Ajinomoto Co., Inc.

Consolidated Results

Fiscal Year Ended 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.

SUMMARY OF FINANCIAL STATEMENTS (Consolidated)

For the year ended March 31, 2008

Ajinomoto Co., Inc. **May 9, 2008**

Stock Code:	2802	Listed exchanges:	Tokyo, Osaka
URL: http://www.ajinomoto.com		Inquiries:	Hiromichi Ono Corporate Executive Officer and General Manager Finance Department
President:	Norio Yamaguchi		
Scheduled date of the general meeting of shareholders:	June 27, 2008		
Scheduled date of starting payment of dividend:	June 30, 2008	Telephone:	813 5250-8161
Scheduled date of submission of Securities Report	June 27, 2008		

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2008

1) Consolidated Operating Results

Millions of yen, rounded down

	FY Ended March 31, 2008		FY Ended March 31, 2007	
		Change (%)		Change (%)
Net sales	1,216,572	5.0	1,158,510	4.7
Operating income	60,523	(5.1)	63,800	5.8
Ordinary income	55,736	(9.5)	61,589	0.2
Net income	28,229	(6.6)	30,229	(13.4)
Net income per share (¥)	¥41.94		¥46.70	
Fully diluted earnings per share (¥)	--		--	
Return on equity	4.7%		5.5%	
Ratio of ordinary income to total assets	5.2%		6.0%	
Ratio of operating income to net sales	5.0%		5.5%	

Note: Gain from investments in subsidiaries and affiliates accounted for by the equity method:
FY ended March 31, 2008: ¥3,541 million FY ended March 31, 2007: ¥3,920 million

2) Financial Position

Millions of yen, rounded down

	As of March 31, 2008	As of March 31, 2007
Total assets	1,100,709	1,061,688
Net assets	667,717	607,584
Shareholders' equity ratio (%)	57.1%	53.1%
Book value per share (¥)	¥899.41	¥870.02

Note: Shareholders' equity as of: March 31, 2008: ¥628,325 million
March 31, 2007: ¥563,446 million

3) Cash Flows

Millions of yen, rounded down

	FY Ended March 31, 2008	FY Ended March 31, 2007
Net cash provided by operating activities	51,436	75,764
Net cash used in investing activities	(28,292)	(67,911)
Net cash used in financing activities	(17,592)	(5,504)
Cash and cash equivalents at end of year	83,164	81,486

2. Dividends

	FY Ended March 31, 2007	FY Ended March 31, 2008	FY Ending March 31, 2009 (forecast)
Dividend per share			
Interim	¥7.00	¥8.00	¥8.00
Year-end	¥8.00	¥8.00	¥8.00
Annual	¥15.00	¥16.00	¥16.00
Total annual dividend amount	¥9,715 million	¥10,768 million	--
Dividend payout ratio	32.1%	38.1%	33.9 – 37.3%
Ratio of dividends to net assets	1.8%	1.8%	--

3. Forecast for the Fiscal Year Ending March 31, 2009

Millions of yen

	FY Ending March 31, 2009	Change %
Net Sales	1,272,500 – 1,277,500	4.6 – 5.0
Operating income	65,000 – 70,000	7.4 – 15.7
Ordinary Income	61,000 – 66,000	9.4 – 18.4
Net Income	30,000 – 33,000	6.3 – 16.9
Net Income per share	¥42.94 – 47.24	

Note: "Change %" indicates the percentage change compared to the previous full year.

Interim consolidated earnings forecasts have been omitted, as Ajinomoto Co., Inc. ("the Company") conducts budgeting on a full-year basis, and management of progress in and evaluation of business results is conducted only for full-year periods.

4. Other

1) Transfer of important subsidiaries during the period (Transfers of certain subsidiaries resulting in changes in the scope of consolidation): 1 new consolidated subsidiary: Calpis Co., Ltd.

Note: For details see page 14, "2. Current State of the Ajinomoto Group."

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 25, "Significant Items for the Preparation of Consolidated Financial Statements."

3) Number of shares outstanding (ordinary shares)

(1) Number of shares outstanding at end of fiscal year (including treasury shares):

March 31, 2008: 700,032,654 shares March 31, 2007: 649,981,740 shares

(2) Number of treasury shares at end of fiscal year

March 31, 2008: 1,437,086 shares March 31, 2007: 2,334,244 shares

Note: See "Per share information" on page 36 for details on the number of outstanding shares used as the basis of calculation of net income per share.

Forward-looking statements, such as business forecasts, made in these financial statements 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 regarding our business forecasts, please refer to pages 4 to 9, "1. Operating Results, I. Analysis of Operating Results." Audits by the corporate auditors and certified public accountants have not been completed as of the publication date of these financial statements.

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
Fiscal year ended March 31, 2008	1,216.5	60.5	55.7	28.2
Fiscal year ended March 31, 2007	1,158.5	63.8	61.5	30.2
Change	5.0%	(5.1%)	(9.5%)	(6.6%)

Overview of results for this period

In the period under review, the Japanese economy experienced positive trends including improved corporate profits and a moderate recovery in consumer spending, but these trends slowed down in the second half of the period and the economy started to decelerate.

In the Japanese food industry, the business environment remained severe as a result of the high prices of raw materials, rising concerns about food safety, and other factors.

Internationally, the Asian economy continued its expansion, but the U.S. economy slowed down, and the economic recovery in Europe also eased off at the end of the period.

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. However, although consolidated net sales for the fiscal year ended March 31, 2008 increased 5.0% (¥58.0 billion) year on year to ¥1,216.5 billion, operating income decreased 5.1% (¥3.2 billion) to ¥60.5 billion; ordinary income decreased 9.5% (¥5.8 billion) to ¥55.7 billion; and consolidated net income decreased 6.6% (¥1.9 billion) to ¥28.2 billion.

Changes to main accounting items during the period under review

Note: All comparisons are with the previous fiscal year, ended March 31, 2007, unless otherwise stated.

(1) Net sales

Net sales rose 5.0%, or ¥58.0 billion, year on year to ¥1,216.5 billion. By region, sales in Japan rose 2.3% to ¥832.3 billion, while sales overseas rose 11.5% to ¥384.2 billion. Overseas, sales in Asia rose 18.1% to ¥159.2 billion, sales in America rose 18.7% to ¥109.8 billion, and sales in Europe decreased 1.9% to ¥115.1 billion.

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

The cost of sales increased 3.5%, or ¥28.9 billion, to ¥856.9 billion. The cost of sales increased due to higher sales volumes and a substantial increase in prices of raw materials prices. However, the ratio of cost of sales to net sales fell 1.1 percentage points to 70.4%, partly due to the impact of Calpis Co., Ltd. shifting from being an equity method affiliate to a consolidated subsidiary on October 1, 2007.

Selling, general and administrative expenses rose 12.2%, or ¥32.4 billion, from the year before to ¥299.0 billion. The main reasons for this rise were the increase due to Calpis Co., Ltd. shifting from being an equity method affiliate to a consolidated subsidiary, increases in marketing costs, such as sales promotions, and an increase in transportation costs accompanying higher sales volumes.

(3) Operating income

Operating income decreased 5.1%, or ¥3.2 billion, from the year before to ¥60.5 billion. By region, operating income in Japan decreased 28.1% to ¥31.0 billion, while operating income from operations overseas increased 42.7% to ¥29.4 billion. The main reasons for the domestic decrease in operating income were significant declines in the seasonings and processed foods business and the frozen foods business, which more than offset a strong performance by electronic materials. Overseas, the substantial overall increase in operating income was driven by the feed-use amino acids business and the overseas food products business. Operating income in Asia increased 21.5% to ¥13.3 billion, operating income in America increased 68.7% to ¥9.4 billion, and operating income in Europe increased 64.6% to ¥6.6 billion.

(4) Non-operating income (expenses)

The difference between non-operating income and non-operating expenses was a negative figure of ¥4.7 billion, a decrease of ¥2.5 billion compared to a negative figure of ¥2.2 billion in the previous year. This was mainly the result of lower equity in earnings of affiliates due to Calpis Co., Ltd. shifting from being an equity method affiliate to a consolidate subsidiary and a higher evaluation loss on inventory assets.

(5) Ordinary income

Ordinary income fell 9.5%, or ¥5.8 billion, year on year to ¥55.7 billion.

(6) Extraordinary income

Extraordinary income for the period under review was ¥9.8 billion, compared to ¥6.9 billion in the previous year. The main factors were a gain of ¥4.4 billion on the sale of fixed assets (compared to ¥0.3 billion the year before), and a gain of ¥3.2 billion on the sale of shares of affiliate companies (compared to ¥1.1 billion the year before).

(7) Extraordinary losses

Extraordinary losses were ¥13.6 billion, compared to ¥12.8 billion the year before. The main factors were a loss on disposal of fixed assets of ¥2.5 billion, compared to ¥7.7 billion in the previous year, loss on liquidation of affiliates in line with the decision to dissolve overseas subsidiaries, and the occurrence of extraordinary expenses in line with the closure of plants of overseas subsidiaries.

(8) Net income

Net income for the period under review fell 6.6%, or ¥1.9 billion, to ¥28.2 billion. The effective tax rate fell from 39.9% the previous year to 39.4%. Net income per share for the year was ¥41.94, compared to ¥46.70 per share the year before.

(9) Other

Impact from Calpis Co., Ltd. becoming a wholly owned subsidiary

Making Calpis Co., Ltd. a wholly owned subsidiary on October 1, 2007 had a positive impact of ¥8.5 billion on net sales. It had a negative impact of ¥0.5 billion on operating income and of ¥0.4 billion on ordinary income. These amounts represent the difference from the estimated amounts for net sales, operating income and ordinary income if Calpis Co., Ltd. had remained as an equity method affiliate from October 1, 2007.

Consolidated operating results by segment

Note: All comparisons are with the previous fiscal year, ended March 31, 2007, 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	632.7	15.5	2.5	15.7	(11.9)	(43.2)
Overseas food products	155.5	27.7	21.8	14.9	4.7	47.2
Amino acids	286.0	14.6	5.4	19.1	4.1	27.9
Pharmaceuticals	84.0	0.7	0.9	14.9	(0.8)	(5.2)
Other	58.2	(0.6)	(1.1)	2.8	(0.0)	(2.4)

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 29).
2. Domestic and overseas sales of *ACTIVA* products to food processing companies and savory seasonings are included 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 business 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

Domestic food product sales increased 2.5%, or ¥15.5 billion, to ¥632.7 billion. Operating income decreased 43.2%, ¥11.9 billion, to ¥15.7 billion. The slight increase in sales was attributable to a contribution by coffee and due to Calpis Co., Ltd. becoming a wholly owned subsidiary on October 1, 2007. The substantial decrease in operating income resulted from decreases in revenue from seasoning product *HON-DASHI* and frozen foods products, the higher cost of raw materials, and other factors.

Seasonings and processed foods: In seasonings and processed foods for the retail market, sales of *HON-DASHI* decreased substantially from the previous year, as a result of lower sales volumes due to the impact of pricing policy changes accompanying the renewal of the product line carried out in September 2007. Sales of consommé, Chinese dashi products and *AJI-NO-MOTO* were maintained at the same levels as the previous year. Sales of soups were higher than in the previous year, partly due to the renewal of the *Knorr Cup Soup* vegetable potage series product line. Sales of the *Cook Do* line increased slightly from the previous year, due to securing stable sales of core products. Sales of mayonnaise and mayonnaise-type dressings grew strongly, with a contribution from *Pure Select Low-Calorie Kokuuma Calorie 55% Cut*, which was launched in August 2007. Sales of *Kellogg’s* products were steady.

In seasonings and processed foods for the commercial market, sales of *HON-DASHI* and mayonnaise and mayonnaise-type dressings trended positively. Sales of *ACTIVA,* an enzyme (transglutaminase) that improves the texture and qualities of food, to food processing companies grew strongly, and sales of savory seasoning products increased slightly.

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

Delicatessen and Bakery products: Sales of lunchboxes, prepared dish delicatessen products and bakery products each declined from the previous year.

Frozen foods: Revenue from sales of products for the retail market and products for restaurant and institutional use both decreased, mainly due to the major impact on sales of *Gyoza* from the Chinese-made frozen gyoza incident that occurred at the end of January 2008, despite contributions to sales by *Yawaraka Wakadori Kara-Age* and *Obento Arabiki Juicy Hamburg* in products for the retail market, and steady sales growth of products for the prepared food market in products for restaurant and institutional use.

Edible oils: Revenue from sales increased compared to the previous year, with growth in sales of *Canola Oil*.

Coffee, Beverages, Dairy products: Revenue from sales increased compared to the previous year, with a steady increase in sales of instant coffee and favorable sales of regular coffee.

Revenue from beverage sales increased, with positive growth in sales of *CALPIS Water.*

Chilled dairy product sales increased, driven by higher sales of *BIO* and other yoghurt products.

(2) Overseas food products

Overseas food product sales increased 21.8%, or ¥27.7 billion, to ¥155.5 billion. Operating income increased 47.2%, or ¥4.7 billion, to ¥14.9 billion. The major increases in revenue and income were driven by significant growth in sales of *AJI-NO-MOTO* and flavor seasonings for home use and restaurant use and the favorable impact of foreign exchange fluctuations.

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

Processed foods: In Asia, sales of instant noodles increased significantly and revenue from sales of *Birdy* canned coffee also grew strongly year on year, partly due to the favorable impact of exchange rates.

(3) Amino acids

Sales in the amino acids business increased 5.4%, or ¥14.6 billion, to ¥286.0 billion. Operating income increased 27.9%, or ¥4.1 billion, to ¥19.1 billion. The increase in sales and substantial increase in operating income were driven by major increases in revenue and operating income in feed-use amino acids and sweeteners, and contributions from electronic materials, amino acids for pharmaceuticals and food, and others, which offset significant decreases in operating income from umami seasonings for processed food manufacturers and pharmaceutical fine chemicals.

Umami seasonings for processed food manufacturers: Sales of *AJI-NO-MOTO* to the food processing industry increased, with sales growth both in Japan and overseas, while sales of nucleotides also increased, reflecting substantial growth in sales volumes driven by major overseas customers.

Feed-use amino acids: Revenue from sales of Lysine increased substantially, with major growth in Europe, North America and Asia. Sales of Threonine grew steadily, while sales of Tryptophan increased significantly.

Amino acids for pharmaceuticals and foods: In Japan, sales decreased slightly year on year, but overseas, sales were strong in Europe due to the favorable impact of exchange rate fluctuations, and sales also grew steadily in North America, leading to an overall increase in revenue.

Sweeteners: Sales of sweeteners to the processing industry trended favorably, driven by major growth in sales volumes. In South America, sales of powdered juice *Refresco MID*, which contains aspartame, increased significantly over the previous year, due to major growth in sales and the favorable impact of exchange rates.

Pharmaceutical fine chemicals: Sales of pharmaceutical fine chemicals declined from the previous year, with a decrease in sales in Europe.

Specialty chemicals: Sales of cosmetic ingredients increased slightly from the previous year. Sales of amino acid-based cosmetic *Jino* grew steadily, and sales of insulation film for build-up printed wiring board trended favorably.

(4) Pharmaceuticals

Pharmaceutical sales increased 0.9%, or ¥0.7 billion, to ¥84.0 billion. Operating income decreased 5.2%, or ¥0.8 billion, to ¥14.9 billion. Operating income did not reach the level of the previous year, in which Ajinomoto received a one-off payment for a drug for treatment of diabetes, despite steady growth in sales of products distributed by Ajinomoto itself and sales under cooperative agreements.

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

(5) Other

Sales from other business decreased 1.1%, or ¥0.6 billion, to ¥58.2 billion. Operating income decreased 2.4%, or ¥68 million, to ¥2.8 billion.

2. Outlook for the Fiscal Year Ending March 31, 2009

Billions of yen, rounded down

	Net Sales	Operating Income	Ordinary Income	Net Income
FY ending March 31, 2009	1,272.5 – 1,277.5	65.0 – 70.0	61.0 – 66.0	30.0 – 33.0
FY ended March 31, 2008	1,216.5	60.5	55.7	28.2
Increase	4.6 – 5.0%	7.4 – 15.7%	9.4 – 18.4%	6.3 – 16.9%

The Japanese economy is expected to continue to decelerate. Internationally, 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 equity 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, while actively pursuing technical developments to respond to the high prices of crude oil and raw materials. In pharmaceuticals Ajinomoto will seek to boost sales of top brands and its research and development pipeline, while working to maximize efficiencies in production and distribution and further reduce costs.

Our operating income target for the fiscal year ending March 31, 2009 for feed-use amino acids, which is part of the amino acids business, is ¥7.5-12.5 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 also influence prices. In projecting the impact of these factors, we assumed a lower limit of 1.8 U.S. dollars/kg (on a CIF basis) and an upper limit of 1.9 U.S. dollars/kg for the price of feed-use Lysine, a key product of the feed-use amino acid business. Combined with the other products of this business, we are assuming a profit variation of around ¥5.0 billion.

As a result of the above, Ajinomoto forecasts consolidated sales for the fiscal year ending March 31, 2009 to increase 4.6 – 5.0% to ¥1,272.5 – ¥1,277.5 billion, and operating income to increase 7.4 – 15.7% to ¥65.0 – 70.0 billion. Ordinary income is forecast to increase 9.4 – 18.4% to ¥61.0 – ¥66.0 billion, with net income increasing 6.3 – 16.9% to ¥30.0 – 33.0 billion.

These forecasts are based on an assumed exchange rate of ¥100 to the U.S. dollar.

II. Analysis of Financial Position

1. Overview of year under review

Financial position as of March 31, 2008

Total assets as of March 31, 2008 were ¥1,100.7 billion, ¥39.0 billion more than the ¥1,061.6 billion recorded one year earlier. The value recorded from the assets of overseas subsidiaries was lower due to the strengthening of the yen, and the amount of marketable securities recorded on the balance sheet decreased, due to the decline of the equities markets, but these were offset by the addition of new operating assets in line with Calpis Co., Ltd. becoming a wholly owned subsidiary, leading to the overall increase.

Total interest-bearing debt was ¥144.3 billion, ¥6.8 billion lower than March 31, 2007.

Net assets increased ¥60.1 billion compared to March 31, 2007, due to an increase in capital surplus and higher operating revenue in line with the share exchange with Calpis Co., Ltd. Shareholders' equity, which is net assets minus minority interests, was ¥628.3 billion, and the shareholders' equity ratio was 57.1%.

Summary of consolidated cash flow

Billions of yen, rounded down

	FY ended March 31, 2008	FY ended March 31, 2007	Change
Net cash provided by operating activities	51.4	75.7	(24.3)
Net cash used in investing activities	(28.2)	(67.9)	39.6
Net cash used in financing activities	(17.5)	(5.5)	(12.0)
Effect of exchange rate changes on cash and cash equivalents	(3.8)	4.7	(8.5)
Increase (decrease) in cash and cash equivalents	1.7	7.0	(5.3)
Increase in initial balance due to change in scope of consolidation	0.0	0.1	(0.1)
Decrease in initial balance due to change in scope of consolidation	(0.1)	(0.8)	0.7
Cash and cash equivalents at end of period	83.1	81.4	1.6

Net cash provided by operating activities decreased ¥24.3 billion over the previous year to ¥51.4 billion. The main factors behind this decrease were lower operating income and higher income taxes paid.

Net cash used in investing activities was ¥28.2 billion. This decrease mainly reflects an increase in cash and cash equivalents due to including Calpis Group within the scope of consolidation in line with Calpis Co., Ltd. becoming a wholly owned subsidiary of the Company.

Net cash used in financing activities was ¥17.5 billion. The main factor was redemption of corporate bonds.

As a result of the foregoing, cash and cash equivalents at March 31, 2008 was ¥83.1 billion, an increase of ¥1.6 billion compared to March 31, 2007.

2. Trends in Cash Flow-related Indices

	FY ended March 31, 2008	FY ended March 31, 2007	FY ended March 31, 2006	FY ended March 31, 2005
Equity ratio (%)	57.1	53.1	53.0	51.7
Equity ratio based on market price (%)	64.1	82.7	81.7	93.8
Ratio of interest-bearing debt to cash flow (%)	305.5	216.3	287.0	166.7
Interest coverage ratio (times)	11.2	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) /cash flow
- Interest coverage ratio = Cash flow/interest paid

Notes:

1. All indices are calculated from consolidated financial results figures.
2. Market capitalization = market price on last trading day of March each year x total shares outstanding at end of period (excluding treasury stock)
3. Cash flow is the Net cash provided from 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 Ended March 31, 2008 and Fiscal Year Ending March 31, 2009

The Company adopts the basic principle of making stable and sustainable dividend payments from a medium- to long-term perspective, taking into account the consolidated results of each period. Based on this policy, from the fiscal year ended March 31, 2003 onward the annual dividend has been increased by ¥1 over each previous year. For the current fiscal year (ended 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. For the next fiscal year (ending March 31, 2009), it is planned to maintain the dividend at the same level as the current fiscal year at ¥16 per share, with an interim dividend payment of ¥8 per share, taking into consideration our earnings forecasts.

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.

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.

Ajinomoto seeks to manage shareholders' equity efficiently, and in a way that continues to meet the expectations of its shareholders.

IV. Operational Risk

Operational risks faced by Ajinomoto that could affect its performance and financial position are outlined as follows. Future risks outlined in this document are as judged by the Group as of March 31, 2008.

(1) Exchange rate risk

The Ajinomoto Group is further establishing and strengthening its global manufacturing and supply structure. The Group operates in 22 countries and regions including Japan, with manufacturing plants at 101 sites in 15 of these countries and regions. The relative importance of overseas operations is therefore very high. In the previous and current fiscal years, sales to outside parties in countries other than Japan (i.e. Asia, America and Europe) were ¥344.7 billion and ¥384.2 billion respectively, comprising 29.8% and 31.6% of consolidated sales. Operating income derived from these regions in the same periods was ¥20.6 billion and ¥29.4 billion, comprising 32.4% and 48.7% of consolidated operating income. Ajinomoto hedges these associated exchange risks with forward exchange contracts and other mechanisms, but there remains the potential for exchange rate fluctuations impacting on business results.

(2) Changes in market conditions

In the amino acids business Ajinomoto handles feed-use amino acids. The unit price for products in this market tends to be affected by changes in the grain market and by demand trends for feed-use amino acids. Ajinomoto seeks to reduce and diversify such risks by handling a variety of amino acids (Lysine, Threonine and Tryptophan) while also working to stabilize and improve profitability by reducing costs related to fermentation technologies. However, the possibility remains of Group financial performance being affected by fluctuations in the grain market and demand trends.

(3) Natural disasters, social disruption, political changes

Building on business foundations in Japan, Ajinomoto is actively pursuing development in overseas markets. Some of the risks accompanying this development are as follows, and each of the foreseeable risks outlined could impact on Group performance if they occur.

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

(4) Laws and regulations

Within Japan Ajinomoto endeavors to comply with all laws and regulations relating to food, pharmaceuticals, the environment and recycling and so on. At the same time, in each of the other countries Ajinomoto operates in the Group seeks to meet all legal obligations, such as those relating to permission to operate or invest, tariffs and duties, import and export rules, and foreign exchange and foreign trade control laws. The Group also makes every possible effort through legal means to secure its intellectual, product and other rights. The possibility exists, however, that legal changes may be introduced that cannot currently be foreseen, and complying with any such changes may restrict the Group's operations and adversely affect financial performance.

(5) Food safety issues

The Chinese frozen gyoza incident that occurred in January 2008 exerted a significant influence on the Group's frozen foods business.

Other than that incident, in recent years various food safety and quality issues have arisen in the foods industry, relating to matters such as avian flu and BSE. Ajinomoto has in place strict internal procedures and policies to maintain the highest standards of product quality, including Group-wide product quality audits and a product tracing system that tracks product information at each stage from production through to distribution. The Group makes extensive efforts to maintain the ‘reliability and safety’ on which its business foundations are built.

The possibility remains, however, that universal issues affecting product quality may arise, or that problems may arise outside of those areas controlled by the processes outlined above, and in such cases an adverse impact on Group performance may occur.

(6) Litigation

The Group is now involved in lawsuits and other incidents in and outside of Japan. In addition, the Group has been diversifying and expanding its business in and to a larger number of countries and there thus is a possibility that the Group will be involved in unexpected new lawsuits, complaints and other incidents.

The incidents in which the Group is currently involved include lawsuits brought in the United States claiming damages on the ground of violation of U.S. anti-trust law by persons who allegedly purchased aspartame, and lawsuits brought in France by persons who allegedly purchased feed-use Lysine claiming damages on the ground of violation of EU competition law. Of these, the aspartame cases are still at a preliminary stage and the amounts of damages claimed are not specified in these cases. In the feed-use Lysine cases in France, the total amount of the damages claimed is 2,435,000 euro, and the court of the first instance found in favor of the Group.

In Brazil, an investigation is currently under way on the ground of possible violation of Brazil’s antitrust law in relation to the sale of feed-use Lysine in or prior to 1995.

These kinds of incidents entail uncertainty and it is therefore difficult to foresee the outcomes of the current and future incidents in which the Group is or might be involved. Depending on their outcomes, the Group may possibly be affected.

(7) Changes in cost of raw materials

The prices of certain raw materials and energy resources including crude oil used by Ajinomoto are liable to fluctuate according to market conditions. The number of factors influencing fluctuations in raw material prices is increasing, including poor crop harvests due to unseasonable weather resulting from global warming, higher prices of grain caused by rising demand for ethanol, and these commodities becoming subject to speculative trading. In cases where higher manufacturing costs resulting from significant price rises cannot be absorbed by reducing costs with technical developments or other reforms, or in situations where higher costs cannot be reflected in unit prices, an adverse impact on Group performance may occur.

(8) Information leaks

Ajinomoto obtains a substantial quantity of customer information through mail-order services, marketing campaigns and other activities. To prevent the leakage or other misuse of this information the Group has formulated an ‘Ajinomoto Group Information Security Policy’, and through measures such as distributing an internal ‘Information Handling Guidebook’ and training programs is implementing appropriate measures to maintain information security, including the security of IT systems. However, risks such as those from hacking, unauthorized access or other information leakage remain. Furthermore, computer viruses could temporarily damage the company’s computer systems. These may adversely impact Ajinomoto’s financial position and business performance.

(9) Impact from application of impairment accounting

Ajinomoto owns various tangible and intangible fixed assets such as real estate used in the business and goodwill. Impairment accounting may have to be applied to these assets and impairment losses may occur, if it is estimated that the investment amount can no longer be recovered due to declines in their profitability such as declines in their market value or when cash flow can no longer be generated as expected.

2. Current State of the Ajinomoto Group

The Ajinomoto Group is made up of Ajinomoto Co., Inc., along with 136 subsidiaries and 20 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 and 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) 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.
	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"

Note: 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.

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.

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

Our Group philosophy is "with a global perspective we aim to contribute to significant advances in food and health and ultimately 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." 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).

Ajinomoto will continue with its fiscal 2005-2010 medium- to long-term management plan in fiscal 2008 and onwards, but it has decided to revise its numerical targets, based on the major changes occurring in the operating environment, such as the high raw materials prices and energy costs and exchange rate fluctuations.

In the fiscal 2008-2010 medium-term management plan, Ajinomoto has outlined new overall Group numerical targets for the final year of the plan, the fiscal year ending March 31, 2011, of achieving net sales of ¥1.35 trillion and operating income of ¥80.0 billion or more.

In the fiscal 2008-2010 medium-term management plan, Ajinomoto has outlined the following basic management objectives, which will be central to achieving the new numerical targets.

Pioneering in the Next 100 Years, Grounded in Our Founding Spirit

(1) Realizing the "century of amino acids"
- Contributing through amino acids and technologies derived from amino acids to global issues in the 21st century

(2) Responding to new economic order, new cost structure
- Raising corporate value by through enhanced profitability and sustained growth

(3) Ajinomoto Group innovation
- Strengthening management foundation and carrying out structural reform using the opportunity provided by the centenary in 2009 of the Group's foundation, and tying this in to achieving new growth in a changing operating environment

3. Tasks Ahead

Fiscal 2008 is the fourth year of our medium- to long-term management plan for fiscal 2005-2010, "A-dvance 10." However, the operating environment has changed significantly from 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.

Furthermore, the slowdown in growth of the domestic foods market, the reduction in frozen food sales volumes due to the influence of the Chinese frozen gyoza incident that occurred at the end of January 2008, and relatively lower export competitiveness resulting from exchange rate fluctuations in overseas manufacturing bases are having considerable influence on our related businesses. There are factors of concern for the world economy, such as the U.S. economic recession.

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 technologies with new business models develop new product groups with high value added components.

Furthermore, we will seek to expand our business by proceeding with further selection and concentration of our businesses, and selectively allocating management resources to growth businesses such as overseas food products.

4. Consolidated Financial Statements

Consolidated Balance Sheets

Millions of yen, rounded down

	As of March 31, 2008		As of March 31, 2007		Increase (Decrease)
Assets		%		%	
Current assets					
Cash on hand and in banks	80,816		81,958		(1,141)
Notes & accounts receivable	193,226		206,228		(13,001)
Marketable securities	3,559		32		3,527
Inventories	135,557		122,652		12,904
Deferred tax assets	13,878		11,442		2,435
Other	40,225		38,955		1,269
Allowance for doubtful accounts	(1,388)		(1,144)		(244)
Total current assets	465,875	42.3	460,126	43.3	5,748
Fixed assets					
Tangible fixed assets					
Buildings and structures	341,939		312,585		29,354
Machinery and vehicles	534,172		496,534		37,638
Other	63,044		59,056		3,988
Accumulated depreciation	(631,779)		(571,773)		(60,005)
Land	102,625		59,708		42,917
Construction in process	26,684		29,818		(3,133)
Total tangible fixed assets	436,686	39.7	385,928	36.4	50,758
Intangible fixed assets					
Goodwill	57,822		38,497		19,324
Other	23,293		25,402		(2,108)
Total intangible fixed assets	81,116	7.4	63,900	6.0	17,215
Investment and other assets					
Investment in securities	95,899		134,366		(38,467)
Long-term loans receivable	1,348		409		939
Deferred tax assets	9,047		7,485		1,562
Other	12,132		10,335		1,796
Allowance for doubtful accounts	(1,396)		(863)		(532)
Total investment and other assets	117,031	10.6	151,733	14.3	(34,701)
Total fixed assets	634,834	57.7	601,561	56.7	33,272
Total Assets	**1,100,709**	**100.0**	**1,061,688**	**100.0**	39,020

AJINOMOTO®

Consolidated Balance Sheets

Millions of yen, rounded down

	As of March 31, 2008		As of March 31, 2007		Increase (Decrease)
Liabilities		%		%	
Current liabilities					
Notes & accounts payable	103,575		122,029		(18,453)
Short-term borrowings	31,036		27,734		3,302
Commercial paper	5,000		--		5,000
Long-term loans due to be repaid within one year	3,296		401		2,895
Corporate bonds to be redeemed within one year	20,000		15,000		5,000
Accrued income taxes	6,997		12,122		(5,125)
Accrued bonuses	4,761		4,297		463
Accrued bonuses for directors	246		177		69
Other	83,855		84,690		(834)
Total current liabilities	258,769	23.5	266,453	25.1	(7,683)
Long-term liabilities					
Bonds	50,000		70,000		(20,000)
Long-term debt	34,996		38,088		(3,091)
Deferred tax liabilities	20,850		5,186		15,664
Accrued employees' retirement benefits	45,784		51,421		(5,637)
Accrued officers' severance benefits	1,956		2,201		(244)
Allowance for environmental measures	214		214		0
Other	20,419		20,538		(118)
Total long-term liabilities	174,222	15.8	187,650	17.7	(13,427)
Total Liabilities	432,992	39.3	454,103	42.8	(21,111)
Net assets					
Shareholders' equity					
Common stock	79,863	7.3	79,863	7.5	--
Capital surplus	182,850	16.6	111,581	10.5	71,268
Retained earnings	383,648	34.9	365,791	34.5	17,857
Treasury stock	(1,858)	(0.2)	(2,902)	(0.3)	1,044
Total shareholders' equity	644,504	58.6	554,334	52.2	90,169
Valuation, translation adjustments and others					
Unrealized holding gain on securities	5,702	0.5	15,633	1.5	(9,931)
Unrealized gain from hedging instruments	(142)	(0.0)	27	0.0	(169)
Translation adjustments	(21,739)	(2.0)	(6,549)	(0.6)	(15,190)
Total valuation, translation adjustments and others	(16,179)	(1.5)	9,111	0.9	(25,290)
Minority interests	39,392	3.6	44,138	4.1	(4,746)
Total Net assets	667,717	60.7	607,584	57.2	60,132
Total Liabilities & Net assets	**1,100,709**	**100.0**	**1,061,688**	**100.0**	**39,020**

Consolidated Statements of Income

Millions of yen, rounded down

	FY Ended Mar. 31, 2008		FY Ended Mar. 31, 2007		Increase (Decrease)
Net sales	1,216,572	100.0	1,158,510	100.0	58,062
Cost of sales	856,974	70.4	828,050	71.5	28,924
Gross profit	359,597	29.6	330,459	28.5	29,137
Selling, general and administrative expenses	299,074	24.6	266,658	23.0	32,415
Operating income	60,523	5.0	63,800	5.5	(3,277)
Non-operating income					
Interest income	1,326		1,784		(458)
Dividends income	1,359		825		533
Equity in earnings of affiliates	3,541		3,920		(378)
Other	5,736		4,606		1,129
Total non-operating income	11,962	1.0	11,137	1.0	825
Non-operating expenses					
Interest expense	4,751		5,008		(256)
Other	11,998		8,340		3,658
Total non-operating expenses	16,750	1.4	13,348	1.2	3,401
Ordinary income	55,736	4.6	61,589	5.3	(5,853)
Extraordinary income					
Gain on sale of fixed assets	4,489		373		4,116
Gain on sale of investment securities sold	804		4,093		(3,288)
Gain on sale of affiliates' stock	3,290		1,199		2,091
Other	1,216		1,324		(108)
Total extraordinary income	9,801	0.8	6,990	0.6	2,810
Extraordinary losses					
Loss on disposal of fixed assets	2,544		7,725		(5,180)
Loss on impairment of fixed assets	125		1,769		(1,644)
Loss on valuation of investment securities	84		121		(36)
Loss on valuation of stock in affiliates	905		251		654
Loss on liquidation of affiliates	4,137		22		4,115
Retirement benefit expenses	1,427		303		1,124
Other	4,462		2,665		1,796
Total extraordinary losses	13,687	1.1	12,859	1.1	828
Net income before income taxes	51,849	4.3	55,721	4.8	(3,871)
Income taxes – current	18,536	1.5	22,125	1.9	(3,589)
Income taxes – deferred	1,903	0.2	118	0.0	1,785
Minority interests	3,180	0.3	3,248	0.3	(68)
Net income	**28,229**	**2.3**	**30,229**	**2.6**	(1,999)

Consolidated Statements of Changes in Net Assets
(fiscal year ended March 31, 2008)

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 fiscal year ended March 31, 2008					
Exchange of shares		71,269		1,881	73,150
Dividends from surplus			(10,361)		(10,361)
Net income			28,229		28,229
Increase in retained earnings from increase in consolidated subsidiaries			110		110
Pension liability adjustment for an overseas subsidiary			(120)		(120)
Purchase of treasury stock				(905)	(905)
Disposal of treasury stock		(1)		68	67
Net changes in items other than those in shareholders' equity					
Total of changes in fiscal year ended March 31, 2008	--	71,268	17,857	1,044	90,169
Balances as of March 31, 2008	79,863	182,850	383,648	(1,858)	644,504

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 fiscal year ended March 31, 2008						
Exchange of shares						73,150
Dividends from surplus						(10,361)
Net income						28,229
Increase in retained earnings from increase in consolidated subsidiaries						110
Pension liability adjustment for an overseas subsidiary						(120)
Purchase of treasury stock						(905)
Disposal of treasury stock						67
Net changes in items other than those in shareholders' equity	(9,931)	(169)	(15,190)	(25,290)	(4,746)	(30,037)
Total of changes in fiscal year ended March 31, 2008	(9,931)	(169)	(15,190)	(25,290)	(4,746)	60,132
Balances as of March 31, 2008	5,702	(142)	(21,739)	(16,179)	39,392	667,717

Consolidated Statements of Changes in Net Assets
(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, 2008					
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 standard 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					
	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 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 standard 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

	FY Ended Mar. 31, 2008	FY Ended Mar. 31, 2007
	Millions of yen, rounded down	
I. Cash flows from operating activities		
Income before income taxes and minority interests	51,849	55,721
Depreciation and amortization	55,189	45,138
Loss on impairment of fixed assets	125	1,769
Amortization of goodwill	4,902	4,650
Increase (decrease) in allowance for doubtful accounts	765	145
Increase (decrease) in accrued bonuses	(598)	240
Increase (decrease) in accrued bonuses for directors	16	177
Increase (decrease) in accrued employees' retirement benefits	(6,705)	(6,236)
Increase (decrease) in accrued officers' severance benefits	(572)	500
Increase (decrease) in allowance for environmental measures	0	214
Interest and dividend income	(2,685)	(2,610)
Interest expense	4,751	5,008
Equity in earnings of affiliates	(3,541)	(3,920)
Loss (gain) on sales of investment securities	(789)	(4,092)
Loss on revaluation of investment securities	84	121
Loss (gain) on sale and disposal of tangible fixed assets	(1,267)	7,485
Loss (gain) on sale of shares of affiliates	(3,290)	(1,188)
Loss on valuation of stock in affiliates	905	251
Loss on liquidation of affiliates	4,137	22
Decrease (increase) in notes and accounts receivable	9,455	(4,598)
Increase (decrease) in notes and accounts payable	(8,359)	8,957
Decrease (increase) in inventories	(13,996)	(10,643)
Increase (decrease) in accrued consumption tax	(65)	(3,537)
Bonus for directors	--	(156)
Other	(13,617)	281
Sub-total	**76,695**	**93,700**
Interest and dividends received	4,413	3,610
Interest paid	(4,580)	(3,899)
Settlements paid	--	(1,993)
Income taxes paid	(25,092)	(15,654)
Net cash provided by operating activities	**51,436**	**75,764**
II. Cash flows from investing activities		
Acquisition of tangible fixed assets	(62,404)	(72,201)
Proceeds from sale of tangible fixed assets	7,684	604
Acquisition of intangible assets	(3,742)	(4,001)
Acquisition of investment securities	(96)	(424)
Proceeds from sale of investment securities	1,606	8,783
Acquisitions of subsidiaries' stock resulting in change in scope of consolidation	5,501	--
Proceeds from sales of subsidiaries' stock resulting in change in scope of consolidation	26,693	2,299
Acquisition of shares of affiliates	(3,194)	(6,400)
Proceeds from sale of shares of affiliates	577	2,742
Other	(917)	685
Net cash used in investing activities	**(28,292)**	**(67,911)**

(Continued)

	FY Ended Mar. 31, 2008	FY Ended Mar. 31, 2007
	Millions of yen, rounded down	
III. Cash flows from financing activities		
Net change in short-term borrowings	3,623	1,277
Net change in commercial paper	5,000	(10,000)
Proceeds from long-term debt	1,114	14,665
Repayment of long-term debt	(1,613)	(2,509)
Redemption of bonds	(15,000)	--
Amount paid for underwriting capital increase by minority shareholders	1,376	924
Cash dividends paid	(10,319)	(9,063)
Distribution of dividends to minority shareholders	(868)	(395)
Acquisition of own stock	(905)	(439)
Other	1	35
Net cash used in financing activities	**(17,592)**	**(5,504)**
IV. Effect of exchange rate changes on cash and cash equivalents	**(3,803)**	**4,732**
V. (Decrease) increase in cash and cash equivalents	**1,747**	**7,080**
VI. Cash and cash equivalents at the beginning of the year	**81,486**	**75,133**
Increase due to change in scope of consolidation	43	164
Decrease due to change in scope of consolidation	(113)	(891)
Sub-total	81,416	74,406
VII. Cash and cash equivalents at the end of the year	**83,164**	**81,486**

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Significant Items for the Preparation of Consolidated 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 its importance, FD Green (Thailand) Co., Ltd. is included in the scope of consolidated companies. Furthermore, with the additional acquisition of shares, Calpis Co., Ltd. and PT Ajinomoto Calpis Beverage Indonesia have been changed from companies accounted for the by the equity method to consolidated subsidiaries, and Calpis Foods Service Co., Ltd. and 6 other companies have been included as consolidated subsidiaries. Further, TOKAI KNORR FOODS CO., LTD. and two other companies are no longer included in the scope of consolidation as a result of a merger, and Forum Bioscience Holdings Ltd. and five other companies are no longer included as a result of the sale of shares. Moreover, with procedures underway for the liquidation of AJINOMOTO BIOITALIA S.p.A. and its impact on the consolidated results 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, 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 Real Estate Co., Ltd., Erawan Industrial Development Co., Ltd.

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

6 companies

Names of main companies:

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

With the additional acquisition of shares, Calpis Co., Ltd. and PT Ajinomoto Calpis Beverage Indonesia have been changed from companies accounted for the by the equity method to consolidated subsidiaries. Moreover, with procedures underway for the liquidation of Malaysia Ve-Tsin Manufacturing Company Berhad and its impact on the consolidated results immaterial, it is no longer included in the scope of affiliated companies accounted for by the equity method.

(3) Net income (corresponding to equity share) and surpluses (corresponding to equity share) from non-consolidated subsidiaries not accounted for by the equity method (such as Bonito Technical Laboratory Co., Inc.) and affiliated companies not accounted for by the equity method (such as Yaguchi & Company Ltd.) would have negligible impact if included in consolidated 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. Fiscal year, 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 fiscal year ends of December 31, and GABAN Co., Ltd. has a fiscal year end of February 28 or 29. Of these, 15 companies carry out trial settlements for the period to March 31. In preparing the consolidated financial statements for companies that do not carry out trial settlements, the Company has used the financial statements for their fiscal year end dates, carrying out adjustments for significant transactions that have occurred in the period leading up to the consolidated fiscal year end date.

Of the companies accounted for by the equity method, Nissin-Ajinomoto Alimentos Ltda. and 1 other company have fiscal year ends of December 31. Of this total, 1 company carries out trial settlements up to March 31. In preparing the consolidated financial statements for companies that do not carry out trial settlements, the Company has used the financial statements for their fiscal year end dates, carrying out adjustments for significant transactions that have occurred in the period leading up to the consolidated fiscal year end 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 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 ¥949 million, and ordinary income and net income before income taxes each decreased by ¥993 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 consolidated accounting period under review the Company and major 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 ¥1,357 million, and ordinary income and net income before income taxes each decreased by ¥1,500 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 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 amount of payment projected for the fiscal year under review.

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. Valuation of assets and liabilities of consolidated subsidiaries

Total assets and liabilities of consolidated subsidiaries are evaluated by the market value method.

6. Amortization of goodwill

As a general rule, goodwill is amortized on a straight-line basis over the period in which its effects appear. However, consolidated adjustment accounts with extremely small amounts have been treated as profits or losses in the year incurred.

7. Scope of 'Cash' in the Consolidated Statement 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

Fiscal Year Ended March 31, 2008

Millions of yen, rounded down

	Domestic Food Products	Overseas Food Products	Amino Acids	Pharma-ceuticals	Other	Total	Corporate and Eliminations	Consolidated
I. Sales and operating income and loss								
Sales								
(1) Sales to third parties	632,719	155,509	286,042	84,074	58,226	1,216,572	--	1,216,572
(2) Intra-group sales and transfers	3,080	1,975	19,161	113	65,440	89,772	(89,772)	--
Total sales	635,800	157,485	305,203	84,187	123,667	1,306,344	(89,772)	1,216,572
Operating expenses	620,053	142,537	286,047	69,240	120,861	1,238,739	(82,690)	1,156,048
Operating income	15,746	14,947	19,156	14,947	2,805	67,604	(7,081)	60,523
II. Assets, depreciation and amortization, impairment losses on fixed assets and capital expenses								
Assets	395,265	88,426	353,023	72,700	67,555	976,970	123,739	1,100,709
Depreciation and amortization	11,954	3,350	30,342	3,398	2,145	51,191	3,998	55,189
Impairment losses on fixed assets	125	--	--	--	--	125	--	125
Capital expenses	20,945	7,320	27,022	3,176	1,207	59,672	3,108	62,780

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 ¥7,122 million, which mainly consisted of administrative operating expenses at the parent company and part of operating expenses at research facilities.
4. Major items in all company assets included under Corporate and Eliminations are Company surplus operating funds, long-term investment funds, land not used for business purposes, assets of the administration division, and some research facilities.
   For the fiscal year under review, these items totaled ¥233,152 million.
5. Change to accounting policy
   As described in Significant Items for the Preparation of Consolidated Financial Statements, 4. (2) 1), in line with the revision to the Corporation Tax Law in Japan, from the 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 ¥509 million in Domestic Food Products, ¥0 million in Overseas Food Products, ¥257 million in Amino Acids, ¥85 million in Pharmaceuticals, and ¥10 million in Other, and operating expenses included under Corporate and Eliminations increased ¥86 million. Operating income decreased by the same amounts in each respective segment.
6. Additional information
   As described in Significant Items for the Preparation of Consolidated 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 consolidated accounting period under review the Company and major 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 ¥601 million in Domestic Food Products, ¥0 million in Overseas Food Products, ¥583 million in Amino Acids, ¥92 million in Pharmaceuticals, and ¥29 million in Other, and operating expenses included under Corporate and Eliminations increased ¥49 million. Operating income decreased by the same amounts in each respective segment.

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
I. Sales and operating income and loss								
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
II. Assets, depreciation and amortization, impairment losses on fixed assets and capital expenses								
Assets	311,371	90,189	370,371	81,745	75,129	928,808	132,880	1,061,688
Depreciation and amortization	8,834	3,325	22,989	3,462	2,148	40,759	4,378	45,138
Impairment losses on fixed assets	311	--	1,457	--	--	1,769	--	1,769
Capital expenses	21,270	3,393	44,639	2,269	1,791	73,363	3,022	76,386

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 include administrative operating expenses at Ajinomoto Co., Inc. and part of operating expenses at research facilities.
For fiscal year under review, these items totaled ¥8,397 million.

4. Major items in all company assets included under Corporate and Eliminations are Company surplus operating funds, long-term investment funds, land not used for business purposes, assets of the administration division, and some research facilities.
For fiscal year under review, these items totaled ¥256,820 million.

2. Segment information by geographical area

Fiscal Year Ended March 31, 2008

Millions of yen, rounded down

	Japan	Asia	America	Europe	Total	Corporate and Eliminations	Consolidated
I. Sales and operating income and loss							
Sales							
(1) Sales to third parties	832,330	159,232	109,886	115,123	1,216,572	--	1,216,572
(2) Intra-group sales and transfers	40,066	24,785	21,970	4,046	90,869	(90,869)	--
Total	872,397	184,018	131,857	119,169	1,307,441	(90,869)	1,216,572
Operating expenses	841,369	170,627	122,448	112,472	1,246,918	(90,869)	1,156,048
Operating income	31,027	13,390	9,408	6,696	60,523	--	60,523
II. Assets	526,790	176,401	126,977	97,226	927,396	173,313	1,100,709

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. Major items in assets included under Corporate and Eliminations are Company surplus operating funds, long-term investment funds, land not used for business purposes, assets associated with management, and some research facilities.

For the fiscal year under review, these items totaled ¥233,152 million

4. Change to accounting policy

As described in Significant Items for the Preparation of Consolidated Financial Statements, 4. (2) 1), in line with the revision to the Corporation Tax Law in Japan, from the 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 ¥949 million in “Japan”, and operating income decreased by the same amount.

5. Additional information

As described in Significant Items for the Preparation of Consolidated 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 consolidated accounting period under review the Company and major 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 ¥1,357 million in “Japan”, and operating income decreased by the same amount.

Fiscal Year Ended March 31, 2007

Millions of yen, rounded down

	Japan	Asia	America	Europe	Total	Corporate and Eliminations	Consolidated
I. Sales and operating income and loss							
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
II. Assets	435,076	184,168	125,193	106,103	850,542	211,146	1,061,688

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. Major items in assets included under Corporate and Eliminations are Company surplus operating funds, long-term investment funds, land not used for business purposes, assets associated with management, and some research facilities. For the fiscal year under review, these items totaled ¥256,820 million.

3. Overseas sales

Fiscal Year Ended March 31, 2008

Millions of yen, rounded down

	Asia	America	Europe	Total
Overseas sales	181,202	114,244	122,037	417,485
Consolidated net sales	--	--	--	1,216,572
Overseas sales % of consolidated net sales	14.9	9.4	10.0	34.3

Note 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

Note 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

1. 'Other securities' with fair value

As of March 31, 2008

Millions of yen, rounded down

		Acquisition cost	Carrying value	Unrealized gain (loss)
Securities with carrying value greater than acquisition cost	Stocks	26,098	36,806	10,707
	Other	4	7	3
	Sub-total	26,103	36,814	10,711
Securities with carrying value less than acquisition cost	Stocks	10,738	8,539	(2,198)
	Sub-total	10,738	8,539	(2,198)
	Total	**36,842**	**45,354**	**8,512**

As of March 31, 2007

Millions of yen, rounded down

		Acquisition cost	Carrying value	Unrealized gain (loss)
Securities with carrying value greater than acquisition cost	Stocks	30,283	54,704	24,420
	Other	9	18	8
	Sub-total	30,293	54,722	24,429
Securities with carrying value less than acquisition cost	Stocks	1,346	1,191	(154)
	Sub-total	1,346	1,191	(154)
	Total	**31,639**	**55,914**	**24,274**

Note: With regard to other securities with fair value, impairment losses of ¥95 million were recorded in the previous fiscal year, and ¥31 million in the year under review.

2. 'Other securities' sold during the fiscal year

Fiscal year ended March 31, 2008

Millions of yen, rounded down

Sale amount	Total gains on sale	Total losses on sale
1,606	804	15

Fiscal year ended March 31, 2007

Millions of yen, rounded down

Sale amount	Total gains on sale	Total losses on sale
8,783	4,093	0

3. Main 'Marketable securities' without fair value

Millions of yen, rounded down

	Carrying value	
	As of March 31, 2008	As of March 31, 2007
Other marketable securities		
Unlisted stocks	4,111	4,107
Unlisted domestic bonds	0	0
Unlisted foreign bonds	0	0
Investment trusts	--	--
Money management funds etc.	3,658	181
Total	**7,770**	**4,289**

4. Of 'Other securities', bonds with maturity dates and repayment schedules for bonds to be held to maturity

As of March 31, 2008

Millions of yen, rounded down

Type	Within 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
1. Bonds				
Government and municipal bonds, etc.	--	0	--	--
Total	**--**	**0**	**--**	**--**

As of March 31, 2007

Millions of yen, rounded down

Type	Within 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
1. Bonds				
Government and municipal bonds, etc.	--	0	--	--
Total	**--**	**0**	**--**	**--**

Per share information

	FY ended March 31, 2008	FY ended March 31, 2007
Net assets per share	¥899.41	¥870.02
Net income per share	¥41.94	¥46.70

Note: Fully diluted earnings per share is not stated for either year, 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 March 31, 2008	As of March 31, 2007
Total net assets on balance sheet	667,717	607,584
Deductions from net assets		
Bonuses to directors through appropriation of earnings	--	(23)
Minority interests	39,392	44,138
Total amount of deduction from net assets	39,392	44,115
Net assets attributable to common stock	628,325	563,469
Number of shares of common stock used for the calculation of net assets per share (thousand shares)	698,595	647,647

Note: "Bonuses to directors through appropriation of earnings" deducted from total net assets as of 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

	FY ended March 31, 2008	FY ended March 31, 2007
Net income	28,229	30,229
Net income not attributable to common stock		
Bonuses to directors through appropriation of earnings	--	(23)
Net income attributable to common stock	28,229	30,252
Average number of shares of common stock outstanding during the year	673,088	647,797

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

Notes Relating to Accounting for Business Combination

Fiscal Year Ended March 31, 2007

There are no applicable items.

Fiscal Year Ended March 31, 2008

Calpis Co., Ltd. becoming a wholly owned subsidiary

Based on the share exchange agreement entered into with Calpis Co., Ltd. ("Calpis") on June 11, 2007, the Company carried out an exchange of shares on October 1, 2007, the effective date of the share exchange, making Calpis a wholly owned subsidiary of Ajinomoto Co., Inc.

Important matters relating to the share exchange are described below.

1. **Name of acquired company, main businesses, main reasons for business combination, date of business combination, legal form of business combination, name of company after business combination, and percentage of acquired voting rights**

(1) Name of acquired company

Calpis Co., Ltd.

(2) Main business of acquired company

Production and sales of beverages, health and functional beverages and foods, dairy products, alcohol beverages, feed additives and others, as well as other business activities

(3) Main reasons for business combination

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.

(4) Date of business combination

October 1, 2007

(5) Legal form

Share exchange

(6) Name of company after business combination

There is no change to the company name after the business combination

(7) Percentage of voting rights acquired
73.3%

2. Period for business results of acquired company included in consolidated financial statements

The business results of Calpis from October 1, 2007 to March 31, 2008 are included. Business results of Calpis for the period from April 1, 2007 to September 30, 2007 are included in equity in earnings of affiliates in the statements of income.

3. Acquisition price and breakdown

Acquisition price
Shares of Ajinomoto Co., Inc. worth ¥73,150 million
Expenditure directly required for acquisition
Brokerage fees, etc. of ¥650 million
Total cost of acquisition: ¥73,801 million

4. Share exchange ratio by type of shares, calculation method, number of shares delivered and valuation

(1) Share exchange ratio by type of shares
Common stock
1 share of Ajinomoto Co., Inc. common stock: 0.95 shares of Calpis Co., Ltd. common stock

(2) 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.

(3) Number of shares delivered and valuation

Number of shares delivered:	51,550,914 shares
Per share valuation:	¥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)

5. Amount of goodwill occurring, reasons for occurrence, method of amortization and amortization period

(1) Amount of goodwill
¥24,053 million
(2) Reasons for occurrence
Occurring due to rational estimation of excess earnings power expected in the future
(3) Method of amortization and amortization period
Amortized in equal amounts over 20 years

6. Amounts and breakdown of assets received and liabilities assumed on date of business combination

(1) Amount of assets

Current assets:	¥59,634 million
Fixed assets:	¥71,096 million
Total:	¥130,730 million

(2) Amount of liabilities

Current liabilities:	¥33,197 million
Long-term liabilities:	¥19,211 million
Total:	¥52,409 million

7. **Estimated impact on consolidated statements of income in fiscal year under review if business combination had been completed at beginning of fiscal year under review**

Net sales:	¥15,318 million
Operating income:	¥3,372 million
Ordinary income:	¥3,453 million
Net income:	¥612 million

The amounts above are the estimated differences in net sales, ordinary income, operating income and net income for the fiscal year under review assuming that the business combination had been completed at the beginning of the fiscal year under review. This calculation also assumes that the same amount of goodwill recognized at the time of the business combination would have occurred at the beginning of the fiscal year under review and amortizes it accordingly.

(Omission of disclosure)

Disclosure in these financial statements of notes on lease transactions, related party transactions, tax effect accounting, derivative transactions, retirement benefit plans, and stock options was omitted, as the Company does not see a major necessity for their disclosure.

Five year trends in consolidated financial results and key indicators

Millions of yen, rounded down

	FY Ending March 31, 2009 (est.)	FY Ended March 31, 2008	FY Ended March 31, 2007	FY Ended March 31, 2006	FY Ended March 31, 2005
Net sales	1,272,500 – 1,277,500	1,216,572	1,158,510	1,106,807	1,073,010
Growth rate	4.6 – 5.0%	5.0%	4.7%	3.1%	3.2%
Operating income	65,000 – 70,000	60,523	63,800	60,322	70,916
Growth rate	7.4 – 15.7%	(5.1%)	5.8%	(14.9%)	8.8%
Operating margin	5.1 – 5.5%	5.0%	5.5%	5.5%	6.6%
Ordinary income	61,000 – 66,000	55,736	61,589	61,448	72,199
Ordinary margin	4.8 – 5.2%	4.6%	5.3%	5.6%	6.7%
Net income (loss)	30,000 – 33,000	28,229	30,229	34,912	44,817
Return on sales	2.3 – 2.6%	2.3%	2.6%	3.2%	4.2%
Net income (loss) per share (yen)	¥42.94 – 47.24	¥41.94	¥46.70	¥53.64	¥68.79
Return on equity	--	4.7%	5.5%	7.0%	10.0%
Ratio of net income to total assets	--	2.6%	2.9%	3.7%	5.0%
Total assets	--	1,100,709	1,061,688	997,405	903,542
Net assets	--	667,717	607,584	528,762	467,297
Interest-bearing debt	--	144,330	151,223	145,644	125,604
Equity ratio	--	57.1%	53.1%	53.0%	51.7%
Book value per share (yen)	--	¥899.41	¥870.02	¥815.84	¥720.64
Share price at end of period (yen)	--	¥1,010	¥1,356	¥1,257	¥1,308
P/E ratio (times)	--	24.1	29.0	23.4	19.0
Dividend per share (yen)	¥16.0	¥16.0	¥15.0	¥14.0	¥13.0
Dividend payout ratio	33.9 – 37.3%	38.1%	32.1%	26.1%	18.9%
Net cash provided by operating activities	--	51,436	75,764	55,174	82,895
Net cash used in investment activities	--	(28,292)	(67,911)	(83,731)	(33,692)
Net cash used in financing activities	--	(17,592)	(5,504)	6,640	(27,486)
Free cash flow	--	23,143	7,852	(28,556)	49,202
Number of consolidated subsidiaries	--	102	102	102	97
Number of affiliated companies accounted for by the equity method	--	10	13	16	18

Notes: 1. Net sales is exclusive of consumption tax, etc.

2. Figures are based mainly on consolidated results (“*kessan tanshin*”) for each period

3. Free cash flow = net cash provided by operating activities + cash flow used in investing activities