 billion. Operating income increased 19.9% (¥1.3 billion) to ¥8.0 billion. The overall increases in revenue and income were due mainly to sales growth in feed-use amino acids and sweeteners.

Umami seasonings for processed food manufacturers: Revenue from sales of *AJI-NO-MOTO* to the food processing industry grew steadily in Japan, Asia and America, and were maintained at the same level as in the previous interim period in Europe. Sales of nucleotides increased significantly, mainly to major overseas customers.

Feed-use amino acids: Sales of Lysine grew substantially in all regions. Sales of Threonine were strong, while sales of Tryptophan increased substantially.

Amino acids for pharmaceuticals and foods: In Japan, sales decreased from the previous interim period. Overseas, sales increased substantially in Europe and grew steadily in North America, due in part to the favorable impact of foreign exchange fluctuations.

Sweeteners: Sales of sweeteners to the food processing industry were strong. In South America, sales of powdered juice *Refresco MID*, which contains aspartame, increased considerably over the previous interim period, due in part to the favorable impact of foreign exchange fluctuations.

Pharmaceutical fine chemicals: Sales of pharmaceutical fine chemicals were strong, supported by the favorable impact of foreign exchange fluctuations in Europe.

Specialty chemicals: Sales of cosmetic ingredients were favorable, with higher revenue both in Japan and overseas. Sales of amino acid-based cosmetic *Jino* grew steadily, and sales of insulation film for build-up printed wiring board were maintained at the same level as in the previous interim period, due in part to the impact of inventory adjustment in the market.

(4) Pharmaceuticals

Pharmaceutical sales increased 1.9% (¥0.7 billion) to ¥42.5 billion. Operating income increased 13.2% (¥1.0 billion) to ¥8.6 billion. The increases in revenue and income were attributable to higher sales of products distributed by the Ajinomoto Group itself and products sold under cooperative agreements.

For sales of products distributed by the Ajinomoto Group itself, revenue from sales of medical foods, *LIVACT*, a branched-chain amino acids formula for the treatment of liver cirrhosis, *ELENTAL*, an elemental diet, and others increased, while revenue from sales of infusions such as *SOLITA* and *TWINPAL* decreased. For sales under cooperative agreements, sales of *ACTONEL*, a preparation used in the treatment of osteoporosis, increased substantially and sales of *ATELEC*, an antihypertensive drug, grew steadily, while revenue from sales of non-insulin-dependent diabetes treatment *FASTIC* and other nateglinide products decreased.

(5) Other

Sales in this segment decreased 2.4% (¥0.7 billion) to ¥29.7 billion. Operating income decreased 10.9% (¥0.1 billion) to ¥1.4 billion.

2. Outlook for the Fiscal Year Ending March 31, 2008

Billions of yen, rounded down

	Net Sales	Operating Income	Ordinary Income	Net Income
FY ending March 31, 2008	1,225.0	75.0 – 77.5	70.0 – 72.5	33.5 – 35.0
FY ended March 31, 2007	1,158.5	63.8	61.5	30.2
Increase	5.7%	17.6 – 21.5%	13.7 – 17.7%	10.8 – 15.8%

The Japanese economy is expected to continue its recovery, supported by domestic private-sector demand, despite a slight deceleration in the rise in consumer spending. Internationally, widespread economic expansion is also expected to continue, although there are causes for concern about the Japanese economy and overseas economies, such as the impact of the slowing down of the U.S. economy, crude oil and raw materials prices movements, and foreign exchange market fluctuations.

Given such conditions, in domestic food products Ajinomoto aims to boost sales of core products and further improving profitability through reducing production costs. In overseas food products Ajinomoto will focus on expanding sales of seasonings and developing its processed foods operations. In amino acids Ajinomoto intends to enhance production capabilities in response to growing demand and utilize the Group's technical expertise to further boost profitability. In pharmaceuticals Ajinomoto will seek to boost sales of top brands while working to maximize efficiencies in production and distribution and further reduce costs.

Our operating income target for the fiscal year ending March 31, 2008 for feed-use amino acids, which is part of the amino acids business, is ¥5.0 – 7.5 billion. This business is characterized by the significant influence exerted on the feed-use amino acid supply and demand balance by external factors, such as fluctuating markets for corn, soybean meal, and other grains, and competing companies opening new or additional facilities or withdrawing, factors which then influence prices and sales volumes. In projecting the impact of these factors, we assumed a lower limit for operating income based on the case of the price of feed-use Lysine, a key product of the feed-use amino acid business, being 1.6 U.S. dollars/kg (on a CIF basis) in the fiscal second half and an upper limit based on the case of it being 1.7 U.S. dollars/kg. The variation in profit in the fiscal second half depending on whether prices are at the lower or upper limit would be approximately ¥2.0 billion, and combined with the other products of this business we are assuming a profit variation of approximately ¥2.5 billion.

As a result of the above, Ajinomoto forecasts consolidated sales for the fiscal year ending March 31, 2008 to increase 5.7% to ¥1,225.0 billion, and operating income to increase 17.6 – 21.5% to ¥75.0 – 77.5 billion. Ordinary income is forecast to increase 13.7 – 17.7% to ¥70.0 – 72.5 billion, with net income increasing 10.8 – 15.8% to ¥33.5 – 35.0 billion.

These forecasts are based on an assumed exchange rate of ¥117 to the U.S. dollar.

II. Analysis of Financial Position

1. Overview of year under review

Financial position as of September 30, 2007

Total assets as of September 30, 2007 were ¥1,071.2 billion, ¥9.6 billion more than the ¥1,061.6 billion recorded on March 31, 2007. This increase was mainly attributable to an increase in the translated balance sheet value of assets of overseas subsidiaries due to the weakening of the yen, and an increase in capital expenditures and operating assets to expand the Group's revenue base.

Total interest-bearing debt was ¥154.1 billion, ¥2.9 billion higher than March 31, 2007, due to procuring funds for capital and other investment partly through borrowing, and other factors.

Net assets increased ¥10.6 billion compared to March 31, 2007, due to factors such as higher operating revenue. Shareholders' equity, which is net assets minus minority interests, was ¥572.9 billion, and the shareholders' equity ratio was 53.5%.

Summary of consolidated cash flow

Billions of yen, rounded down

	Interim period ended September 30, 2007	Interim period ended September 30, 2006	FY ended March 31, 2007
Net cash provided by operating activities	23.1	25.4	75.7
Net cash used in investing activities	(23.4)	(33.4)	(67.9)
Net cash provided by (used in) financing activities	(3.7)	6.5	(5.5)
Effect of exchange rate changes on cash and cash equivalents	0.0	1.2	4.7
Increase (decrease) in cash and cash equivalents	(3.9)	(0.1)	7.0
Decrease in initial balance due to change in scope of consolidation	0.0	(0.6)	(0.7)
Cash and cash equivalents at end of period	77.5	74.3	81.4

Net cash provided by operating activities decreased ¥2.3 billion from the previous interim period to ¥23.1 billion. This decrease mainly reflects higher income tax, which offset higher operating income.

Net cash used in investing activities was ¥23.4 billion. The main factors behind this decrease were sales of shares of subsidiaries and sale of fixed assets such as land.

Net cash used in financing activities was ¥3.7 billion, due to payment of dividends and other factors.

As a result of the foregoing, cash and cash equivalents at September 30, 2007 was ¥77.5 billion, an increase of ¥3.1 billion compared to September 30, 2006.

2. Trends in Cash Flow-related Indices

	Interim period ended September 30, 2007	FY ended March 31, 2007	FY ended March 31, 2006	FY ended March 31, 2005
Shareholders' equity ratio (%)	53.5	53.1	53.0	51.7
Shareholders' equity ratio based on market price (%)	87.0	82.7	81.7	93.8
Ratio of interest-bearing debt to cash flow (%)	--	216.3	287.0	166.7
Interest coverage ratio (times)	10.1	19.4	21.2	28.7

* Shareholders' equity ratio = (Net assets – minority interests)/total assets
* Shareholders' equity ratio based on market price = Market capitalization/total assets
* Ratio of interest-bearing debt to cash flow
  = Interest-bearing debt (including customers' deposits received) /operating cash flow
* Interest coverage ratio = Operating cash flow/interest paid

Notes:

1. All indices are calculated from consolidated financial results figures.
2. Market capitalization = Market price on last trading day at end of period each year x total shares outstanding at end of period (excluding treasury stock)
3. Cash flow = Net cash provided by operating activities figure in the consolidated statements of cash flows
4. Interest paid is the Interest paid figure in the consolidated statements of cash flows.

III. Basic Policy regarding Allocation of Profits and Dividends for Fiscal Year Ending March 31, 2008

Ajinomoto Co., Inc. (the Company) made a stable dividend payment of ¥10 per share from 1962 onwards, but since fiscal 2002 has adopted the basic principle 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, and provided an annual dividend of ¥15 per share, including an interim dividend of ¥7 per share, for the fiscal year ended March 31, 2007. For the fiscal year ending March 31, 2008, it is planned to further increase the dividend by ¥1 to ¥16 per share, with an interim dividend payment of ¥8 per share. Furthermore, the Company takes the basic policy of payment of dividends twice a year, an interim dividend and a year-end dividend. The year-end dividend is approved by the General Meeting of Shareholders, and the interim dividend is decided by the Board of Directors. It is stipulated in the Articles of Incorporation that the Company can provide an interim dividend in accordance with the provisions of Article 454 paragraph 5 of the Companies Act in Japan.

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.

2. Current State of the Ajinomoto Group

The Ajinomoto Group is made up of the Company, along with 131 subsidiaries and 21 affiliates. The Group is engaged in manufacturing and marketing of domestic seasonings and processed foods, frozen foods, edible oils, beverages and 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., ◊ YAMAKI Co., Ltd., Ajinomoto Packaging Co., Inc., AJINOMOTO BAKERY 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.,[2] ◊ Ajinomoto General Foods, Inc.
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) Co., Ltd., Ajinomoto (China) Co., 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.
	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.
JASDAQ: GABAN Co., Ltd.
2. Ajinomoto Co., Inc. made Calpis Co., Ltd. a wholly owned subsidiary on October 1, 2007, through an exchange of shares.

3. 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. 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%.

3. 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 fiscal 2005 we have been implementing our management plan for fiscal 2005-2010, “A-dvance 10 - Laying the foundations for the next 100 years”. The plan identifies the 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, two and a half years after we started the plan, has changed significantly from the operating environment at the time of its formulation. Rising energy prices due to high crude oil prices, and rising prices of main and sub raw materials are raising production costs at our plants and serving as a major downward pressure on profits.

Meanwhile, relatively lower export competitiveness resulting from exchange rate fluctuations in overseas manufacturing bases such as Brazil, the slowdown in growth of the domestic foods market, and the lowering of pharmaceuticals prices in Japan due to the NHI price revisions are having considerable influence on our related businesses.

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 in order 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.

Furthermore, we will proceed with further selection and concentration, and expansion, of our businesses, by further strengthening our business structure through concentrated allocation of management resources to priority businesses such as overseas food products, in which steady expansion is expected.

4. Consolidated Financial Statements

Consolidated Balance Sheets

Millions of yen, rounded down

	As of September 30, 2007		As of March 31, 2007		Increase (Decrease)	As of September 30, 2006	
ASSETS		%		%			%
Current assets							
Cash on hand and in banks	77,856		81,958		(4,101)	73,804	
Notes & accounts receivable	212,827		206,228		6,599	205,605	
Marketable securities	845		32		813	1,580	
Inventories	130,862		122,652		8,209	114,360	
Deferred tax assets	12,515		11,442		1,072	9,914	
Other	41,223		38,955		2,267	37,204	
Allowance for doubtful accounts	(1,608)		(1,144)		(464)	(1,058)	
Total current assets	474,523	44.3	460,126	43.3	14,396	441,412	43.2
Fixed assets							
Tangible fixed assets							
Buildings and structures	322,935		312,585		10,350	296,678	
Machinery and vehicles	512,628		496,534		16,093	476,406	
Other	61,301		59,056		2,244	56,188	
Accumulated depreciation	(594,393)		(571,773)		(22,620)	(553,331)	
Land	59,705		59,708		(2)	57,066	
Construction in process	32,214		29,818		2,396	30,471	
Total tangible fixed assets	394,390	36.8	385,928	36.4	8,461	363,480	35.5
Intangible fixed assets							
Goodwill	36,140		38,497		(2,356)	40,846	
Other	22,243		25,402		(3,159)	25,000	
Total intangible fixed assets	58,384	5.5	63,900	6.0	(5,515)	65,847	6.4
Investment and other assets							
Investment in securities	126,406		134,366		(7,960)	135,813	
Long-term loans receivable	398		409		(11)	256	
Deferred tax assets	6,814		7,485		(671)	6,483	
Other	11,220		10,335		885	10,198	
Allowance for doubtful accounts	(845)		(863)		18	(885)	
Total investment and other assets	143,994	13.4	151,733	14.3	(7,738)	151,866	14.9
Total fixed assets	596,768	55.7	601,561	56.7	(4,793)	581,194	56.8
Total Assets	**1,071,292**	**100.0**	**1,061,688**	**100.0**	**9,603**	**1,022,607**	**100.0**

Consolidated Balance Sheets

Millions of yen, rounded down

	As of September 30, 2007	%	As of March 31, 2007	%	Increase (Decrease)	As of September 30, 2006	%
LIABILITIES		%		%			%
Current liabilities							
Notes & accounts payable	126,707		122,029		4,678	115,947	
Short-term borrowings	30,764		27,734		3,030	25,293	
Commercial paper	15,000		--		15,000	10,000	
Long-term loans due to be repaid within one year	197		401		(203)	889	
Corporate bonds to be redeemed within one year	20,000		15,000		5,000	15,000	
Accrued income taxes	10,915		12,122		(1,207)	8,565	
Accrued bonuses	4,342		4,297		44	3,890	
Accrued bonuses for directors	144		177		(32)	102	
Other	82,435		84,690		(2,255)	78,884	
Total current liabilities	290,508	27.1	266,453	25.1	24,055	258,573	25.3
Long-term liabilities							
Bonds	50,000		70,000		(20,000)	70,000	
Long-term debt	38,199		38,088		111	35,625	
Deferred tax liabilities	3,417		5,186		(1,768)	5,497	
Accrued employees' retirement benefits	47,875		51,421		(3,546)	54,071	
Accrued officers' severance benefits	1,546		2,201		(654)	1,785	
Allowance for environmental measures	214		214		0	--	
Other	21,248		20,538		709	20,227	
Total long-term liabilities	162,502	15.2	187,650	17.7	(25,148)	187,207	18.3
Total liabilities	453,010	42.3	454,103	42.8	(1,093)	445,781	43.6
NET ASSETS							
Shareholders' equity							
Common stock	79,863	7.5	79,863	7.5	--	79,863	7.8
Capital surplus	111,584	10.4	111,581	10.5	2	111,580	10.9
Retained earnings	374,687	35.0	365,791	34.5	8,896	353,760	34.6
Treasury stock	(3,108)	(0.3)	(2,902)	(0.3)	(206)	(2,654)	(0.2)
Total shareholders' equity	563,026	52.6	554,334	52.2	8,691	542,549	53.1
Valuation, translation adjustments and others							
Unrealized holding gain on securities	10,658	1.0	15,633	1.5	(4,975)	17,364	1.7
Unrealized gain from hedging instruments	14	0.0	27	0.0	(12)	58	0.0
Translation adjustments	(776)	(0.1)	(6,549)	(0.6)	5,773	(20,444)	(2.0)
Total valuation, translation adjustments and others	9,896	0.9	9,111	0.9	785	(3,021)	(0.3)
Minority interests	45,358	4.2	44,138	4.1	1,219	37,298	3.6
Total net assets	618,281	57.7	607,584	57.2	10,696	576,826	56.4
Total Liabilities & Net Assets	**1,071,292**	**100.0**	**1,061,688**	**100.0**	**9,603**	**1,022,607**	**100.0**

Consolidated Statements of Income

Millions of yen, rounded down

	Interim period ended September 30, 2007		Interim period ended September 30, 2006		Increase (Decrease)	FY ended March 31, 2007	
Net sales	609,603	100.0	574,385	100.0	35,218	1,158,510	100.0
Cost of sales	443,287	72.7	416,643	72.5	26,643	828,050	71.5
Gross profit	166,316	27.3	157,741	27.5	8,575	330,459	28.5
Selling, general and administrative expenses	137,768	22.6	130,107	22.7	7,661	266,658	23.0
Operating income	28,547	4.7	27,634	4.8	913	63,800	5.5
Non-operating income							
Interest income	783		729		54	1,784	
Dividends income	558		426		131	825	
Equity in earnings of affiliates	1,706		2,263		(556)	3,920	
Other	3,130		1,968		1,162	4,606	
Total non-operating income	6,179	1.0	5,387	0.9	792	11,137	1.0
Non-operating expenses							
Interest expense	2,719		2,171		548	5,008	
Other	4,534		3,571		963	8,340	
Total non-operating expenses	7,253	1.2	5,742	1.0	1,511	13,348	1.2
Ordinary income	27,473	4.5	27,278	4.7	194	61,589	5.3
Extraordinary income							
Gain on sales of fixed assets	4,190		91		4,099	373	
Gain on sales of shares of affiliates	3,295		--		3,295	1,199	
Other	812		1,044		(231)	5,418	
Total extraordinary income	8,299	1.4	1,135	0.2	7,163	6,990	0.6
Extraordinary losses							
Loss on disposal of fixed assets	1,784		1,850		(66)	7,725	
Retirement benefit expense	1,414		301		1,112	303	
Other	3,322		1,111		2,210	4,829	
Total extraordinary losses	6,520	1.1	3,264	0.5	3,256	12,859	1.1
Net income before income taxes and minority interests	29,251	4.8	25,150	4.4	4,101	55,721	4.8
Income taxes – current	12,083	2.0	8,594	1.5	3,489	22,125	1.9
Income taxes – deferred	1,360	0.2	1,682	0.3	(321)	118	0.0
Minority interests	1,840	0.3	1,257	0.2	582	3,248	0.3
Net income	**13,966**	**2.3**	**13,615**	**2.4**	**350**	**30,229**	**2.6**

Consolidated Statements of Changes in Net Assets

For the interim period ended September 30, 2007

Millions of yen, rounded down

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balances as of March 31, 2007	79,863	111,581	365,791	(2,902)	554,334
Changes in interim period ended September 30, 2007					
Dividends from surplus............................			(5,181)		(5,181)
Net income..			13,966		13,966
Increase in retained earnings from increase in consolidated subsidiaries ...			110		110
Purchase of treasury stock......................				(222)	(222)
Disposal of treasury stock.......................		2		16	18
Net changes in items other than those in shareholders' equity............................					
Total of changes in interim period ended September 30, 2007	--	2	8,896	(206)	8,691
Balances as of September 30, 2007	79,863	111,584	374,687	(3,108)	563,026

Millions of yen, rounded down

	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, 2007	15,633	27	(6,549)	9,111	44,138	607,584
Changes in interim period ended September 30, 2007						
Dividends from surplus						(5,181)
Net income..						13,966
Increase in retained earnings from increase in consolidated subsidiaries						110
Purchase of treasury stock						(222)
Disposal of treasury stock........................						18
Net changes in items other than those in shareholders' equity.............................	(4,975)	(12)	5,773	785	1,219	2,004
Total of changes in interim period ended September 30, 2007	(4,975)	(12)	5,773	785	1,219	10,696
Balances as of September 30, 2007	10,658	14	(776)	9,896	45,358	618,281

Consolidated Statements of Changes in Net Assets

For the interim period ended September 30, 2006

Millions of yen, rounded down

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' 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					
Dividends distributed from retained earnings...			(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 policy 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 shareholders' 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, rounded down

	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						
Dividends distributed from retained earnings...						(4,535)
Bonuses to directors and statutory auditors						(156)
Net income..						13,615
Increase in retained earnings from changes in accounting policy 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 shareholders' 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 Changes in Net Assets

For the fiscal year ended March 31, 2007

Millions of yen, rounded down

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balances as of March 31, 2006	79,863	111,579	341,528	(2,510)	530,461
Changes in fiscal year ended March 31, 2007					
Dividends distributed from retained earnings...			(4,535)		(4,535)
Bonuses to directors and statutory auditors.....			(156)		(156)
Dividends from surplus (interim dividends)......			(4,534)		(4,534)
Net income			30,229		30,229
Increase in retained earnings from changes in accounting policy for fixed assets at an overseas subsidiary....................................			3,308		3,308
Pension liability adjustment for an overseas subsidiary			(21)		(21)
Decrease due to decrease in equity method affiliates			(26)	13	(12)
Purchase of treasury stock				(439)	(439)
Disposal of treasury stock...............................		2		33	35
Net changes in items other than those in shareholders' equity					
Total of changes in fiscal year ended March 31, 2007	--	2	24,262	(392)	23,873
Balances as of March 31, 2007	79,863	111,581	365,791	(2,902)	554,334

Millions of yen, rounded down

	Valuation, Translation Adjustments and Others				**Minority Interests**	**Total Net Assets**
	Unrealized holding gain on securities	Unrealized gain from hedging instruments	Translation adjustments	Total valuation, translation adjustments and others		
Balances as of March 31, 2006	23,848	--	(25,547)	(1,699)	32,644	561,407
Changes in fiscal year ended March 31, 2007						
Dividends distributed from retained earnings ..						(4,535)
Bonuses to directors and statutory auditors....						(156)
Dividends from surplus (interim dividends)						(4,534)
Net income						30,229
Increase in retained earnings from changes in accounting policy for fixed assets at an overseas subsidiary						3,308
Pension liability adjustment for an overseas subsidiary..						(21)
Decrease due to decrease in equity method affiliates...						(12)
Purchase of treasury stock						(439)
Disposal of treasury stock...............................						35
Net changes in items other than those in shareholders' equity....................................	(8,215)	27	18,998	10,810	11,493	22,304
Total of changes in fiscal year ended March 31, 2007	(8,215)	27	18,998	10,810	11,493	46,177
Balances as of March 31, 2007	15,633	27	(6,549)	9,111	44,138	607,584

Consolidated Statements of Cash Flows

Millions of yen, rounded down

	Interim period ended September 30, 2007	Interim period ended September 30, 2006	FY ended March 31, 2006
I. Cash flows from operating activities			
Income before income taxes and minority interests	29,251	25,150	55,721
Depreciation and amortization	26,347	21,328	45,138
Amortization of goodwill	2,356	2,301	4,650
Increase (decrease) in allowance for doubtful accounts	434	102	145
Increase (decrease) in accrued bonuses	91	(118)	240
Increase (decrease) in accrued bonuses for directors	(32)	102	177
Increase (decrease) in accrued employees' retirement benefits	(3,586)	(3,371)	(6,236)
Increase (decrease) in accrued officers' severance benefits	(654)	85	500
Interest and dividend income	(1,341)	(1,155)	(2,610)
Interest expense	2,719	2,171	5,008
Equity in earnings of affiliates	(1,706)	(2,263)	(3,920)
Loss (gain) on sales of investment securities	(161)	(519)	(4,092)
Loss on revaluation of investment securities	105	23	121
Loss (gain) on sale or disposal of tangible fixed assets	(2,188)	1,892	7,485
Loss (gain) on sale of shares of affiliates	(3,295)	--	(1,188)
Decrease (increase) in notes and accounts receivable	(8,949)	(7,434)	(4,598)
Increase (decrease) in notes and accounts payable	8,709	5,599	8,957
Decrease (increase) in inventories	(7,954)	(5,145)	(10,643)
Increase (decrease) in accrued consumption tax	(116)	(2,858)	(3,537)
Bonus for directors	--	(156)	(156)
Other	(3,582)	(2,557)	2,539
Sub-total	**36,445**	**33,175**	**93,700**
Interest and dividends received	2,163	1,922	3,610
Interest paid	(2,285)	(2,185)	(3,899)
Settlement package	--	(1,979)	(1,993)
Income taxes paid	(13,173)	(5,441)	(15,654)
Net cash provided by operating activities	**23,149**	**25,491**	**75,764**
II. Cash flows from investing activities			
Acquisition of tangible fixed assets	(31,911)	(33,848)	(72,201)
Proceeds from sale of tangible fixed assets	5,055	135	604
Acquisition of intangible assets	(1,429)	(1,640)	(4,001)
Acquisition of investment securities	(63)	(407)	(424)
Proceeds from sale of investment securities	710	804	8,783
Acquisition of shares of subsidiaries due to change in scope of consolidation	--	2,190	2,299
Proceeds from sale of shares of subsidiaries due to change in scope of consolidation	5,652	--	--
Acquisition of shares of affiliates	(1,204)	(684)	(6,400)
Proceeds from sale of shares of affiliates	--	198	2,742
Other	(261)	(174)	685
Net cash used in investing activities	**(23,452)**	**(33,426)**	**(67,911)**

III. Cash flows from financing activities			
Net change in short-term borrowings	1,532	749	1,277
Net change in commercial paper	15,000	--	(10,000)
Proceeds from long-term debt	1,143	11,307	14,665
Repayment of long-term debt	(1,874)	(606)	(2,509)
Redemption of bonds	(15,000)	--	--
Amount paid for underwriting capital increase by minority shareholders	1,376	80	924
Cash dividends paid	(5,184)	(4,530)	(9,063)
Distribution of dividends to minority shareholders	(565)	(354)	(395)
Acquisition of own stock	(222)	(168)	(439)
Other	18	25	35
Net cash used in financing activities	**(3,775)**	**6,504**	**(5,504)**
IV. Effect of exchange rate changes on cash and cash equivalents	**87**	**1,294**	**4,732**
V. (Decrease) Increase in cash and cash equivalents	**(3,990)**	**(136)**	**7,080**
VI. Cash and cash equivalents at the beginning of the period	**81,486**	**75,133**	**75,133**
Increase due to change in scope of consolidation	44	160	164
Decrease due to change in scope of consolidation	--	(770)	(891)
Sub-total	**81,531**	**74,524**	**74,406**
VII. Cash and cash equivalents at the end of the period	**77,540**	**74,387**	**81,486**

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Significant Items for the Preparation of Consolidated Interim Financial Statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries:

95 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 its importance, FD Green (Thailand) Co., Ltd. is newly included in the scope of consolidated companies. Further, TOKAI KNORR FOODS CO., LTD. and Chubu Knorr Foods Co., Ltd. are no longer included in the scope of consolidation as a result of a merger, and Forum Bioscience Holdings Ltd. and 5 other companies are no longer included as a result of the sale of shares.

(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, interim 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:

9 companies

Names of main companies:

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

(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 15 other companies have interim period settlement dates of June 30, and GABAN Co., Ltd. has an interim period settlement date of August 31. Of these, 15 companies carry out trial settlements for the period to September 30. In preparing the consolidated interim financial statements for companies that do 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 4 other companies have interim period settlement dates of June 30. Of this total, 3 companies carry out trial settlements for the period to September 30. In preparing the consolidated interim financial statements for companies that do 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 mainly 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.

(Change to accounting policy)

In line with the revision to the Corporation Tax Law in Japan, from the interim consolidated accounting period under review the Company and domestic consolidated subsidiaries have changed the method of depreciation for tangible fixed assets acquired on or after April 1, 2007, based on the revised Corporation Tax Law.

As a result, operating income decreased by ¥308 million, and ordinary income and net income before income taxes each decreased by ¥320 million.

The impact on segment information is stated in the applicable sections.

(Additional information)

With respect to tangible fixed assets acquired on or before March 31, 2007, in line with the revision to the Corporation Tax Law, from the interim consolidated accounting period under review the Company and domestic consolidated subsidiaries, from the fiscal year following the fiscal year in which the remaining value of the assets reaches 5% of the acquisition price through application of the method of depreciation based on the Corporation Tax Law before the revision, have depreciated the difference between an amount equivalent to 5% of the acquisition price and the memorandum price evenly over a period of five years and include the amounts in depreciation expenses.

As a result, operating income decreased by ¥583 million, and ordinary income and net income before income taxes each decreased by ¥652 million.

The impact on segment information is stated in the applicable sections.

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.

The Company abolished the system of payment of severance benefits to directors in June 2007, and has decided to pay severance benefits at the time of retirement with respect to the period in which the system was applied.

5) Allowance for bonuses for directors:

In preparation for the payment of bonuses to directors, the Company has recorded an allowance for the interim period under review based on the amount of payment projected for the fiscal year.

6) Allowance for environmental measures:

In preparation for costs relating to disposal of polychlorinated biphenyl (PCB) and other waste, an allowance for the amount of costs projected to be incurred has been recorded.

(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 the foreign exchange translation adjustment account and minority interests in 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

The Company 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 domestic 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.

Segment Information

1. Segment information by business

Interim period ended September 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	315,198	76,889	145,197	42,540	29,777	609,603	--	609,603
(2) Intra-group sales and transfers	1,285	1,005	9,093	52	33,001	44,439	(44,439)	--
Total sales..........	316,484	77,895	154,290	42,593	62,778	654,042	(44,439)	609,603
Operating expenses...	309,798	69,976	146,255	33,960	61,285	621,277	(40,221)	581,055
Operating income	6,686	7,919	8,034	8,632	1,492	32,765	(4,217)	28,547

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 ¥4,112 million, which mainly consisted of administrative operating expenses at the parent company and part of operating expenses at research facilities.

4. Change to accounting policy

As described in Significant Items for the Preparation of Consolidated Interim Financial Statements, 4. (2) 1, in line with the revision to the Corporation Tax Law in Japan, from the interim period under review the Company and domestic consolidated subsidiaries have changed the method of depreciation for tangible fixed assets acquired on or after April 1, 2007, based on the revised Corporation Tax Law.

As a result, operating expenses increased ¥149 million in Domestic Food Products, ¥109 million in Amino Acids, ¥22 million in Pharmaceuticals, and ¥6 million in Other, and operating expenses included under Corporate and Eliminations increased ¥21 million. Operating income decreased by the same amounts in each respective segment.

5. Additional information

As described in Significant Items for the Preparation of Consolidated Interim Financial Statements, 4. (2) 1, with respect to tangible fixed assets acquired on or before March 31, 2007, in line with the revision to the Corporation Tax Law, from the interim consolidated accounting period under review the Company and domestic consolidated subsidiaries , from the fiscal year following the fiscal year in which the remaining value of the assets reaches 5% of the acquisition price through application of the method of depreciation based on the Corporation Tax Law before the revision, have depreciated the difference between an amount equivalent to 5% of the acquisition price and the memorandum price evenly over a period of five years and include the amounts in depreciation expenses.

As a result, operating expenses increased ¥278 million in Domestic Food Products, ¥0 million in Overseas Food Products, ¥224 million in Amino Acids, ¥42 million in Pharmaceuticals, and ¥12 million in Other, and operating expenses included under Corporate and Eliminations increased ¥25 million. Operating income decreased by the same amounts in each respective segment.

Interim period ended September 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	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.

Fiscal year ended March 31, 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	617,172	127,723	271,417	83,325	58,870	1,158,510	--	1,158,510
(2) Intra-group sales and transfers ...	2,753	1,989	19,848	136	67,811	92,539	(92,539)	--
Total sales	619,926	129,713	291,265	83,462	126,682	1,251,049	(92,539)	1,158,510
Operating expenses..........................	592,220	119,556	276,284	67,687	123,807	1,179,557	(84,847)	1,094,709
Operating income.............................	27,705	10,156	14,980	15,774	2,874	71,492	(7,691)	63,800

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	*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, 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 ¥8,397 million, which mainly consisted of administrative operating expenses at the Company and part of operating expenses at research facilities.

2. Segment information by geographical area

Interim period ended September 30, 2007

Millions of yen, rounded down

	Japan	Asia	America	Europe	Total	Corporate and Eliminations	Consolidated
Sales							
(1) Sales to third parties	414,996	78,614	52,406	63,586	609,603	--	609,603
(2) Intra-group sales and transfers	19,094	12,646	10,061	2,187	43,990	(43,990)	--
Total	434,090	91,261	62,468	65,773	653,593	(43,990)	609,603
Operating expenses..............................	419,731	83,410	59,311	62,592	625,046	(43,990)	581,055
Operating income..................................	14,359	7,850	3,157	3,180	28,547	--	28,547

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. Change to accounting policy

As described in Significant Items for the Preparation of Consolidated Interim Financial Statements, 4. (2) 1, in line with the revision to the Corporation Tax Law in Japan, from the interim period under review the Company and domestic consolidated subsidiaries have changed the method of depreciation for tangible fixed assets acquired on or after April 1, 2007, based on the revised Corporation Tax Law.

As a result, operating expenses increased ¥308 million in “Japan”, and operating income decreased by the same amount.

4. Additional information

As described in Significant Items for the Preparation of Consolidated Interim Financial Statements, 4. (2) 1, with respect to tangible fixed assets acquired on or before March 31, 2007, in line with the revision to the Corporation Tax Law, from the interim consolidated accounting period under review the Company and domestic consolidated subsidiaries will, from the fiscal year following the fiscal year in which the remaining value of the assets reaches 5% of the acquisition price through application of the method of depreciation based on the Corporation Tax Law before the revision, depreciate the difference between an amount equivalent to 5% of the acquisition price and the memorandum price evenly over a period of five years and include the amounts in depreciation expenses.

As a result, operating expenses increased ¥583 million in “Japan”, and operating income decreased by the same amount.

Interim period ended September 30, 2006

Millions of yen, rounded down

	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

Fiscal Year Ended March 31, 2007

Millions of yen, rounded down

	Japan	Asia	America	Europe	Total	Corporate and Eliminations	Consolidated
Sales							
(1) Sales to third parties	813,769	134,802	92,598	117,338	1,158,510	--	1,158,510
(2) Intra-group sales and transfers	43,073	21,687	14,339	5,979	85,079	(85,079)	--
Total	856,843	156,490	106,938	123,317	1,243,589	(85,079)	1,158,510
Operating expenses	813,712	145,466	101,360	119,250	1,179,789	(85,079)	1,094,709
Operating income	43,130	11,024	5,577	4,067	63,800	--	63,800

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

Interim period ended September 30, 2007

Millions of yen, rounded down

	Asia	America	Europe	Total
Overseas sales	88,498	55,455	65,295	209,249
Consolidated net sales	--	--	--	609,603
Overseas sales % of consolidated net sales	14.5	9.1	10.7	34.3

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, 2006

Millions of yen, rounded down

	Asia	America	Europe	Total
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.

Fiscal year ended March 31, 2007

Millions of yen, rounded down

	Asia	America	Europe	Total
Overseas sales	150,384	100,649	120,520	371,554
Consolidated net sales	--	--	--	1,158,510
Overseas sales % of consolidated net sales	13.0	8.7	10.4	32.1

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.

Marketable Securities-Related

As of September 30, 2007

1. 'Other securities' with fair value

Millions of yen, rounded down

	Acquisition cost	Carrying value as of September 30, 2007	Unrealized gain (loss)
1. Stocks	31,214	47,448	16,234
2. Other	4	10	5
Total	**31,219**	**47,458**	**16,239**

2. Main 'Marketable securities' without fair value

Millions of yen, rounded down

	Carrying value
Other marketable securities	
Unlisted stocks	4,003
Unlisted domestic bonds	0
Unlisted foreign bonds	0
Money management funds etc.	946

As of September 30, 2006

1. 'Other securities' with fair value

Millions of yen, rounded down

	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	4,534
Unlisted domestic bonds	0
Unlisted foreign bonds	0
Investment trusts	4
Money management funds etc.	1,731

As of March 31, 2007

1. 'Other securities' with fair value

Millions of yen, rounded down

	Acquisition cost	Carrying value as of March 31, 2007	Unrealized gain (loss)
1. Stocks	31,629	55,895	24,265
2. Other	9	18	8
Total	**31,639**	**55,914**	**24,274**

2. Main 'Marketable securities' without fair value

Millions of yen, rounded down

	Carrying value
Other marketable securities	
Unlisted stocks	4,107
Unlisted domestic bonds	0
Unlisted foreign bonds	0
Investment trusts	--
Money management funds etc.	181

Per share information

	Interim period ended September 30, 2007	Interim period ended September 30, 2006	FY ended March 31, 2007
Net assets per share	¥884.82	¥832.88	¥870.02
Net income per share	¥21.57	¥21.05	¥46.70

Note: Fully diluted earnings per share is not stated for each of the three periods, since the Company does not have residual securities.

1. The basis for calculation of net assets per share is as follows.

Millions of yen, rounded down

	As of September 30, 2007	As of September 30, 2006	As of March 31, 2007
Total net assets on balance sheet	618,281	576,826	607,584
Deductions from net assets			
Bonuses to directors through appropriation of earnings	--	(23)	(23)
Minority interests	45,358	37,298	44,138
Total amount of deduction from net assets	45,358	37,274	44,115
Net assets attributable to common stock	572,923	539,551	563,469
Number of shares of common stock used for the calculation of net assets per share (thousand shares)	647,503	647,816	647,647

Note: "Bonuses to directors through appropriation of earnings" deducted from total net assets as of September 30, 2006 and the fiscal year ended March 31, 2007 is bonuses to directors of equity-method affiliates.

2. The basis for calculation of net income per share is as follows.

Millions of yen, rounded down

	Interim period ended September 30, 2007	Interim period ended September 30, 2006	FY ended March 31, 2007
Net income	13,966	13,615	30,229
Net income not attributable to common stock			
Bonuses to directors through appropriation of earnings	--	(23)	(23)
Net income attributable to common stock	13,966	13,638	30,252
Average number of shares of common stock outstanding during the period (thousand shares)	647,575	647,876	647,797

Note: "Net income not attributable to common stock" for the interim period ended September 30, 2006 and the fiscal year ended March 31, 2007 is bonuses to directors of equity-method affiliates.

(Omission of disclosure)

Disclosure of notes on consolidated financial statements, lease transactions, derivative transactions, stock options, business combination and others was omitted, as the Company does not see a major necessity for their disclosure.

Significant subsequent events

On October 1, 2007, Ajinomoto Co., Inc. implemented an exchange of shares with Calpis Co., Ltd. ("Calpis"), and made Calpis a wholly owned subsidiary of Ajinomoto Co., Inc., based on a share exchange agreement concluded with Calpis on June 11, 2007..

The principal matters relating to this exchange of shares are outlined as follows.

1. Objective of the share exchange

Both companies operate in the food products industry, in which the operating environment has changed significantly over the past several years. In Japan, consumers have become increasingly health conscious and their preferences have diversified with the falling birthrate and aging population. The food products market has matured, which has made providing products with high added value increasingly important from the perspective of consumers. Both within and outside of Japan, the food industry has been undergoing reorganization, and companies are required to exercise their capabilities more fully than ever before.

Ajinomoto Co., Inc. and Calpis have maintained an advantageous business alliance since Ajinomoto Co., Inc. became the largest Calpis shareholder in 1990. The companies have integrated their beverage businesses, and Ajinomoto Co., Inc. is the sole agent of Calpis's products in Japan. In addition, the companies have formed joint ventures in the beverage sector in Thailand and Indonesia, and in 2006 started a new project called "Lactobacillus X Amino Acid" centered on the theme of health.

With this background of a long and trusting relationship between the two companies, Ajinomoto Co., Inc. and Calpis concluded the agreement of the share exchange to have a common long-term vision and strategy and accelerate management decisions in responding to the rapid changes in the market environment of recent years, and to effectively deploy management resources in strategic areas. In addition, through this share exchange, both companies employ technologies that use microorganisms, including amino acid and lactobacillus technologies, and share and use other management resources to expand and accelerate their efforts to provide products and services with health value. Moreover, by developing broadly based overseas operations, the two companies aim to be a corporate group that contributes to advances in food and health for customers.

2. Share Exchange Summary

(1) Share exchange schedule
Effective date of share exchange: October 1, 2007
Share delivery date: Late November 2007 (planned)
(2) Share exchange method
Simple exchange of shares, based on Article 796, Paragraph 3 of Companies Act of Japan
(3) Share exchange ratio

Company	Ajinomoto Co., Inc. (Parent company in the share exchange)	Calpis Co., Ltd. (Wholly owned subsidiary in the share exchange)
Share exchange ratio	1	0.95

Notes 1. Share allotment ratio
One share of Calpis common stock will be exchanged for 0.95 shares of Ajinomoto Co., Inc. common stock. However, no shares will be allotted in this exchange for the 19,672,750 shares of Calpis common stock that Ajinomoto Co., Inc. currently owns.

2. Share delivery pursuant to the exchange and other issues
No. of shares delivered: 51,550,914
Price per share: ¥1,419 (calculated based on the share price of Ajinomoto Co., Inc. over a period of five days prior to conclusion of share exchange agreement)
Ajinomoto Co., Inc. will deliver to shareholders of record of Calpis common stock as of the close of trading on the day immediately prior to the effective date of the share exchange, excluding the Company, 0.95 shares of Ajinomoto Co., Inc. common stock for each and all shares of Calpis common stock owned. Calpis extinguished all shares of treasury stock it holds on September 30, 2007.
Ajinomoto Co., Inc. will use treasury stock to deliver the shares in an amount not to exceed 1,500,000 shares in executing the share exchange. Ajinomoto Co., Inc. will issue new common shares to deliver shares in excess of these 1,500,000 shares in executing the share exchange. As per Article 234 of the Companies Act of Japan, Calpis shareholders will receive cash payment in lieu of fractional shares of Ajinomoto Co., Inc. common stock they would be allotted as a result of the share exchange.

3. Method of calculating share exchange ratio

Ajinomoto Co., Inc. and Calpis (the “Companies”) separately sought the advice of third-party advisors to calculate the share exchange ratios, using average market price analysis and other methods to assess the share value of each of the companies. The results of this analysis were used by the companies in the course of negotiations and discussions to agree the share exchange ratio.

4. Total issue value and capital paid in.

The total issue value will be the change in capital due to share payments, as set out under Accounting Standard 68, Article 1. The total capital paid in will be nil.

3. Overview of Calpis Co., Ltd. (as of September 30, 2007)

Name and title of representative	Souhei Ishiwata, President
Capital	¥13,056 million
Head office	4-1, Ebisu-Minami, 2-chome, Shibuya-ku, Tokyo
Main businesses	Manufacturing and sale of beverages, functional health drinks and foods, dairy products, alcoholic beverages, feed additives, etc., and other business activities

Recent consolidated financial results (year ended December 31, 2006; millions of yen)

Net sales	120,445
Net income	4,726

Consolidated financial position (as of December 31, 2006; million yen)

Total assets	97,525
Total liabilities	40,950
Net assets	56,575