A taste of the future.
AJINOMOTO®

Our Continuing Commitment to Excellence

Ajinomoto Co., Inc. Annual Report 2005 For the year ended March 31, 2005

Profile

The Ajinomoto Group ("Ajinomoto" or the "Group") aims to be a unique, distinctive company trusted by people worldwide. Our management philosophy centers on contributing to significant advances in food and health on a global basis, and ultimately creating a better life for all. Committed to providing safe and reliable products of the highest quality, Ajinomoto continuously improves its rigorous system of quality assurance. Environmental conservation is one of management's top priorities.

Ajinomoto operates globally, with 102 plants in 16 countries and regions including Japan that support operations in 23 countries and regions. Technological innovation and attention to consumer desires have made most of our brands number one in their categories. Our steady expansion over nearly a century of operations is based on the Ajinomoto Way, our approach to developing the people, products and strategies that differentiate Ajinomoto from competitors.

A-dvance 10 is Ajinomoto's new strategy for medium- to long-term growth. With the vision of advancing from Japan to the global arena as a leader in foods and amino acids, Ajinomoto's aim is to lay the foundation for its next 100 years by increasing corporate value through continued growth and an improved profit structure. Scheduled for completion in fiscal 2010, *A-dvance 10* is designed to further improve Ajinomoto's ability to serve all shareholders and stakeholders and become a truly global group.

Contents

Forward-Looking Statements

This annual report contains forward-looking statements regarding Ajinomoto's plans, outlook, strategies and results for the future. All forward-looking statements are based on judgments derived from the information available to the Group at the time of publication.

Certain risks and uncertainties could cause the Group's actual results to differ materially from any projections presented in this report. These risks and uncertainties include, but are not limited to, the economic circumstances surrounding the Group's businesses; competitive pressures; related laws and regulations; product development programs; and changes in exchange rates.

Note: *AJI-NO-MOTO* is the trademark of Ajinomoto's umami seasoning products.

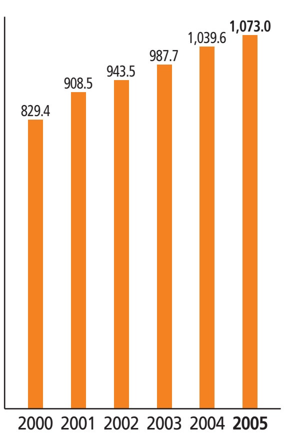
Financial Highlights

Ajinomoto Co., Inc. and Consolidated Subsidiaries
Years ended March 31, 2005, 2004 and 2003

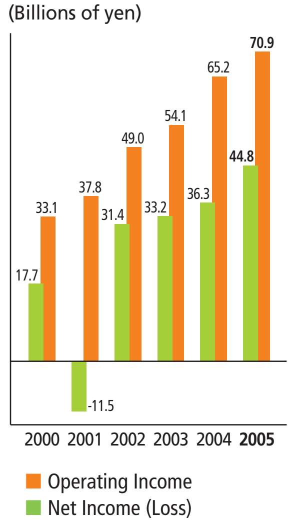
	Millions of yen			Thousands of U.S. dollars	Percent change
	2005	2004	2003	**2005**	**2005**/2004
For the year:					
Net sales	**¥1,073,010**	¥1,039,551	¥987,727	**$10,028,131**	3.2%
Gross profit	**312,455**	296,299	270,727	**2,920,140**	5.5
Operating income	**70,916**	65,190	54,059	**662,766**	8.8
Income before income taxes and minority interests	**81,737**	67,017	65,466	**763,897**	22.0
Net income	**44,817**	36,276	33,178	**418,850**	23.5
At year-end:					
Shareholders' equity	**¥467,297**	¥428,077	¥391,154	**$4,367,262**	9.2%
Total assets	**903,542**	871,780	864,588	**8,444,318**	3.6
Per share (yen and U.S. dollars)					
Net income	**¥ 68.8**	¥ 55.6	¥ 50.7	**$ 0.64**	23.7%
Shareholders' equity	**720.6**	659.8	602.7	**6.73**	9.2
Cash dividends	**13.0**	12.0	11.0	**0.12**	8.3
Operating profit margin	**6.6%**	6.3%	5.5%		
Return on equity (ROE)	**10.0%**	8.9%	8.6%		
Return on assets (ROA)	**5.0%**	4.2%	3.9%		
Number of employees	**25,812**	24,861	24,406		

Note: U.S. dollar amounts represent translations of yen, for convenience only, at ¥107=US$1, the approximate rate prevailing on March 31, 2005. All figures are rounded to the nearest whole number.

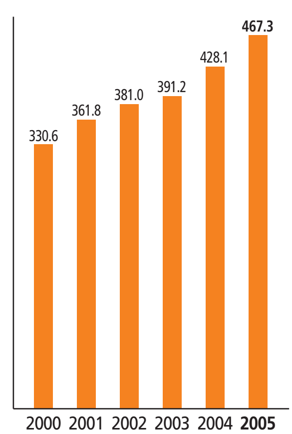
Net Sales
(Billions of yen)



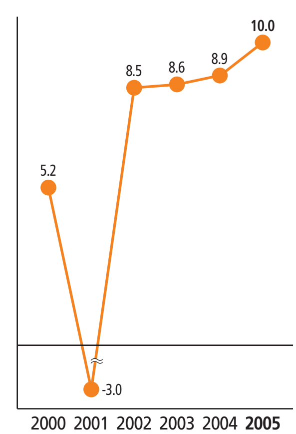
Operating Income/ Net Income (Loss)
(Billions of yen)



Shareholders' Equity
(Billions of yen)



Return on Equity
(%)



Note: In connection with the implementation of new accounting standards for retirement benefits in Japan, Ajinomoto Co., Inc. opted to accrue ¥52.3 billion in net retirement benefit obligations as a one-time charge during the fiscal year ended March 31, 2001. As a result, the Company posted a loss before income taxes and minority interests, net loss and net loss per share, and return on equity was a negative number.

To Our Shareholders

Chairman of the Board **Kunio Egashira** (left)
President & Chief Executive Officer **Norio Yamaguchi** (right)

"Our new management plan embodies the will and desire of every Ajinomoto employee to achieve further success."

Our recently completed management plan has positioned us to succeed as we undertake *A-dvance 10*, our new medium- to long-term plan for generating sustained growth in sales and earnings. Ajinomoto will continue to make full use of its unique capabilities in foods and amino acids to launch products in growth markets and expand globally while reducing costs and helping our people to make the most of their skills. Quality and commitment to social responsibility and environmental conservation remain hallmarks of the Ajinomoto Way.

Continued Performance Gains

Net sales for the year ended March 31, 2005 increased 3.2 percent to ¥1,073.0 billion. Supported by improved profitability as a result of rigorous cost reductions and brand strengthening, operating income increased 8.8 percent to ¥70.9 billion. Net income increased 23.5 percent to ¥44.8 billion, and net income per share increased to ¥68.8 from ¥55.6 for the previous fiscal year. Ajinomoto Co., Inc. (the "Company") increased cash dividends per share for the year 8.3 percent to ¥13.0, reflecting its policy of linking dividend growth to performance gains.

Our approach to generating growth began with the Ajinomoto Way, our unique approach to developing the people, products and strategies that differentiate Ajinomoto from competitors. Second, we benefited from concentrating resources in businesses in which we have strong competitive advantages, then expanding them. Strong number-one brands were a third focus, because our brand leadership in our chosen categories has consistently resulted in market leadership and earnings growth. Fourth, we maintained a high level of customer trust through our staunch commitment to safety and reliability. Finally, Ajinomoto drew strong support from the energetic involvement of all employees in improving operating performance.

Positioned for Future Growth

In April 2002, we set challenging performance objectives for the management plan we completed as of March 2005. During the course of the ensuing three years, we accomplished almost everything we set out to do. We achieved our objective of more than ¥1 trillion in net sales. Compared to the year ended March 2002, we raised operating income and net income by more than 40.0 percent. Our operating profit margin rose to 6.6 percent from 5.2 percent, while return on equity increased to our target of 10.0 percent from 8.5 percent. Interest-bearing debt decreased substantially as a percentage of total capital employed, while free cash flow increased significantly.

We achieved almost all of our targets by expanding business in our core business sectors. We emphasized strong number-one brands in household flavor seasonings, soups and Chinese seasonings in Japan. Soups and Chinese seasonings in particular contributed to higher sales and earnings in the domestic food products business. At the same time, we built exciting new brands such as the hit product *Amino Vital*, the amino acid supplement. We expanded overseas business in foods and bulk ingredients, and have generated growth both organically and through synergistic acquisitions. Pharmaceuticals were a particular focus as well, and we have a unique position as a specialty pharmaceutical company strengthened by the acquisition of Shimizu Pharmaceutical Co., Ltd. (now Ajinomoto Medica Co., Ltd.). We also concentrated on developing the health and nutrition business, and the Group has 31 products that carry the Food for Specified Health Use designation from the Ministry of Health, Labour and Welfare in Japan as of May 2005.

> "We achieved almost all of our targets by expanding in Japan and overseas, and by creating exciting new brands. We have also generated growth both organically and through synergistic acquisitions."

As we worked toward our performance goals, we enhanced our commitment to fairness, transparency and integrity. We strengthened corporate governance by increasing the number of Corporate Auditors, bringing on an independent, outside director, and clarifying accountability for management supervision and business execution under a Corporate Executive Officer system. In step with our increasingly global operations, the Company has promoted non-Japanese executives to leadership positions as Corporate Executive Officers. We have enhanced investment in nurturing personnel capable of working in the global arena. We have also further

A-dvance 10 Medium- to Long-Term Management Plan (FY2005-FY2010)

Strategic Targets:

Continue stable growth to become a truly global group and raise operating profit margin to ≥10.0% in FY2010

Numerical Targets:

	FY2004	FY2007	FY2010
Net Sales	¥1,073 billion	**¥1,250 billion**	**¥1,500 billion**
Operating Income	¥71 billion	**¥100 billion**	**¥150 billion**
Operating Profit Margin	6.6%	**≥8.0%**	**≥10.0%**

Basic Group Strategy:

Global Management:	Focus business resources on core businesses and accelerate growth worldwide
Innovative Management:	Deliver new value in foods and amino acids through innovative technology
Group Management:	Develop group employees and foster a shared corporate culture
Commitment to CSR:	Be a respected global corporate citizen

improved our ability to operate in harmony with society as a good corporate citizen, in ways such as further strengthening our stringent quality control system and energetically addressing environmental issues.

A-dvance 10: Underlying Concepts and Objectives

Ajinomoto will soon celebrate its 100th anniversary. *A-dvance 10*, the fiscal 2005-2010 medium- to long-term management plan, is our new management strategy designed to lay the foundation for the next 100 years. Our objective is to increase corporate value through continued growth and an improved profit structure, and we will achieve that by advancing from Japan to the global arena as a leader in foods and amino acids.

The plan's name indicates our emphasis. The uniquely shaped "A" suggests both Ajinomoto and amino acids, as well as our infinite possibilities. It also refers to our commitment to the highest grade of products, customer satisfaction and corporate value. The "**10**" refers to the final year of the plan, fiscal 2010, and our goal of increasing our operating profit margin to 10.0 percent or better by then.

A-dvance 10 will unfold in two three-year stages. Three-year plans maintain a sense of urgency, but the six-year horizon still allows Ajinomoto to take a long-term perspective in generating steady growth. For fiscal 2007, our goals are net sales of ¥1,250 billion, operating income of ¥100 billion, and an operating profit margin of 8.0 percent or better. Ultimately, in fiscal 2010 we aim to have net sales of ¥1,500 billion, operating income of ¥150 billion, and an operating profit margin of 10.0 percent or better.

The four keys to *A-dvance 10*, outlined below, are global management, innovative management, group management and commitment to corporate social responsibility (CSR).

Global Management for Improved Performance

Global management will entail focusing resources on core businesses and accelerating growth worldwide. This was the rationale for unifying management of the domestic and overseas food products businesses to extend the successful business models we have developed in Japan to markets worldwide. In addition, we are implementing shared global standards for consistently evaluating the profitability of each food products business, and for gauging and then improving brand asset value.

Global management will also involve continued cost reductions through technological innovation, manufacturing innovation and restructuring. This will be particularly important in the domestic market, where we must counter market maturity and heightened competition with technological innovation that raises efficiency and adds value. Technological innovation will also include implementing information technology to accelerate business process re-engineering and the implementation of enterprise resource planning throughout the Group to enhance internal and external collaboration.

Innovative Management Drives Value Creation

Innovative management entails enhancing our ability to deliver new value in foods and amino acids through innovative technology. This strategy touches on the very core of the Group, because Ajinomoto Co., Inc. was the first company in the world to produce amino acids on an industrial scale, and has led development in the field. Today, we are building health and nutrition into a new core business for the entire Group, and innovative research and development is one key to this initiative.

"Today, we are building health and nutrition into a new core business for the entire Group, and innovative R&D is one key to this initiative."

We need to deploy our R&D resources to rapidly establish breakthrough technologies. In the food products business, this will entail developing products that anticipate emerging consumer needs and desires, particularly in responding to growing health consciousness. In the amino acids business we will work to create new applications and product segments, while Total Nutrition Care will drive value creation in the pharmaceuticals business. We see the use of amino acid informatics as a core competitive advantage. This is the application of statistical analysis to amino acids data to generate useful information about physiology, health and disease, all of which are essential to our interdisciplinary approach to developing our core businesses.

Group Management Raises Corporate Value

We must focus on cultivating the value of our employees. By raising the quality of our employees, we will enhance our performance as a corporation and create additional value for stakeholders.

We need to examine the relationship with each Group company, and promote a staff allocation system that puts the right person in the right place throughout the Group. Our Group Executive Manager system will promote a more horizontal human resource structure. We also need to ensure that we are fostering professionalism by introducing a standardized qualification system and reviewing our compensation and benefits approach.

Continued Commitment to CSR

Ajinomoto has consistently maintained the highest level of commitment to social responsibility, and CSR is one of the central components of *A-dvance 10*. Ajinomoto contributes its expertise in food and health to society, and all of us remain committed to providing products and services that contribute directly to social welfare and the welfare of individual consumers. In this way, we have built up consumer trust and enhanced our corporate value. This is the true meaning of CSR for Ajinomoto.

We have established the CSR Division to strengthen our ability to handle groupwide issues. It will ensure full implementation of the Ajinomoto Group Standards of Business Conduct and Ajinomoto Group Zero Emissions. The Ajinomoto System of Quality Assurance is a cornerstone of our commitment to safe, high-quality products and services. As a good corporate citizen, we intend to implement corporate philanthropy activities to contribute to a healthy, vibrant society.

Emphasis on Each Business Area under *A-dvance 10*

A key area is going to be improving the profitability of the domestic food products business. We have made good progress in enhancing the performance of our largest business, but we must continue to move forward. Production innovation and sales innovation, including a restructuring of our domestic sales organization to accomplish more with fewer people, will improve operating efficiency and reduce costs, thus supporting profitability. While we project that the overall market will be flat, growth segments are emerging that are defined by new and different needs in Japan. For example, the highly health-conscious and senior markets are expanding, and the market for consumers who want quality meals but minimal cooking time is growing as well. We will take the perspective of customers, identify new opportunities and capture them with effective product development and marketing strategies.

In the overseas food products business, Ajinomoto has focused on technologies and categories in which our strengths differentiate us from other companies, and we intend to maintain our momentum in markets worldwide. We will devote the human and financial resources required to continue growing internationally, as evidenced by the recent completion of a major new flavor seasonings plant in Thailand that is one of our largest and most efficient.

In the amino acids business, we must continue working toward stable growth. At present, the weighting of feed-use Lysine in the performance of this business is comparatively high; however, Lysine's market price tends to fluctuate markedly from year to year. We must continue to increase the weighting of other amino acids businesses, while also raising contributions from feed-use Threonine and Tryptophan, the prices of which tend to be less volatile. Technological innovation to raise production efficiency and continuously reduce costs will continue as we maintain strong market share by enforcing strong cost competitiveness.

The pharmaceuticals business will be one key to achieving our operating income objectives. We will build it by developing interdisciplinary links with our other businesses based on the relationship between food and health. Our Total Nutrition Care concept is representative of both our approach and our emphasis on specialty pharmaceuticals. As hospitals in Japan increasingly deploy nutrition support teams of doctors, nurses, pharmacists and nutritionists to improve patient health and nutritional condition, we will use our unique capabilities to expand business. Naturally, we also intend to continue developing innovative pharmaceuticals that make the most of our specialized expertise in amino acids.

In the health and nutrition business, we must develop a strong presence before branching out. Number-one brands are just as important in this business as in any other. We intend to rapidly strengthen our base in this business through close cooperation throughout the Group. In this way, we will capture the synergies in research, product development and distribution that will drive performance gains.

"The Company has increased its dividend each year for the past three years. Shareholders have received the benefits of our strategies for growth, and will continue to do so."



Strategies for Increasing Shareholder Returns

The respect and confidence of shareholders and investors is essential to our ability to increase corporate value.

The Company seeks a balance between short-term and long-term shareholder returns. Stable dividends are the key to returns over the short term. Over the medium and long term, we seek to steadily increase dividends as we enhance corporate value. Of note, the Company has increased its dividend each year for the past three years. Shareholders have received the benefits of our strategies for growth, and will continue to do so.

Reaching the goals of *A-dvance 10* will require Ajinomoto to expand its businesses substantially. From fiscal 2005 to fiscal 2007, we will be focusing on building new growth opportunities, and will execute vigorous capital investment programs in support of this initiative. Our goal is to keep our debt-to-equity ratio under 30 percent as a long-term objective, and under 40 percent during this period of active investment. We expect to attain double-digit returns over the medium to long term, which is indicative of our emphasis on generating internal cash flow to fund growth. From fiscal 2008 to fiscal 2010, we expect to reap the benefits of aggressive investment in growth by improving earnings and further enhancing the efficiency with which we deploy capital.

Making the Most of the Ajinomoto Way

Ajinomoto's business model is unique. Guided by the Ajinomoto Way, we must continue to execute our innovative approach to our global markets, increasing our value as a unique corporation by applying our expertise in amino acids and fermentation technologies to business opportunities. Our people are our greatest asset, and we are redoubling efforts to develop their skills within the Ajinomoto Way.

Our approach to corporate governance will support our focus on innovation and leadership. One of the advantages of Japanese-style management is its emphasis on putting people with a deep knowledge of their business in management positions. Our Board members formerly held dual roles as executive officers, but the separation between management supervision and business execution was not defined clearly enough. We separated these two functions more clearly by implementing a Corporate Executive Officer system, and since the end of June 2005, the Chairman of the Board, one other director and the outside director have served only in a supervisory capacity, with no executive functions, to enhance oversight.

Overall, *A-dvance 10* is about generating value for all shareholders and stakeholders. We would like to thank our shareholders for their support, and we wish to express our commitment to keeping that trust and support.

July 2005

Kunio Egashira
Chairman of the Board

Norio Yamaguchi
President & Chief Executive Officer

Our Continuing Commitment to

Excellence

Ajinomoto is implementing an ambitious six-year management plan to maintain our momentum as we move forward as a unique Group trusted worldwide that will celebrate its 100th anniversary in 2009.

Hon-Dashi: Market Leader Today and Tomorrow

Hon-Dashi is truly a strong number-one brand in Japan. Well established and highly profitable, *Hon-Dashi* is found in virtually every Japanese household. In further strengthening this long-time market leader, Ajinomoto is promoting new recipes and occasions for using *Hon-Dashi*, while advertising and regular product renewals will also help keep *Hon-Dashi* number one in its category.

AJI-NO-MOTO: Rapid Global Growth

The launch of umami seasoning *AJI-NO-MOTO* early in the twentieth century created a global industry. Driven by Ajinomoto's efforts to build its presence in new countries and regions, this seasoning continues to grow in popularity globally. *AJI-NO-MOTO*, the Company's largest global brand, is sold in over 100 countries around the world and enjoys virtually 100 percent brand recognition in ASEAN countries.

Brands

that Satisfy and Delight, Worldwide

The food business differs from the bulk amino acids business in that sales and profits tend to grow steadily without large year-to-year fluctuation. Our objective under *A-dvance 10* is to accelerate expansion in both sales and profits by innovating in every area of the business, from product development to manufacturing to distribution. Now that domestic and overseas food operations are unified, we will integrate processes and functions, particularly marketing management, while increasing the number of powerful brands we sell and the number of regions we sell in.

Tsuyoshi Miura
Member of the Board & Corporate Senior Vice President
President, Food Products Company

Steady Gains in Brand Strength and Profitability in Japan

We will maintain the strong number-one strategy established in the previous three-year plan. The domestic food market is changing dramatically. A lower birthrate and the aging of society have increased health consciousness, and opportunities to cook at home have decreased. Delivery of food to the home is also rising, and consumers increasingly seek simplicity and ease of preparation of meals. We will respond to the needs of these growing markets with strong brands that appeal to customers through healthy, convenient core products.

Health is a key theme in Japan. New offerings such as *Pure Select Saralear*, a cholesterol-reducing mayonnaise-type dressing approved as a Food for Specified Health Use, have positioned Ajinomoto firmly as the choice of health-conscious consumers. We will continue to build on this position with a series of healthy additions to our product portfolio, and emphasis on the natural healthiness of our products in marketing programs.

Market Share in Main Product Areas

Household Market in Japan (Ajinomoto estimate)

Product Area	Brand	Fiscal 2004 Market Size (Billions of yen)	Fiscal 2004 Ajinomoto Share (Position)
Umami Seasonings	*AJI-NO-MOTO, Hi-Me*	8.5	86% (No. 1)
Flavor Seasonings	*Hon-Dashi*	44.6	53% (No. 1)
Soup/Comsommé	*Knorr*	75.5	49% (No. 1)
	Ajinomoto KK Consommé	11.9	68% (No. 1)
Mayonnaise and Mayonnaise-type Dressings	*Pure Select*	45.0	27% (No. 2)
Menu Seasonings for Specific Dishes	*Cook Do, Gohan Ga Susumu Kun*	44.8	36% (No. 1)

Note: Market size is based on consumer purchase prices.

During the recently completed management plan, Ajinomoto also implemented various programs to increase the profitability of its domestic food products business. Innovation in manufacturing processes and technologies resulted in significant cost reductions, and this approach will continue under the current management plan. In addition, we will emphasize improvements in productivity by integrating standards to raise efficiency in product development and marketing. We will reorganize sales functions so that fewer people can achieve more, while working to enhance the productivity of capital deployment. This effort will include investment in higher productivity at plants, and acquisitions that exhibit strong synergy. For distribution, we will continue to focus on strong number-one brands in developing products and strategies that make the most of key channels, and are also examining the potential for improved productivity through the use of direct marketing and distribution.

A Focus on Growth Markets Overseas

Ajinomoto continues to expand its participation in retail food markets around the world, focusing on seasonings and processed foods in the core regions of Asia and South America.

Over the course of *A-dvance 10*, Ajinomoto will move to further unify domestic and global businesses and functions. In April 2005, we established the Seasoning Development & Technology Center and Processed Food Development & Technology Center to develop products for both domestic and overseas markets and promote and accelerate their industrialization. We will also emphasize marketing investment in global core businesses. These moves strengthen Ajinomoto's growth potential and competitiveness.

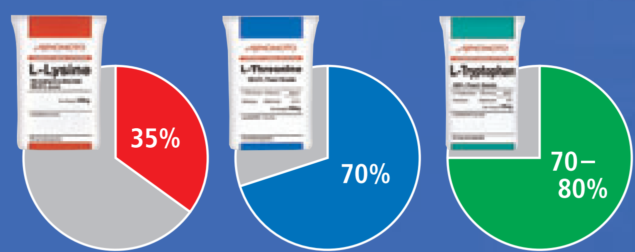
China will remain a strategic market for Ajinomoto. We need to move quickly to become China's Ajinomoto, rather than merely a foreign firm operating in China. As Ajinomoto has typically done in operations outside Japan, we are placing Chinese managers in positions of responsibility. We must promote low-cost operations in China to give them strong cost competitiveness and sales capabilities. The China Business Strategy & Planning Dept., a corporate-level division that oversees Group companies in China, will effectively manage Ajinomoto (China) Co., Ltd. and will contribute to low-cost operations.

Investment in Production Drives Market Leadership

The global markets for amino acids generally exhibit a classic demand curve: demand increases as prices fall. Economies of scale are critical, and cost competitiveness is the basis of Ajinomoto's leadership in global amino acids markets. Ajinomoto will therefore continue to make aggressive capital investments in production capacity expansion. Our goal is to expand the demand for amino acids.

Global Market Share for Feed-Use Amino Acids (Fiscal 2004)

Feed-Use Lysine | Feed-Use Threonine | Feed-Use Tryptophan



(Ajinomoto estimate)

Top Share in Diverse Markets Supports Steady Growth

Ajinomoto's leadership in the markets for amino acids for pharmaceuticals and foods, sweeteners and cosmetics, and feed-use amino acids creates a sound structure for stable earnings growth. Biotechnology is providing opportunities to build on this leadership by creating new products. At the same time, global demand for feed-use amino acids is projected to continue growing strongly, and Ajinomoto has the production capabilities required to maintain leadership.

Execute

Effective Strategies for Global Market Leadership

Amino acids have unlimited potential. They offer so many benefits to human beings and can contribute to good health in so many ways. As the world leader in amino acids businesses, Ajinomoto feels a sense of mission in providing amino acid products that contribute to the health and well-being of people around the world. While strengthening our ability to produce high-quality amino acids at competitive cost, we are also developing new applications and extending our marketing and production organization to newly developing regions to enhance our ability to fulfill our mission.

Yasufumi Yanagihara
Member of the Board & Corporate Senior Vice President
President, Amino Acids Company

Human Life Care: Our Vision for Growth

Ajinomoto's vision for the amino acids business under *A-dvance 10* is "Human Life Care." Essentially, we will employ our strengths in life sciences and technological innovation to contribute to the lives of people worldwide and position Ajinomoto for growth.

In existing product segments, we are carefully matching marketing programs to regions where we have the greatest likelihood of building a strong business, while expanding in newly developing regions, including Africa, Eastern Europe and the former Soviet Union. Under this strategy, we are marketing the hit product *Amino Vital* in the United States. Low-calorie sweeteners also present excellent global potential, particularly in industrialized nations where obesity has become a concern.

We also intend to expand sales by finding new applications for amino acids. Effective R&D will be essential as we investigate new functions of amino acids and create new products based on them. We will fully utilize our global R&D organization and work internationally with research institutions such as universities. Key product development themes currently include new materials, such as biodegradable plastics. Recent successes resulting from our unique understanding of amino acids have included the discovery of a process for manufacturing peptides. Demand is strong for peptides because of their ability to strengthen the human immune function and other capabilities.

Investment in Productivity Consistently Generates Returns

Ajinomoto achieved the goals of its recently completed management plan for the amino acids business by unifying R&D, production and sales. The ability to increase production volume and cost competitiveness resulted from focused, effective R&D, which in turn supported profitable sales growth. As a result, our strategy of consistently deploying capital to the amino acids business has generated steady returns, and we intend to continue with this strategy to achieve the goals of *A-dvance 10*.

Improving production capabilities is key to reducing cost. We have consistently invested in expanded amino acid production at plants worldwide. Technology development and dramatic process improvements will drive further cost reductions. This approach has been successful in such areas as our aspartame business, contributing to increased share and profitability. Also important, we have rapidly introduced new technologies and production processes at our plants worldwide. We are therefore positioned to take advantage of our production strength with effective marketing to generate solid sales growth.

Ajinomoto Interamericana Indústria e Comércio Ltda. in Brazil will begin producing glutamine in the second half of fiscal 2005 and branched-chain amino acids in the second half of fiscal 2006 at a new plant. It will be one of the world's largest plants for amino acids for pharmaceuticals and foods, which are in strong demand.

An Organization that Supports Innovation and Efficiency

The pharmaceuticals business must remain innovative and entrepreneurial as it grows for Ajinomoto to maintain the competitive advantages it needs to be the leading specialty pharmaceutical company. We therefore reorganized this business into three companies with specific responsibilities. Ajinomoto Co., Inc. handles business strategy and administration, quality assurance, regulatory affairs and R&D, while Ajinomoto Medica Co., Ltd. (formerly Shimizu Pharmaceutical Co., Ltd.) focuses on production and distribution. Ajinomoto Pharma Co., Ltd. is responsible for sales and marketing in Japan.

Comprehensive Product Lineup Supports Total Nutrition Care

Ajinomoto's approach to the pharmaceuticals business revolves around Total Nutrition Care, under which we want to have the strong number-one brand in each segment of the ethical nutritional health market in Japan. The launches of *PEMVest*, a diet for protein-energy malnutrition, *BICARBON inj.*, the world's first bicarbonated Ringer's solution, and *TWINPAL*, a peripheral nutrition infusion, in 2004 positioned Ajinomoto more strongly in patient parenteral nutrition programs.

Innovate

to Grow as a Specialty Pharmaceutical Company

Ajinomoto's pharmaceuticals business is based on unique strengths in amino acids and nutrition. We use our competitive advantage in amino acid-related technologies in building a strong specialty pharmaceuticals business in our main areas of infusions, clinical nutrition and dialysis, gastrointestinal diseases and lifestyle-related diseases. We're not one of the world's huge pharmaceutical companies, and we're not trying to be one, either. We want to be the best in specific fields. We employ our knowledge of biology and pharmacology of amino acids, fields that were not well understood in the twentieth century, to further our goal of contributing to better health globally. Our research is helping us understand how amino acids control the body and its functions. We are using these insights, and unique technologies that competitors cannot duplicate, to create new breakthrough pharmaceuticals for the global market.

Keiichiro Aihara
Member of the Board & Corporate Executive Deputy President
President, Pharmaceutical Company

A Productive Focus on Health

As indicated by the World Health Organization and other organizations involved in health, the length of healthy life is more important than the length of life alone. Amino acids can contribute to a longer healthy life, and Ajinomoto has structured its pharmaceuticals business to contribute to the well-being of people worldwide.

Ajinomoto enhanced its emphasis on Total Nutrition Care (TNC) by acquiring Shimizu Pharmaceutical Co., Ltd. (now Ajinomoto Medica Co., Ltd.) and establishing the Parenteral & Enteral Nutrition and Dialysis Research Laboratories in 2003. While creating a broad product lineup that meets ethical nutrition needs, we launched several new products as a result of effective research, regulatory activities and development.

Over the course of *A-dvance 10*, we will focus on increasing productivity and reducing costs. We intend to generate higher sales by accelerating Life Cycle Management (LCM) and consistently launching new products. LCM helps us to create new indications for existing products so that we can generate maximum revenue from investment in R&D and enhance compliance for patients and medical practitioners. Evidence-Based Medicine (EBM) is a process of providing evidence on the effectiveness of our products to support their widespread use. As we deploy unique technologies to create products that other companies cannot, we will use amino acid informatics, which is the application of statistical analysis to amino acids data to generate useful information related to the condition of the body. We expect this emphasis on creativity and productivity to result in a rapid succession of new amino acid-based drugs in the fields of infusions, hemodialysis, gastrointestinal diseases, lifestyle-related diseases such as diabetes, and highly functional medical foods.

Nutrition: Good Growth Potential

Ajinomoto is deeply involved in the manufacture of food products, and thus has unique competencies in building its presence under the TNC concept. Market conditions are favorable. Patient nutrition management and nutritional treatments have become important with increasing recognition that nutrition affects recovery following surgery and ameliorates pathological conditions. Hospital stays have been getting shorter in recent years in Japan and other developed countries, a trend that is driven in part by increased patient burden for medical expenses. The number of medical institutions that will move to improve the condition of patient nutrition by establishing nutrition support teams (NST) of doctors, nurses, pharmacists and nutritionists is projected to increase from 250 to 5,000 over the next three years in Japan. Ajinomoto is responding to this trend by using its comprehensive product lines to provide overall health management strategies on an inpatient and outpatient basis. As part of this effort, we have increased nutritional staff and medical representatives (MR) to enhance our involvement at medical institutions in Japan.

Ajinomoto Group's Pipeline

(As of March 31, 2005)

Field	Name	Development Status	Indication	Note
Infusions, clinical nutrition and dialysis	*BICARBON inj.*	Launched (Nov. 2004)	Extracellular water and electrolyte supplement, treatment for metabolic acidosis	World's first bicarbonated Ringer's solution
	levocarnitine	Phase II	EPO-resistant renal anemia for hemodialysis patients	Orphan designation
Gastrointestinal diseases[1]	*ELENTAL* Bottle	Launched (Nov. 2004)	Elemental diet	300kcal formulation with container for solution
	NIFLEC	Launched (Dec. 2004)	Cleaning solution for the intestine	Improved flavor
	NIFLEC Bag	Launched (Dec. 2004)	Cleaning solution for the intestine	Improved flavor, with container for solution
	HEPAN ED Bottle	Launched (Jan. 2005)	Chronic hepatic failure	80g formulation with container for solution
	AJM300	Phase II	Inflammatory bowel disease	
Lifestyle-related diseases[2]	*FASTIC* (nateglinide)	Phase III	Diabetes	Additional indication / Combination use with biguanide agent
	FASTIC (nateglinide)	Phase III	Diabetes	Additional indication / Combination use with insulin-sensitising agent
	Nateglinide[3]	Phase III[3] (Overseas)	Diabetes	Additional indication / Impaired glucose tolerance
	Actonel (risedronate)	NDA filed	Osteoporosis	Additional formulation / Once a week dosage formulation
Others	AC-7700 (AVE-8062)[4]	Phase I[4] (Overseas)	Solid tumor	

Notes: 1. Ajinomoto's research and development in the field of gastrointestinal diseases is centered on liver disease and inflammatory bowel disease (IBD).
2. Ajinomoto's research and development in the field of lifestyle-related diseases is centered on diabetes.
3. Clinical studies are being conducted by Novartis Pharma AG (exclusive licensee outside Japan and Korea for the rights to develop, manufacture and sell the drug).
4. Clinical studies are being conducted by Sanofi-Aventis S.A. (worldwide exclusive licensee for the rights to develop, manufacture and sell the drug).

New Markets for Hit Product *Amino Vital*

Ajinomoto built *Amino Vital* into a hit product with sales of ¥20 billion on a consumer purchase basis in Japan by focusing on science in building consumer awareness while undertaking a staged marketing approach that began with specialty channels such as health clubs and culminated in regular retailer channels. We are now taking a similar approach in the United States, educating consumers regarding *Amino Vital*'s health benefits while focusing a full-scale marketing program on professional athletes as the first step in broadening this brand's appeal.

High-Potential New Compounds

Ajinomoto is developing new compounds internally and acquiring others externally. Glycine is an amino acid, Ajinomoto's core area of expertise, and our scientists are developing a sleep quality enhancer that employs it. On the other hand, Ajinomoto has acquired the patent for *Capsiate*, a fat-metabolizing compound found in CH-19 Sweet, a type of mild chili pepper. We are developing an anti-obesity product using it.

Health
Is the Basis for Profitable Growth

Ajinomoto is in a unique position to draw on its heritage as a company that investigates plants and amino acids to deliver products that prevent lifestyle-related diseases and unfavorable conditions caused by aging, and to improve quality of life by realizing healthier lives. Each of our businesses and research operations is collaborating to make health and nutrition a key component of our overall product portfolio. We emphasize a proactive rather than a reactive approach. Although our roots are in Japan, our perspective is global as we move to swiftly commercialize the results of research.

Tohru Nishiyama
Member of the Board & Corporate Executive Deputy President
Management of R&D

Cooperation and an Entrepreneurial Spirit Drive Growth

Health and nutrition mesh perfectly with Ajinomoto's existing portfolio of businesses. Just as in its other core businesses, Ajinomoto is growing in the health and nutrition segment by creatively employing its expertise in life sciences and amino acids. A key to our approach is using our proprietary knowledge of food and physiology to do things that no other company can, as this creates the greatest value – and generates the highest margins. In fact, this was the approach to the creation of umami seasoning from glutamic acid, the base on which the Company was founded a century ago.

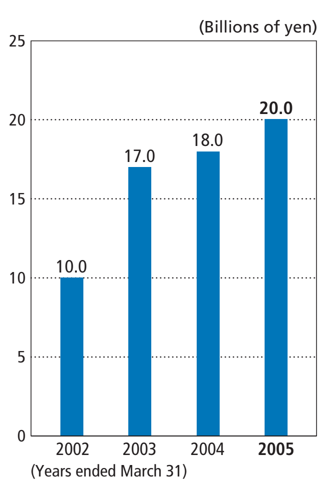
Just as important, our entrepreneurial spirit in building our health and nutrition business is evident groupwide. The Corporate Planning Dept. and R&D Management Dept. are jointly promoting links between each research facility and business division, ensuring a corporate-level emphasis on health. Moreover, the Research Institute for Health Fundamentals serves as the core of the Group's health-related research, and promotes application of research and personnel exchanges. Ajinomoto also established a committee that will promote the commercialization of health and nutrition products and the expanded use of the innovative ingredients that the Group develops. This interdisciplinary approach is generating exciting new ideas and insights that will further differentiate Ajinomoto, while also allowing us to deploy our skills in production and distribution to efficiently commercialize and profit from new ideas.

Aggressive Product Launches, Scientific Marketing

In implementing the *A-dvance 10* management plans, Ajinomoto intends to launch numerous new products in the health and nutrition business and has set a sales target of ¥100 billion in fiscal 2010. Plants and amino acids will continue to be the source of new approaches to maintaining health and precluding the onset of lifestyle-related diseases. Obesity is an issue of growing concern in the world's developed countries. *Capsiate*, a fat-metabolizing compound found in CH-19 Sweet, a type of chili pepper, will form the basis for anti-obesity products that we will market globally to address this important health issue. Improving sleep quality is another issue of concern due to the stress of fast-paced modern society. Ajinomoto has therefore employed its expertise in amino acids to develop a sleep quality enhancer that uses the amino acid glycine. We expect to launch a glycine-based product in the near future.

As we did with *Amino Vital* and in the pharmaceuticals business, Ajinomoto will use science and evidence-based product management to demonstrate product safety and show consumers that our products effectively contribute to good health. Amino acid informatics will provide strong scientific support. Moreover, the efforts of Ajinomoto and objective external organizations such as the International Committee for Amino Acid Science have contributed to a growing awareness among consumers in markets around the world that amino acids are safe and effective. We will build this awareness as we expand our presence in amino acid products for consumers, such as the market for amino acid dietary supplements.

***Amino Vital* Sales in Japan (Consumer Purchase Basis)**



Ajinomoto embraces respect for stakeholders, society and the environment, and corporate social responsibility (CSR) is a core component of *A-dvance 10*. We have strengthened our commitment to CSR by establishing the CSR Division, and will create the Ajinomoto Group CSR Vision to serve as its core mission. The CSR Division reinforces our approach to groupwide CSR issues, and provides support as each division implements its own CSR agenda.

People: Our Most Valuable Asset

People are Ajinomoto's most valuable asset, and we continue to improve our programs to help employees throughout the Ajinomoto Group improve their skills and capabilities. The new Ajinomoto Group Takanawa Training Center in Tokyo opened in November 2004, and provides a broad range of development programs in areas including management, marketing, finance and technology.

Respect

Stakeholders, Society and the Environment

Open Communication

Ajinomoto welcomes dialogue with its various stakeholders. During fiscal 2004, we upgraded our former Environmental Report to cover CSR themes more broadly. Stakeholders have praised the upgraded *Ajinomoto Group CSR Report 2004* for its forthright presentation and clear format. In 2004, we also enhanced direct communication with stakeholders such as non-profit organizations by convening the Ajinomoto Group CSR Presentation. Ajinomoto will continue its ongoing dialogue with stakeholders during fiscal 2005 and beyond.

Quality Is the Basis of Trust

Our products are our primary interface with society, which means that maintaining the highest level of product quality is the key to the trust of our stakeholders. During the recently completed management plan, we further strengthened the Ajinomoto System of Quality Assurance (ASQUA) by enhancing standards and holding explanatory seminars at the Company, and at domestic and overseas Group companies. The Quality Assurance & External Scientific Affairs Department conducted an ASQUA audit during fiscal 2004 covering all Group companies, and ascertained the current status of their quality management systems. With the start of *A-dvance 10*, the Company will continue with quality audits, and will further strengthen ASQUA by structuring a quality management chain with which internal and Group companies will audit subcontracted manufacturers and suppliers.

A Welcome Member of Communities Worldwide

Ajinomoto's corporate philanthropy activities focus on food and health, and are the basis for activities that contribute to a healthy and vibrant society. The Ajinomoto International Cooperation Network for Nutrition and Health (AIN) promotes international cooperation with external experts in the areas of food, nutrition and health. This organization works to improve the quality of life in developing countries, and has supported 10 projects in four countries, with six more projects planned for fiscal 2005. In Japan, programs include "Discover the World through Food" and "Food Garden," which foster international understanding, culinary culture awareness and environmental understanding among elementary school students. The annual "Ajinomoto Group Citizenship Day" campaign fosters communication with society by encouraging employees and their families to volunteer for social activities such as neighborhood clean-ups. It took place from June through August 2004, and approximately 2,900 employees participated.

Training in the operation of integrated rice-duck farming systems in Vietnam
(Japan International Volunteer Center)

Ajinomoto also provides financial support for six foundations around the world. In addition, we started the Ajinomoto Scholarship Foundation in fiscal 2005 to provide scholarships for students from developing countries, primarily in Southeast Asia and South America.

Serious about Environmental Conservation

Ajinomoto continues to improve its environmental management system in Japan and around the world. Over 50 percent of our main facilities have acquired ISO 14001 certification, and we plan to complete the certification process at nearly 110 domestic and overseas sites by March 31, 2006.

A cornerstone of our environmental management strategy is our Ajinomoto Group Zero Emissions policy. This policy aims to minimize Ajinomoto's various environmental loads in every aspect of operations on a global scale by defining voluntary worldwide unified standards. These standards go beyond merely meeting regulatory requirements or zero emissions in the usual sense of eliminating landfill wastes. As part of *A-dvance 10*, Ajinomoto has set concrete environmental goals in the Ajinomoto Group Zero Emissions 2005-2010 Plan for areas including protection of water resources, recovering resources and preventing global warming. Some of our goals are approximately 10 times more rigorous than the regulatory requirements in developed nations, and we intend to meet our goals through technological innovation and process improvement.

Research and Development: Focused, Efficient and Global

Communication in research supports innovation.

SHANGHAI AJINOMOTO FOOD RESEARCH AND DEVELOPMENT CENTER CO., LTD. in China explores raw materials and conducts analysis and research to develop processed foods.

Using Original Technologies to Contribute to Health and the Realization of a Sustained Cycle Society

Under *A-dvance 10*, R&D operations at Ajinomoto will focus on the growing areas of amino acids, health and the environment and deliver new value in foods and amino acids through innovative technology.

We will further raise the level of Ajinomoto's sophisticated and original technologies, a key source of competitive advantage, and accelerate product development to contribute globally to the well-being of people and the conservation of the environment. By doing so, we will benefit society and increase Ajinomoto's corporate value.

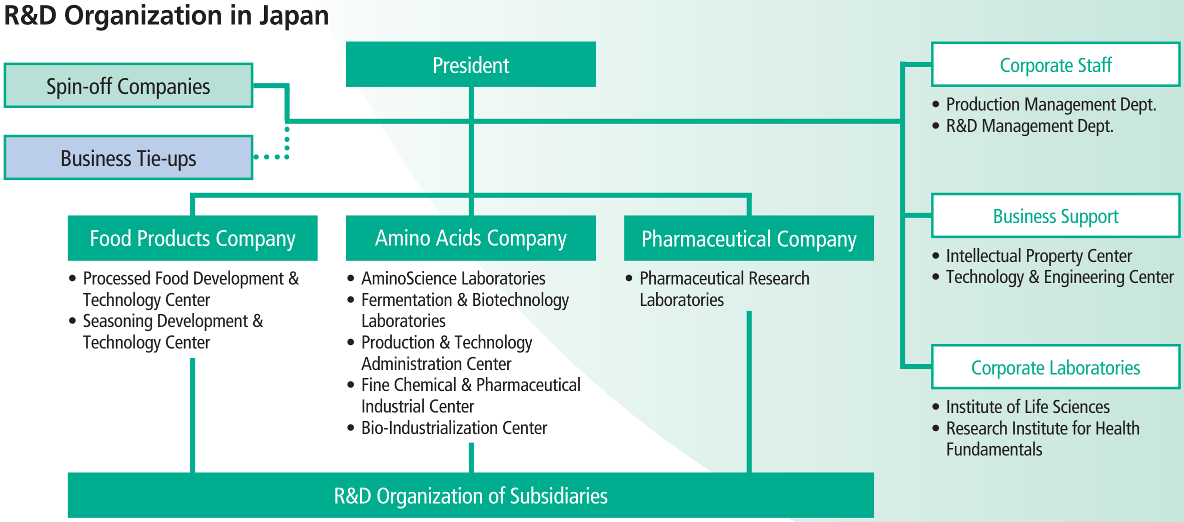
True innovation, however, requires a long-term perspective that operating companies, which look for rapid returns on investment, may hesitate to make. Ajinomoto has resolved this conflict by creating a corporate-level R&D organization, including the Institute of Life Sciences and the Research Institute for Health Fundamentals to explore new business areas with a medium- to long-term perspective. Our operating companies are then free to conduct R&D that specifically applies technology to strengthening competitiveness in their markets.

In addition to 11 R&D laboratories and centers in Japan, a global R&D network helps Ajinomoto achieve its objectives in many areas. Ajinomoto-Genetika Research Institute (AGRI) in Russia, a wholly owned subsidiary, offers solid cost performance in R&D, and its fermentation and microorganism breeding technologies mesh well with Ajinomoto's strength in life sciences. Ajinomoto's six overseas regional technology centers (RTCs) are R&D bases that excel at production process development in core amino acids businesses. RTCs have played key roles in moving projects into commercial production in Brazil, Thailand and other countries, and help us maintain industry-leading low costs, a powerful competitive advantage.

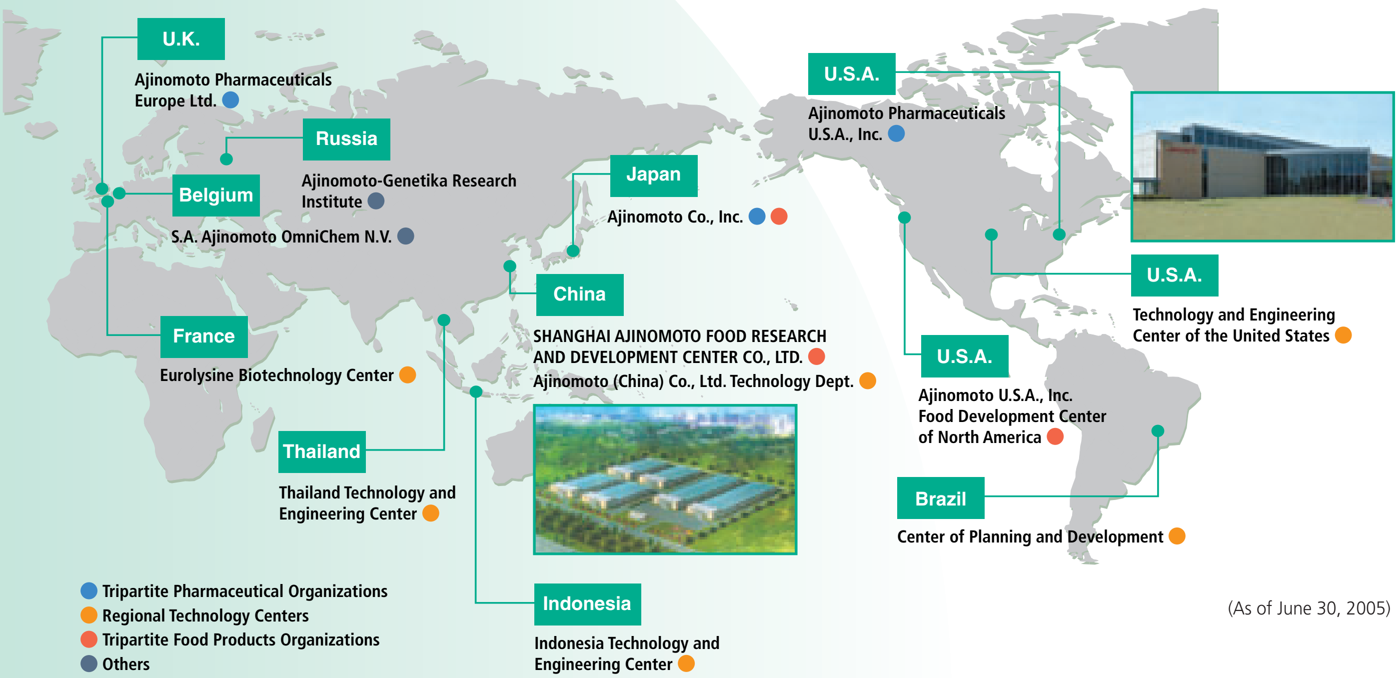
Evolving Strengths in Amino Acids

We constantly work to find new ways of applying amino acids, which has led to various products in fields ranging from foods to pharmaceuticals. We anticipate a growing role for amino acids in life sciences. In the post-genome era, the function and metabolism of proteins is the main area of study worldwide. We are therefore using advanced laboratory research and amino acid informatics, which is the application of statistical analysis of human amino acids data to generate useful information that provides a better understanding of how amino acids

R&D Organization in Japan



Global R&D Network



(As of June 30, 2005)

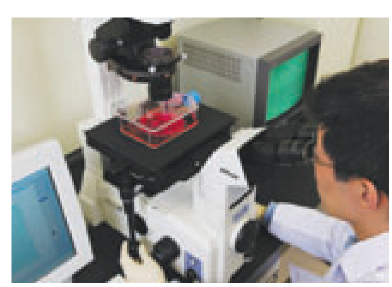
can improve people's lives. Furthermore, in order to promote amino acids research, especially the study of physiological and pharmacological factors, we have started a fund that supports researchers worldwide, the Ajinomoto Amino Acid Research Program (3ARP) in 2004. A core emphasis will be peptides and proteins as we work to expand core competencies.

Fermentation of amino acids

Creating New Opportunities in Health and the Environment

In the field of health, Ajinomoto integrates research, development, production and sales, managing them concurrently to accelerate operations. Ajinomoto promotes the development of products matched to consumer needs in the food products business, such as cooking tips and health and nutritional products. We take an interest in Japanese traditional foods such as miso soup and natto and elucidate their functions. Ajinomoto is also promoting scientific evidence-based health value. We have launched *Pure Select Saralear* mayonnaise-type dressing which reduces cholesterol levels in blood.

Moreover, as forthcoming products such as a *Capsiate* fat-metabolizer and a glycine sleep quality enhancer are being developed to prevent lifestyle-related diseases and unfavorable conditions caused by aging, we are exploring product opportunities leading to the development of supplements and food products.



Evaluation of the usefulness of amino acids

Environmental conservation is a social issue that science and technology can help resolve. We apply R&D to reduce waste, which reduces costs and conserves the environment. Ajinomoto is also taking several innovative approaches in developing environmentally friendly products. We have developed a bacterial cellulose for a variety of uses. Another innovative idea under development is the production of biodegradable bioplastics from efficient fermentation of succinic acid. Briefcases made from this bioplastic were distributed at the 2005 Children's World Summit for the Environment held in July, in coordination with the 2005 World Exposition in Aichi, Japan.

Board of Directors and Auditors

From left: Takashi Kurematsu, Yutaka Kunimoto, Keiichiro Aihara, Yoichi Kobayashi, Shozo Hashimoto, Masatoshi Ito, Kunio Egashira, Osamu Tosaka, Norio Yamaguchi, Yasufumi Yanagihara, Tohru Nishiyama, Namio Terashi, Tsuyoshi Miura, Hirozumi Eto

Stakeholder-Oriented Corporate Governance

Ajinomoto Co., Inc. places the highest priority on stakeholder-oriented corporate governance that enhances corporate value, competitiveness and the Company's ability to fulfill its social responsibilities. After studying examples and materials from Japan and abroad, the Company has created a practical system of business execution and supervision that incorporates global best practices and retains the positive aspects of Japanese-style management.

Since 2003, the Company has reduced the number of directors, elected one outside director, and adopted a system of Corporate Executive Officers. The smaller number of directors permits more in-depth discussion, and the outside director brings an objective, third-party viewpoint to Board meetings that enhances awareness among management of the external environment. The Company has decided that directors should have both supervisory and executive authority. Internal directors therefore also serve as Corporate Executive Officers. In June 2005, the Company moved to further strengthen corporate governance by separating the duties of the moderator of the Board, who serves also as Chairman of the Board, from those of the President & CEO. Also, the Chairman of the Board and one other director shall concentrate on supervising execution, while having no responsibility for execution. Separating responsibility for supervision and execution will facilitate the rapid execution of operations while enhancing the effectiveness of supervision.

The Company also moved to increase the transparency of compensation and personnel affairs for officers and others in June 2005. The Company appointed the outside director as a member to the Nominating Advisory Committee and the Compensation Advisory Committee for Directors and others. These bodies formerly reported to the President & CEO, but now report to the Board of Directors. The auditor system, however, remains essentially unchanged following the increase in the number of Corporate Auditors to five, including three outside auditors in the previous year.

Effective internal control and risk management systems remain an area of emphasis. The Internal Auditing Dept. audits Ajinomoto Co., Inc. and Group companies, and reports the results of audits directly to the President & CEO.

CHAIRMAN OF THE BOARD

Kunio Egashira*

MEMBER OF THE BOARD PRESIDENT & CHIEF EXECUTIVE OFFICER

Norio Yamaguchi*

MEMBERS OF THE BOARD & CORPORATE EXECUTIVE DEPUTY PRESIDENTS

Tohru Nishiyama*
Internal Auditing Dept.
Secretarial Office
Intellectual Property Center
Research Institute for Health Fundamentals
Management of R&D

Keiichiro Aihara*
President, Pharmaceutical Company
Purchasing Dept.

Note: An asterisk (*) designates a representative director.

MEMBERS OF THE BOARD & CORPORATE SENIOR VICE PRESIDENTS

Tsuyoshi Miura*
President, Food Products Company

Osamu Tosaka*
Production Management Dept.
Technology & Engineering Center
Management of Production Technology & Engineering

Masatoshi Ito*
Vice President, Food Products Company
Advertising Dept.
Health Services Development Dept.

Yasufumi Yanagihara*
President, Amino Acids Company

Yoichi Kobayashi
Finance Dept.
Legal Dept.
Corporate Communications Dept.
Affiliates Management Dept.
China Business Strategy & Planning Dept.

MEMBERS OF THE BOARD & CORPORATE VICE PRESIDENTS

Namio Terashi
General Affairs & Risk Management Dept.
Corporate Planning Dept.
Human Resources Dept.
CSR Division
Information Systems Strategy Planning Dept.

Yutaka Kunimoto
Vice President, Amino Acids Company

Hirozumi Eto
Quality Assurance & External Scientific Affairs Dept.
R&D Management Dept.
Institute of Life Sciences

MEMBER OF THE BOARD

Takashi Kurematsu

OUTSIDE DIRECTOR

Shozo Hashimoto
Senior Advisor,
Nomura Research Institute, Ltd.

STANDING CORPORATE AUDITORS

Ryozo Nishio

Chikahiko Eguchi

Yutaka Naito

CORPORATE AUDITORS

Kazuhide Kondo
Certified Public Accountant

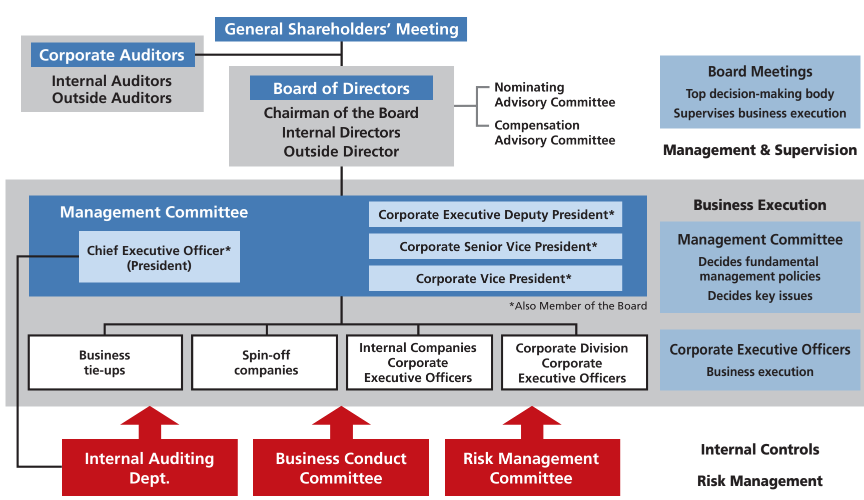
Rieko Sato
Attorney-at-law, Ishii Law Office

(As of July 1, 2005)

The Company has also established the Business Conduct Committee to promote compliance in operations in Japan and overseas. The Company has also thoroughly publicized the Ajinomoto Group Principles throughout the entire Group to promote legal compliance and the ethics required of a good corporate citizen, and is monitoring whether Ajinomoto and its staff are conducting corporate activities in line with these principles. The Company's Risk Management Committee deals speedily and efficiently with potential business risks, and systems are in place to ensure information is immediately transmitted to senior management. Senior officers of the Company can assume authority and move to resolve any issues that arise.

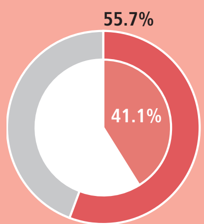
Corporate Auditors meet with the Internal Auditing Dept. four times each year. Moreover, the department also meets with the independent auditors and conducts internal audits as necessary. Auditing reviews are conducted by three Standing Corporate Auditors, one of whom is an outside auditor, and two Corporate Auditors, both of whom are outside auditors, in accordance with auditing policies and plans set by the Board of Corporate Auditors. The Corporate Auditors receive reports and explanations from the independent auditors at six regular meetings per year, and undertake on-site accounting audits as necessary. The Company engages certified public accountants Ernst & Young ShinNihon to carry out auditing services.

Corporate Structure (adopted in June 2005)



Ajinomoto at a Glance

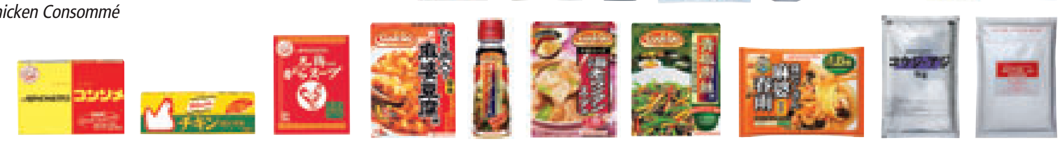
DOMESTIC FOOD PRODUCTS

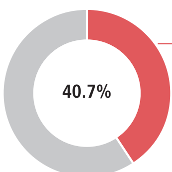


Outer circle: Net Sales
Inner circle: Operating Income

Seasonings

- AJI-NO-MOTO
- Umami Dashi Hi-Me
- Aji-Shio
- Seto no Honjio
- Hon-Dashi
- Ajinomoto KK Consommé
- Knorr Chicken Consommé
- Ajinomoto KK Marudori Gara Soup
- Cook Do
- Gohan Ga Susumu Kun
- KOJI-AJI
- ACTIVA



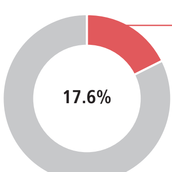


Processed Foods

- Knorr Cup Soup
- Knorr Funwari Tamago Soup
- Knorr Soup Pasta
- Knorr Soup Harusame
- Knorr Pota
- Pure Select Mayonnaise
- Pure Select Half
- Pure Select Saralear
- Pasta Do
- Okayusan
- Ajiamen
- Kellogg's Corn Flakes

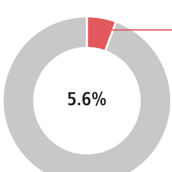
Seasonings and Food Products for Restaurant Use and Delicatessens

- Cook Do
- Pure Select Delica
- Shihoro Potato Kitaakari 100% Salad
- Yellow-Brown Mustard & Sausage Potato Salad
- Feijian Tsumetai Tann-tann-men no tare



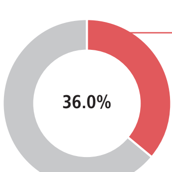
Frozen Foods

- Ebi Shumai
- Gyoza
- Yawaraka Wakadori Kara-Age
- Ebiyose Fry
- Yoshokutei Hamburg



Edible Oils

- Kenko Sarara
- Mainichi DHA
- Oleic Acid Tappuri Safflower Oil
- Healthy Pure Light
- Olive Oil
- Olive Oil Extra Virgin
- Gomaaburazukino Goma Abura
- Canola Oil
- Salad Oil

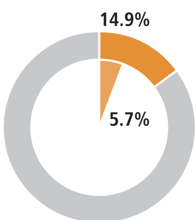


Beverages and Dairy Products

- Blendy
- MAXIM
- marim
- CALPIS
- CALPIS Water
- AMEAL S
- evian
- Petite Danone
- Danone Yogurt
- Fruit Selection
- BIO

Note: Segment information for operating income is shown prior to eliminations.

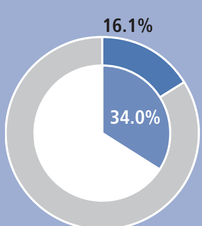
OVERSEAS FOOD PRODUCTS



Outer circle: Net Sales
Inner circle: Operating Income

- *AJI-NO-MOTO*
- *Ajitide*
- *ROSDEE* (Thailand)
- *Masako* (Indonesia)
- *Sazón* (Brazil)
- *Birdy* (Thailand)
- *SENCHA* (Thailand)
- *yumyum* (Thailand)
- *WEIDUDU* (China)
- *Younong* (China)
- *VONO* (Brazil/Thailand)

AMINO ACIDS



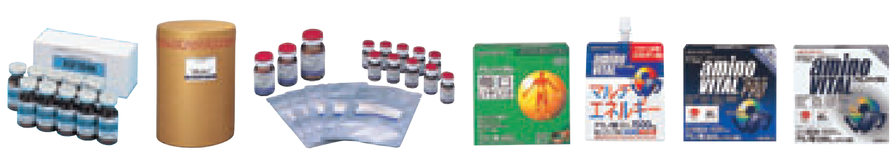
Outer circle: Net Sales
Inner circle: Operating Income

Feed-Use Amino Acids

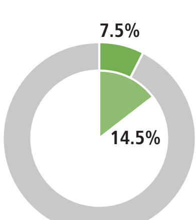
- Feed-Use Lysine
- Feed-Use Threonine
- Feed-Use Tryptophan

Amino Acids for Pharmaceuticals and Foods/Cosmetics/Specialty Chemicals

- Sweeteners
  - *Pal Sweet*
  - *Slim-Up Sugar*
  - *Refresco MID* (Brazil)
- *CALVITAL*
- Electrochemicals
  - *ABF* (Ajinomoto Build-Up Film)
- Cosmetic Ingredients
  - Surfactants: *Amisoft, Amilite*
  - Functional Powder: *Amihope*
  - Emollient: *Eldew*
  - Humectant: *Ajidew*
- *Jino* series of cosmetics
- *ASF Medium 104N*
- Various amino acids
- Labeled amino acids
- *Amino Vital*
  - *Amino Vital Mainichi Iki-Iki*
  - *Amino Vital Jelly*
  - *Amino Vital Pro*
  - *Amino Vital*



PHARMACEUTICALS



Outer circle: Net Sales
Inner circle: Operating Income

- Infusions, Clinical Nutrition and Dialysis: *PNTWIN, TWINPAL, BICARBON inj., HEPAN ED, SOLITA-T, AK-SOLITA, Hisolve*
- Gastrointestinal Diseases: *LIVACT Granules, ELENTAL, NIFLEC*
- Lifestyle-Related Diseases: *FASTIC* (nateglinide), *ATELEC* (cilnidipine), *Actonel* (risedronate)
- Medical Foods: *Impact, MEDI-F Bag, PEMVest*
- Functional Foods: *Mitherapist Superfine Dispersed β-Glucan*

Fiscal 2004 Highlights

DOMESTIC FOOD PRODUCTS

Comprehensive Marketing Strengthens *Cook Do*

Performance of *Cook Do* seasonings for Chinese dishes increased strongly year-on-year with responsive marketing strategies that integrated product development, advertising and sales, centered on *Stir-fry sauce with minced meat for Ma-Po Dou-Fu* and *Stir-fry sauce for Ma-Po Che-Zu*. Responsive marketing activities included cross merchandising with fresh vegetables for each *Cook Do* menu and promotions tailored to the unique aspects of regions such as Kyushu and Hokkaido.

Production Innovation Efforts at the Kawasaki Plant

The Kawasaki Plant, the production center for the domestic food products business, is executing a comprehensive plan to reduce costs. Targets for the manufacture of existing products include a reduction in plant staff from 594 in April 2003 to 250, a 50 percent reduction in fixed costs, and a 30 percent reduction in variable costs by March 2006. Process improvements, new technology and training workers to handle multiple tasks will be key to maintaining Ajinomoto's oldest production site as a leading plant.

Pure Select Saralear: Good, and Good for You

Launched in September 2004, *Pure Select Saralear*, which reduces cholesterol levels, was the first mayonnaise-type dressing approved as a Food for Specified Health Use in this category by Japan's Ministry of Health, Labour and Welfare. *Pure Select Saralear* performed well following its launch, and contributed to increasing Ajinomoto's share of the total mayonnaise and mayonnaise-type product market.

OVERSEAS FOOD PRO

Solid Growth in Overseas Flavor Seasoning Sales

Ajinomoto's strategic focus on flavor seasonings in overseas markets has resulted in consistently strong sales growth in such countries as Thailand, Indonesia, Brazil, Vietnam and the Philippines. Market-specific brand promotions and solid sales networks should support continued growth in these markets.

New Plant for Amino Acids for Pharmaceuticals and Foods

Ajinomoto Interamericana Indústria e Comércio Ltda. is constructing one of the world's largest production facilities for amino acids for pharmaceuticals and foods in Limeira, Brazil. The plant will begin full-scale production of glutamine in the second half of fiscal 2005 and three branched-chain amino acids in the second half of fiscal 2006. Total planned annual production capacity is 4,000 metric tons.

PHARMACEUTICALS

Expanding Product Lineup Builds Market Presence

A focus on Total Nutrition Care (TNC) is one key to Ajinomoto's evolution as a leading specialty pharmaceutical company. Ajinomoto fortified its nutrition care product lineup during fiscal 2004 by launching six new products. These included *TWINPAL*, a peripheral nutrition infusion, and *BICARBON inj.*, the world's first bicarbonated Ringer's solution. Ajinomoto also launched new bottle formats of its *ELENTAL* and *HEPAN ED* products, a bag format featuring improved flavor in the *NIFLEC* line, and bag and pouch versions of *PEMVest*.

DUCTS

New Plant Meets Strong Demand

The new Nong Khae Plant, one of Ajinomoto's largest food production facilities, will solidify Ajinomoto's leading presence in Thailand. With an annual flavor seasonings production capacity of 34,000 metric tons, the new plant will serve as the core of Ajinomoto's food products business in Thailand in the future and will further strengthen the competitiveness of *ROSDEE*.

AMINO ACIDS

Victory Project Generates Growth

In the *Amino Vital* Victory Project, Ajinomoto held seminars and provided amino acid conditioning and Japanese food support to Japan's athletes at the Olympic Village in Athens, Greece. This lent strong support to consumer recognition of the *Amino Vital* brand, which supported double-digit growth in sales of *Amino Vital* granules during the past fiscal year.

Review of Operations

Ajinomoto Co., Inc. and Consolidated Subsidiaries
Years ended March 31, 2005, 2004 and 2003

	Millions of yen			Thousands of U.S. dollars	Percent change
	2005	2004	2003	**2005**	**2005**/2004
Business Segments					
Net Sales					
Domestic Food Products	**¥597,758**	¥598,441	¥583,243	**$5,586,523**	(0.1)%
Overseas Food Products	**160,406**	142,307	139,236	**1,499,121**	12.7
Amino Acids	**173,195**	154,922	135,933	**1,618,645**	11.8
Pharmaceuticals	**80,736**	78,958	62,693	**754,542**	2.3
Other	**60,913**	64,921	66,621	**569,280**	(6.2)
Operating Income					
Domestic Food Products	**¥ 32,203**	¥ 26,297	¥ 26,805	**$ 300,963**	22.5 %
Overseas Food Products	**4,490**	7,485	9,250	**41,963**	(40.0)
Amino Acids	**26,681**	26,666	13,558	**249,355**	0.1
Pharmaceuticals	**11,399**	10,339	8,883	**106,533**	10.3
Other	**3,635**	3,824	3,849	**33,972**	(4.9)
Geographical Segments					
Net Sales					
Japan	**¥793,652**	¥790,781	¥758,337	**$7,417,308**	0.4 %
Asia	**102,075**	92,760	88,661	**953,972**	10.0
America	**69,487**	58,134	52,150	**649,411**	19.5
Europe	**107,794**	97,875	88,577	**1,007,421**	10.1
Operating Income					
Japan	**¥ 42,125**	¥ 30,078	¥ 31,330	**$ 393,692**	40.1 %
Asia	**9,388**	12,370	9,387	**87,738**	(24.1)
America	**11,629**	12,230	7,372	**108,682**	(4.9)
Europe	**7,773**	10,510	5,969	**72,645**	(26.0)

Note: U.S. dollar amounts represent translations of yen, for convenience only, at ¥107=US$1, the approximate rate prevailing on March 31, 2005.

Net Sales by Business & Region (Billions of yen)

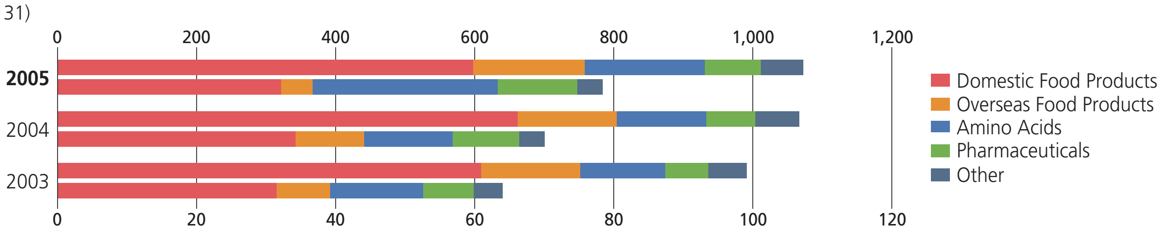
(Year ended March 31, 2005)

	Japan	Asia	America	Europe	Total
Domestic Food Products	594.7 [-0.9]	0.6 [0.1]	1.2 [-0.0]	1.2 [0.1]	597.8 [-0.7]
Overseas Food Products	16.4 [1.6]	85.4 [9.4]	21.6 [3.6]	37.0 [3.4]	160.4 [18.1]
Amino Acids	44.9 [5.1]	12.1 [-0.9]	46.7 [7.8]	69.6 [6.4]	173.2 [18.3]
Pharmaceuticals	80.7 [1.8]	—	—	—	80.7 [1.8]
Other	57.0 [-4.8]	3.9 [0.8]	—	—	60.9 [-4.0]
Total	793.7 [2.9]	102.1 [9.3]	69.5 [11.4]	107.8 [9.9]	1,073.0 [33.5]

Notes: 1. Unaudited figures; for reference only.
2. Figures in brackets represent year-on-year change.

Net Sales (top)/Operating Income (bottom) (Billions of yen)

(Years ended March 31)



Note: Segment information for operating income is shown prior to eliminations.

DOMESTIC FOOD PRODUCTS

Umami seasoning
AJI-NO-MOTO

Domestic Food Products sales for fiscal 2004 decreased 0.1 percent year-on-year to ¥597.8 billion. Although sales decreased because of product lineup changes associated with the merger of J-OIL MILLS, INC., sales of *Cook Do* were strong. Operating income increased 22.5 percent to ¥32.2 billion as a result of progress in reducing manufacturing and other costs. Ajinomoto reached its target of reducing costs in the Domestic Food Products business by ¥7.0 billion during the recently completed three-year management plan.

Seasonings

➤ Strategic Initiatives and Results

Challenging conditions continued in the domestic food industry, compounded by mild winter weather and a rise in vegetable prices caused by typhoon damage, which decreased use of seasonings and pressured sales. Ajinomoto responded with measures to stimulate demand for key products.

Ajinomoto moved to counter downward pressure on sales with a product renewal and area- and sales channel-based product and price policies that enhanced the consumer appeal of *Hon-Dashi* products. Sales of the *Cook Do* line of menu-specific seasonings increased substantially due to a marketing strategy that integrated product development, advertising strategy and sales activities. Marketing expenditures focused on core products also contributed to the increase in operating income.

In the industrial market, sales of savory seasonings increased due to new uses of existing products by major customers and the contribution from sales of new products. Sales of *ACTIVA* transglutaminase, an enzyme that improves food texture, increased substantially, mainly to the domestic meat and fish processing industries, and Ajinomoto introduced a new preparation of *ACTIVA* for dairy products.

➤ Outlook

Areas of emphasis will include ensuring stable growth of established retail market products, and stimulating new market demand. A large-scale, long-term promotional campaign for dashi, or soup stock, will emphasize its fundamental value in Japanese, Western and Chinese cooking. Marketing for umami seasoning *AJI-NO-MOTO* will link advertising and promotional campaigns in the young homemaker customer segment. For Chinese seasonings, Ajinomoto will work to increase market share and the number of household purchases of *Cook Do stir-fry sauce with minced meat for Ma-Po Dou-Fu*. In the industrial market, initiatives will include expanding the lineup of fermented seasonings, improving meat extract products, continuing efforts to develop new applications in existing categories and cultivating the dairy products market for *ACTIVA*.

Cook Do

Ajinomoto KK Marudori Gara Soup

Ajinomoto KK Consommé

Processed Foods

Strategic Initiatives and Results

The processed foods business continued to make product line improvements, introduce new products to increase market share, and steadily reduce costs.

Household soup sales increased substantially, driven by rapid expansion in the snack-soup category. Three new *Soup Pasta* and three new *Soup Harusame* products were added to further expand this popular category. A new variety of *Pota* strengthened the *Knorr* brand, supported by advertising with a "basic values of soup" theme emphasizing nutritional value and delicious ingredients. Household mayonnaise sales increased substantially, supported by steady growth in sales of core product *Pure Select Mayonnaise* and the strong performance of *Pure Select Saralear*, a cholesterol-reducing mayonnaise-type dressing certified as a Food for Specified Health Use that was launched in September 2004. Ajinomoto's share of the household mayonnaise market increased to 27 percent from 24 percent.

Outlook

Efforts to expand sales of household soups will continue to focus on product and marketing enhancements for the Western-style single-serving and snack-soup segments, and on refining strategies for convenience stores. Aggressive expansion of the health-oriented product lineup, with particular focus on cultivating the *Pure Select Saralear* brand, is expected to drive increases in household mayonnaise and mayonnaise-type products market share.

Knorr Soup Pasta

Seasonings and Food Products for Restaurant Use and Delicatessens

Strategic Initiatives and Results

Sales of restaurant-use umami seasoning *AJI-NO-MOTO* and *Hon-Dashi* fell short of targets. Though *Pure Select Mayonnaise* performed particularly well, stimulated by a product renewal and solid customer demand, delicatessen sector sales decreased because of lower sales at customer retail outlets.

Outlook

Ajinomoto will enhance performance by concentrating on key business channels and categories, such as restaurants and convenience stores, increasing efficiency through operational and structural reforms. Channel reforms will include enhancing cooperation with wholesale dealers and improving sales system efficiency. Operating and structural reforms will include promoting R&D with Ajinomoto's original technologies, establishing a consolidated and flexible production network, and improving compatibility with key business categories.

Frozen Foods

Strategic Initiatives and Results

Ajinomoto is the leader in Japan's prepared frozen foods business, one of the few growth areas in the domestic market. Sales and operating income increased in fiscal 2004, supported by concentration on core products and cost reductions in areas such as distribution.

Gyoza

In the household market, sales of *Gyoza* (Chinese dumplings) continued to expand. Quality improvements, advertising and promotions also helped raise sales of *Ebi Shumai* and *Ebiyose Fry*. In the restaurant and institutional market, the lingering effects of the avian flu outbreak reduced sales of products made in Thailand and China.

The integration of former Frec Corporation yielded further benefits, including substantially lower distribution costs. Ajinomoto made major production system improvements for key products such as desserts, enhanced its product lineup by eliminating unprofitable items, and reorganized its sales and distribution system.

➤ Outlook

The goal of the frozen foods business includes reducing costs by ¥2.6 billion by fiscal 2007 to secure profits even in an environment of declining prices. Ajinomoto is building a global production network focused on reliable quality and deliciousness. New companies Xiamen Ajinomoto Life Ideal Foods Co., Ltd. in China and Ajinomoto Betagro Specialty Foods Co., Ltd. in Thailand are supplying frozen vegetables and processed pork products, respectively, with a thorough focus on quality and on managing the production process entirely in-house, from materials to the final product. Other strategies include manufacturing innovation and steady development of overseas markets.

BIO

Beverages and Dairy Products

➤ Strategic Initiatives and Results

Sales and market share of instant, regular and liquid coffee all rose in fiscal 2004. In March 2005, the *Blendy Coffee Oligosaccharides blended* series, the first products in the industry to be approved as Foods for Specified Health Use, were launched. These products contain coffee bean mannooligosaccharides, which regulate intestinal functions. Sales of *CALPIS Water* increased, as did sales of *CALPIS Soda*, aided by its 30th anniversary renewal. Marketing programs celebrating the 85th anniversary of *CALPIS* also supported sales. Sales of other products such as *Hot Lemon* in the winter season were also good. Sales of chilled dairy products declined due to keen price competition in a challenging market.

Blendy

➤ Outlook

Ajinomoto General Foods, Inc. (AGF) will work toward being a leading full-line coffee manufacturer in Japan by launching new and improved products. AGF also aims to increase competitiveness, establish a vital corporate culture and structure operations for steady, profitable growth. Calpis Co., Ltd. will strengthen functional health beverages and foods, bring the lactobacillus drink business in line with current market trends and accelerate overseas business development. In the chilled dairy products category, Calpis Ajinomoto Danone Co., Ltd. is working to make *Danone* a brand Japanese consumers love even more.

AMEAL S

Edible Oils

➤ Strategic Initiatives and Results

In July 2004, J-OIL MILLS, INC. merged and absorbed the operations of four companies including Ajinomoto Oil Mills Co., Inc., HONEN Corporation and Yoshihara Oil Mill, Ltd. to become the number-one distributor of edible oil in Japan. Ajinomoto Co., Inc. subsequently took over distribution of J-OIL MILLS edible oil for the household market. As a result of changes in scope of products sold by Ajinomoto and J-OIL MILLS, Ajinomoto's overall sales of edible oil decreased, but in the cholesterol-lowering oil market, *Kenko Sarara* retained its dominant position.

➤ Outlook

J-OIL MILLS will continue to reduce costs by further optimizing production and distribution, using economies of scale in procurement and lowering labor, administrative and selling expenses. Other measures planned include developing a new sales approach and expanding the range of value-added products through R&D synergies.

Kenko Sarara

OVERSEAS FOOD PRODUCTS

Overseas Food Products sales for fiscal 2004 increased 12.7 percent year-on-year to ¥160.4 billion. Operating income decreased 40.0 percent to ¥4.5 billion. Sales of umami seasoning *AJI-NO-MOTO* and flavor seasonings increased, but profitability declined due to factors such as higher variable costs of *AJI-NO-MOTO* and active investment in marketing.

Masako (Indonesia)

Seasonings

➤ Strategic Initiatives and Results

In the retail market, sales of core product umami seasoning *AJI-NO-MOTO* nearly achieved or surpassed double-digit growth in ASEAN countries, West Africa and South America. Flavor seasonings maintained an overall 20 percent growth rate. Mainstay products *ROSDEE* in Thailand, *Masako* in Indonesia and *Sazón* in Brazil each posted double-digit growth, while sales of *Aji-ngon* in Vietnam doubled from the previous year and sales of *Ajinomoto Ginisa Flavor Mix* in the Philippines also grew strongly.

In China, Ajinomoto launched *Tian Tian Xian*, an umami seasoning enhanced with nucleotides, at the end of fiscal 2004. In addition, the number of sales branches was increased from three to seven, with bases in Beijing, Shanghai, Guangzhou and four other regions.

Moreover, special sales units for restaurant-use products have been established in Thailand, Vietnam, China and other countries to promote Ajinomoto's lineup of these products.

In sales of umami seasonings to the food processing industry, solid growth in MSG sales in each region and the full-year contribution of AJINOMOTO FOODS EUROPE S.A.S. resulted in a strong increase in sales. Ajinomoto's global market share for MSG is now estimated at 34 percent. However, operating income in fiscal 2004 declined due to the effect of exchange rates, higher raw material and energy costs, and rising ocean freight costs. For nucleotides, sales and operating income decreased due to a drop in selling prices.

➤ Outlook

Ajinomoto will boost earnings by reinforcing core businesses, such as umami seasoning *AJI-NO-MOTO* and flavor seasonings, while accelerating growth through focused investment in strategic businesses and regions such as China. Other initiatives include stronger collaboration between domestic and overseas operations to reduce costs by sharing raw material information and production technologies and to improve competitiveness by sharing knowledge and expertise. Ajinomoto will work to improve profitability in this business by continuing efforts to reduce costs and increase sales volume.


Overseas production of umami seasoning *AJI-NO-MOTO*

ROSDEE (Thailand)

Aji-ngon (Vietnam)

yumyum (Thailand)

Birdy (Thailand)

Processed Foods

➤ Strategic Initiatives and Results

In the beverage business outside Japan, double-digit growth continued for sales of *Birdy* canned coffee drink in Thailand, where sales of *SENCHA* green tea also expanded steadily. In Indonesia, *Birdy* coffee drinks continued to drive growth in the beverage category. The instant noodle business performed well, with particularly strong sales of the *yumyum JUMBO* series in Thailand. Ajinomoto also reinforced its marketing network in Poland and introduced new products in Peru. In China, Ajinomoto added new varieties of retort-pouch curry and Western-style single-serving soup. This was followed by new product introductions of single-serving soups in Thailand, where sales were solid, particularly at convenience stores. In addition, Ajinomoto introduced soups in Brazil in March 2005.

➤ Outlook

In the overseas processed foods business, Ajinomoto will accelerate expansion of sales by making carefully focused investments. Ajinomoto will continue to accelerate growth by cultivating new products including beverages in Thailand and Indonesia, and instant noodles and soups in Thailand and South America. Operations in China will emphasize establishing brands and bolstering the sales force to increase its presence in the market.

Sales of Overseas Food Products

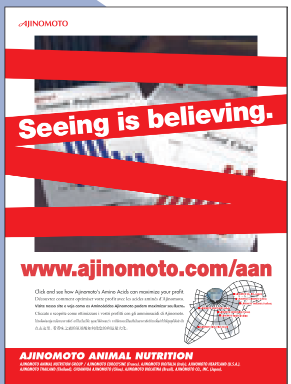
(Billions of yen, %)

	FY2004	FY2003	Change
Consumer Foods	93.5	81.2	15%
Umami Seasonings for Processed Food Manufacturers	34.5	29.1	19%
Others	32.4	32.0	1%
Total	160.4	142.3	13%

A sampling and sales corner for Ajinomoto products in a supermarket in China

Younong (China)

AMINO ACIDS



Global brand-building programs include the feed-use amino acids business.

Sales of Amino Acids increased 11.8 percent to ¥173.2 billion during fiscal 2004, and operating income increased 0.1 percent to ¥26.7 billion. Sales of specialty chemicals, sweeteners and pharmaceutical intermediates increased substantially. A decrease in the unit price of feed-use Lysine, however, restrained growth in operating income.

Feed-Use Amino Acids

➤ Strategic Initiatives and Results

Ajinomoto is the global market leader for its three main feed-use amino acids, Lysine, Threonine and Tryptophan. In fiscal 2004, Ajinomoto focused on efficient expansion of production capacity for these three feed grade products, and construction of new, highly cost-competitive facilities for feed grade Lysine. In Brazil, Ajinomoto Biolatina Indústria e Comércio Ltda. completed the expansion of its Valparaiso Plant, increasing production capacity from 48,000 metric tons to 72,000 metric tons, and began construction of a new feed grade Lysine plant with a capacity of 53,000 metric tons at Pederneiras. In China, expansion progressed toward doubling production capacity of feed grade Lysine at Chuanhua Ajinomoto Co., Ltd. by December 2005 to meet strong demand. Ajinomoto is also expanding production facilities for feed grade Threonine at Ajinomoto Heartland LLC in the United States and feed grade Tryptophan at AJINOMOTO EUROLYSINE S.A.S. in France with the goal of doubling output to meet growing demand.

While sales volume increased year on year, sales and income from feed-use amino acids were slightly lower than expected due to increased supply of feed-use Lysine from existing and new Chinese competitors.

Cost-reduction measures as well as the expanded volume of production improved productivity. Overall production costs, however, were near the same level as in the previous fiscal year due to a sharp rise in prices for main raw materials and energy.

➤ Outlook

Ajinomoto aims to create a stable profit structure in the feed-use amino acid business and is establishing a decisive competitive advantage as the global market leader. It is steadily expanding its global supply network toward its fiscal 2010 targets, which are 500,000 metric tons, 140,000 metric tons and 5,000 metric tons for feed grade Lysine, Threonine and Tryptophan, respectively. In addition, Ajinomoto will reduce production costs for feed grade Lysine and Threonine by 20 percent from fiscal 2004 levels over a three-year period by developing new strains and improving processes.

Market Size of Feed-Use Amino Acids and Ajinomoto's Share

(Ajinomoto estimate) (Thousands of metric tons, %)

	FY2004	FY2003	FY2002	FY2001	FY2000
Lysine	770	700	650	600	550
Ajinomoto's share	35%	35%	35%	35%	35%
Threonine	65	50	40	33	30
Ajinomoto's share	70%	70%	60%	60%	60%
Tryptophan	1.5	1.3	1.2	1.0	0.7
Ajinomoto's share	70-80%	70-80%	70%	60%	40%

Feed grade amino acids plant in Amiens, France

Amino Acids for Pharmaceuticals and Foods

➤ Strategic Initiatives and Results

Overall sales increased, assisted by growth in sales of amino acids for foods in Japan and for pharmaceuticals and foods in Europe and the United States. Narrowing targets and clearly defining areas of focus were keys to growth in both existing markets in Europe and the United States, and markets for foods and beverages in Japan and other parts of Asia. Expansion of the lineup of stable isotope labeled amino acids, which are primarily used in analysis of protein structure, helped to meet a wider range of customer needs. These amino acids are generally manufactured through algae extraction, but Ajinomoto uses a fermentation process that yields high-purity labeled amino acids.

ASF Medium 104N

➤ Outlook

In the second half of fiscal 2005, one of the world's largest amino acids plants for pharmaceuticals and foods is scheduled to go on line at Ajinomoto Interamericana Indústria e Comércio Ltda. in Brazil. This plant will have an annual production capacity of 4,000 metric tons.

Efforts to strengthen customer relations will help to expand share in core markets, and to increase sales in new markets such as functional foods and health foods. New market development in the biotechnology field will focus on increasing brand recognition from the customer's product development stage. Product launches in this field are expected to include deuterium-labeled amino acids and products with only specified parts of amino acids labeled. Ajinomoto also plans to develop new demand more aggressively in the areas of diagnostics and metabolic research. Initiatives to increase profits and further strengthen business will include dramatically improving productivity through research and technology development, starting up the new plant and quickly putting it into full production, and reducing fixed costs at domestic and overseas production facilities.

Stable isotope labeled amino acids

Amino Acid-Based Sweeteners

➤ Strategic Initiatives and Results

Social concerns about obesity drove market growth for aspartame in the United States and Europe. In the bulk sweetener business, substantial growth in sales volume of aspartame, particularly in the U.S. market for use in diet beverages, contributed to significant increases in sales and operating income. In the domestic retail sweetener business, market share increased. Sales in overseas retail markets expanded steadily in each country Ajinomoto serves.

➤ Outlook

In the bulk sweetener business, further growth in demand is expected because of an increasing number of new consumer products in the diet category, following the issue of dietary guidelines in the United States and Europe that recommend reducing sugar consumption. By the end of fiscal 2005, Ajinomoto will invest approximately ¥6 billion to expand its production capacity. Other initiatives will include technical development aimed at cost reduction and accelerated research and development for new sweeteners. In the retail sweetener business, Ajinomoto will continue to create valued products that provide solutions to obesity and diabetes management, while working to strengthen the powdered beverage and table-top sweetener businesses overseas.

Slim-Up Sugar

Amino acid-based cosmetic ingredients

Pharmaceutical Intermediates

➤ Strategic Initiatives and Results

Ajinomoto responds to the needs of the pharmaceutical industry with original technologies based on amino acids and nucleotides. In fiscal 2004, favorable sales of core products in Europe supported increased sales and operating income. A steadily increasing number of projects is further solidifying the operating base of both Ajinomoto Co., Inc. and S.A. Ajinomoto OmniChem N.V.

➤ Outlook

Projects will combine the Company's innovative process development capabilities with Ajinomoto OmniChem's strength in commercializing production, while enhanced marketing will capitalize on business opportunities created by the April 2005 revision to the Pharmaceutical Affairs Law in Japan.

Specialty Chemicals

Jino series of cosmetics

➤ Strategic Initiatives and Results

Strong performers included *ABF* (Ajinomoto Build-Up Film), an insulation film for build-up used in computer microprocessor units. *ABF* is compatible with new-generation computers and led strong growth in sales of electrochemicals. Amino acid-based cosmetic ingredients sold steadily, and sales of the *Jino* line of amino acid-based cosmetics also increased, assisted by the aggressive promotion and launch of six new products.

➤ Outlook

Ajinomoto aims to be an outstanding supplier of specialty chemicals with steady growth in sales to the electronic materials industry and to cosmetics manufacturers. We intend to expand sales of the *Jino* line of cosmetics by actively acquiring new customers.

ABF (Ajinomoto Build-Up Film)

Amino Vital, Amino Acid Consumer Products

➤ Strategic Initiatives and Results

Sales of amino acid supplement *Amino Vital* in the domestic market continued to grow strongly, with brand recognition surpassing 80 percent. Aggressive marketing through the *Amino Vital* Victory Project, conducted as an official partner of the Japan Olympic Committee (JOC) at the Athens Olympics in August 2004, contributed to increased brand awareness and sales. In fiscal 2004, *Amino Vital* was the leader in the amino acid supplement market with retail sales of ¥20 billion.

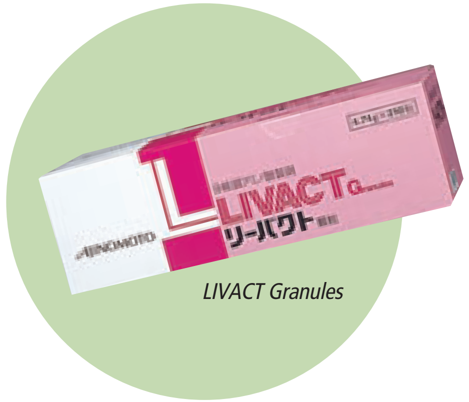
➤ Outlook

Areas of focus will include strengthening the earnings of existing businesses, conducting new marketing activities and expanding the product range. Ajinomoto will work to increase sales and profits of its core granulated products, invest in electronic commerce and introduce a new sugar-coated tablet for easier ingestion in daily use. Further expansion of jelly drinks and the *Hypotonic Charge* product line will also support achievement of these goals. In addition, Ajinomoto initiated a full-scale marketing program in North America at the end of 2004, and will move to quickly establish a brand position in the North American market for amino acid supplements.

Amino Vital

PHARMACEUTICALS

Sales of Pharmaceuticals in fiscal 2004 increased 2.3 percent to ¥80.7 billion, and operating income increased 10.3 percent to ¥11.4 billion. Contributing to the increase in both sales and profit were strong sales of *LIVACT Granules* and drugs for lifestyle-related diseases, which offset the effects of factors such as strong competition in the infusions market and price revisions in the National Health Insurance system.



LIVACT Granules

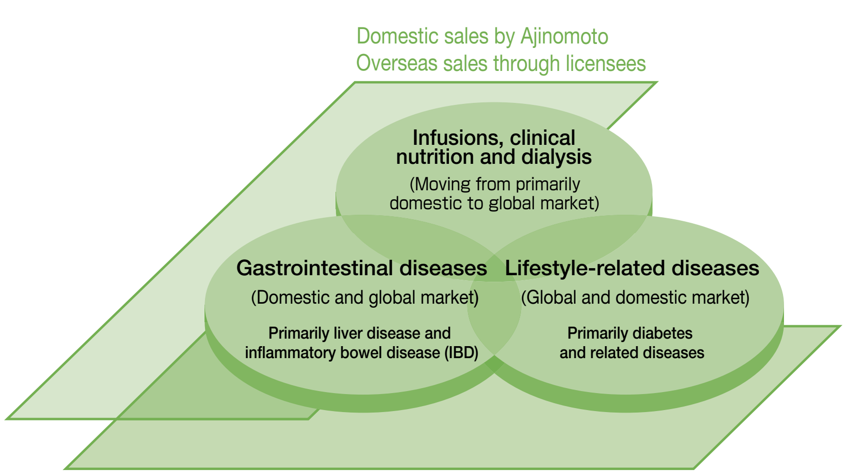
➤ Strategic Initiatives and Results

Ajinomoto's main theme in the field of infusions, clinical nutrition and dialysis is Total Nutrition Care (TNC), which helps restore and maintain the health of patients through nutrition management. Ajinomoto also seeks to maximize product value through its Life Cycle Management (LCM) strategy. Major infusion products are *PNTWIN*, a total parenteral nutrition product, *SOLITA-T*, the leading domestic brand of electrolyte solution, *AK-SOLITA*, the number-two domestic brand of hemodialysis solution, and *Hisolve*, a powdered preparation used in hemodialysis. Ajinomoto further augmented its product lineup in fiscal 2004 with the launch of *TWINPAL*, a peripheral nutrition infusion, and *BICARBON inj.*, the world's first bicarbonated Ringer's solution. Ajinomoto also introduced a new container for *Harmonic*, a prescription nutrition product, and obtained exclusive marketing rights in Japan for *Harmonic* products from SS Pharmaceutical Co., Ltd. In the Evidence Based Foods category, Ajinomoto launched *PEMVest*, a diet for patients and elderly people with protein-energy malnutrition.

In the fields of gastrointestinal and lifestyle-related diseases, Ajinomoto aims to create new drugs by taking advantage of its core strengths in amino acid-related technology as well as leading-edge drug discovery technologies such as genome technology.

R&D activities are centered at the Pharmaceutical Research Laboratories in Japan, and at Ajinomoto Pharmaceuticals Europe Ltd. overseas. Ajinomoto licenses new drug candidates to suitable partners outside Japan. Building on the research and marketing experience gained from these products, Ajinomoto continues to invest resources aggressively in R&D to create distinctive new global drugs for the treatment of inflammatory bowel disease (IBD), liver disease and diabetes.

Core Fields in the Pharmaceuticals Business



PEMVest

➤ Outlook

Moving toward its objective of becoming the number-one specialty pharmaceutical company in Japan, Ajinomoto will focus on creating amino acid-based drugs and foods and fulfilling the TNC concept. In research and development, Ajinomoto will concentrate investment of business resources on its key competencies in amino acid technology. This will support development of new drugs for the global market and new evidence based foods designed for patients.

Specifically, Ajinomoto will aggressively implement TNC activities to meet the needs of nutrition support teams at medical institutions, strengthen its sales force by increasing the number of people directly involved in sales, and differentiate itself from competitors by broadening its TNC targets from inpatients to outpatients, home patients and chronic patients.

Ajinomoto will continue launching new products, expanding sales of established products and reducing costs. While maximizing sales of the new infusion and nutrition products launched in fiscal 2004, Ajinomoto will take steps to reinforce the market position of core brands such as *LIVACT Granules* and *ELENTAL* and products for lifestyle-related diseases. During the six years from fiscal 2005 to fiscal 2010, Ajinomoto will promote cost reductions centered on purchasing and distribution expenses in working to achieve the goal of reducing costs by ¥10.0 billion.

Ajinomoto's Main Pharmaceuticals Sales by Product

(Ajinomoto estimate/NHI reimbursement price basis**) (Billions of yen)

Field	Main Products	Launch Date	Indication or Formulation	Sales		
				FY2004	FY2003	FY2002
Infusions, clinical nutrition and dialysis/ Gastrointestinal diseases	*LIVACT Granules*	May 1996	Amino acid formula for treatment of liver cirrhosis	15.4	15.4	16.1
	SOLITA-T	Feb. 1962	Electrolyte solution	10.8	11.8	4.3 *
	PNTWIN	Dec. 1993	Glucose, electrolyte and amino acid infusion for total parenteral nutrition	6.6	8.5	10.8
	ELENTAL	Sept. 1981	Elemental diet	8.1	8.1	8.1
	HEPARIN	Apr. 1972	Anticoagulant	4.2	4.2	0.9 *
	AK-SOLITA	Nov. 1970	Hemodialysis solutions for use in artificial kidneys	3.1	3.6	1.5 *
	NIFLEC	June 1992	Oral cleaning solution for the intestine	2.2	2.4	2.6
	ELEMENMIC	Apr. 1992	Trace mineral mixture for total parenteral nutrition	2.3	2.4	2.6
	HEPAN ED	Sept. 1991	Elemental diet for hepatic failure	1.8	2.0	2.2
Lifestyle-related diseases	*ATELEC*	Dec. 1995	Long-acting calcium channel blocker (generic name: cilnidipine)	8.2	6.5	5.5
	Actonel	May 2002	Osteoporosis treatment (generic name: risedronate)	7.6	5.7	2.4
	FASTIC	Aug. 1999	Diabetes mellitus. Fast-acting insulin secretagogue (generic name: nateglinide)	6.0	5.4	4.1

* Sales for four months (Dec.2002-Mar.2003) following the acquisition of Shimizu Pharmaceutical Co., Ltd. (now Ajinomoto Medica Co., Ltd.)
** Effect of NHI price revision implemented in April 2004: approx. -6 percent

ELENTAL

ATELEC

Financial Section

Contents

Six-Year Summary of Selected Financial Data

Ajinomoto Co., Inc. and Consolidated Subsidiaries
Years ended March 31

	Millions of yen					
	2005	2004	2003	2002	2001	2000
For the year:						
Net sales	**¥1,073,010**	¥1,039,551	¥987,727	¥943,540	¥908,528	¥829,422
Cost of sales	**760,554**	743,251	716,999	680,003	665,856	613,751
Gross profit	**312,455**	296,299	270,727	263,536	242,672	215,670
Selling, general and administrative expenses	**241,538**	231,109	216,668	214,521	204,867	182,620
Operating income	**70,916**	65,190	54,059	49,015	37,805	33,050
Other income (expenses)	**10,821**	1,826	11,407	9,449	(50,800)	1,286
Income (loss) before income taxes and minority interests	**81,737**	67,017	65,466	58,464	(12,995)	34,336
Net income (loss)	**44,817**	36,276	33,178	31,442	(11,547)	17,658
Capital expenditures	**58,082**	50,916	57,403	45,277	46,914	55,765
Depreciation and amortization	**39,854**	39,925	38,969	37,222	38,640	37,334
At year-end:						
Shareholders' equity [1]	**¥ 467,297**	¥ 428,077	¥391,154	¥381,017	¥361,771	¥330,557
Total assets [1]	**903,542**	871,780	864,588	840,152	828,945	732,980
Long-term debt	**113,338**	122,099	71,523	94,435	98,511	139,821
Per share (yen):						
Net income (loss)	**¥ 68.8**	¥ 55.6	¥ 50.7	¥ 48.4	¥ (17.8)	¥ 27.2
Shareholders' equity [1]	**720.6**	659.8	602.7	586.3	556.6	509.0
Cash dividends	**13.0**	12.0	11.0	10.0	10.0	10.0
Value indicators:						
Liquidity ratios:						
Debt/equity ratio (%) [1, 2]	**31.8**	36.0	40.7	41.0	52.0	59.0
Interest coverage ratio (times) [3]	**24.3**	22.6	16.6	10.9	7.4	6.8
Investment indicators:						
Price/earnings ratio (times) [4]	**19.0**	22.3	24.0	24.4	—	46.0
Price/book value (times) [1, 5]	**1.8**	1.9	2.0	2.0	2.2	2.5
Return indicators:						
Return on assets (%) [1, 6]	**5.0**	4.2	3.9	3.8	(1.5)	2.4
Return on equity (%) [1, 7]	**10.0**	8.9	8.6	8.5	(3.0)	5.2
Number of employees	**25,812**	24,861	24,406	24,326	23,739	22,373

Notes: 1. Shareholders' equity, total assets, shareholders' equity per share and the related indicators for the year ended March 31, 2000 have been restated due to a change in the regulations relating to the presentation of translation adjustments.
2. Debt = Short-term borrowings and current portion of long-term debt + Long-term debt
3. Interest coverage ratio = (Operating income + Interest and dividend income)/Interest expense
4. PER = Year-end share price/Net income per share
5. PBR = Year-end share price/Shareholders' equity per share
6. ROA = Net income (or loss)/Average total assets
7. ROE = Net income (or loss)/Average total shareholders' equity

Management's Discussion and Analysis

Ajinomoto Co., Inc. and Consolidated Subsidiaries
For fiscal 2004, ended March 31, 2005

Overview of Financial Strategy

Ajinomoto's financial strategy focuses on three main points to ensure that the Group achieves the objectives of *A-dvance 10*, its fiscal 2005-2010 medium- to long-term management plan.

1. Maintaining shareholders' equity and interest-bearing debt within appropriate levels

Ajinomoto will execute two three-year management plans from fiscal 2005 through fiscal 2010. During the first three-year management plan, Ajinomoto intends to emphasize capital investment with the objective of meeting increased demand and expanding profits. During this period, Ajinomoto intends to maintain the debt-to-equity ratio between 30 and 40 percent. Capital investment will focus on further strengthening businesses in which Ajinomoto has strong number-one products, such as the amino acids business, global expansion, health-related products, and high-potential new businesses. Ajinomoto expects acquisitions to remain an important avenue for growth. Ajinomoto intends to use internal capital for capital expenditures and acquisitions as far as possible, but is likely to fund growth with borrowings as well, primarily through direct access to capital markets. Ajinomoto employs rigorous internal criteria for evaluating the opportunities presented by potential investments and acquisitions.

During the second three-year management plan, Ajinomoto intends to emphasize cash flow generation and return on equity to meet its earnings objectives. During this period, Ajinomoto plans to maintain the debt-to-equity ratio under 30 percent, and expects to repurchase shares depending on cash flow and financial condition. Over the medium to long term, Ajinomoto plans to maintain return on equity at the 10 percent level.

2. Securing liquidity

Under a strategy of concentrating resources in selected markets, Ajinomoto has strengthened consolidated management of businesses in each segment to build highly profitable number-one brands, increase profitability and enhance cash provided by operations. In addition, Ajinomoto has been liquidating securities and underutilized land to generate cash for investment in operating assets that generate higher returns. All divisions have been made more aware of the importance of cash flow, and have worked to improve cash flow by reducing receivables and inventories. The internal company system also relies to a significant degree on cash flow metrics, including free cash flow and return on assets, in allocating capital and evaluating the performance of each company.

Ajinomoto has also steadily reduced short-term borrowings and increased the ratio of long-term debt in its capital structure. Concurrently, Ajinomoto has diversified maturities to smooth cash flow. The ratio of long-term debt to short-term borrowings was approximately 7:3 as of March 31, 2005, about the same as a year earlier. Short-term liquidity and Ajinomoto's ability to meet current obligations have benefited from this capital structure.

Improved liquidity management will continue to support financial performance. Ajinomoto has unified treasury management for a substantial proportion of Group companies in order to raise the efficiency of asset and liability management and reduce external borrowing and its costs. As a result, Ajinomoto Group companies in Japan now obtain nearly all of their capital within the Group rather than from banks and other financing sources. Ajinomoto has also improved its ability to fund Group companies outside Japan in local currencies to enhance cash flow. Ajinomoto intends to focus on reducing working capital requirements, particularly by reducing inventory. Ajinomoto is executing programs at production facilities to raise efficiency and reduce inventory as a core means of increasing cash flow.

3. Maintaining credit ratings

The Company will continue to emphasize maintaining its solid credit ratings as one means of controlling the cost of funding global growth by ensuring favorable access to external sources of capital. Standard & Poor's maintains a credit rating of AA- for the Company's long-term debt. Moody's Investors Service maintains a rating for the Company's long-term debt of A1. Rating and Investment Information, Inc., a Japanese credit rating agency, maintains an AA credit rating on the Company's long-term debt.

Exchange Rate Fluctuations

Ajinomoto is subject to the influence of changes in foreign exchange rates because it operates in global markets. The Company's financial statements are prepared in Japanese yen according to accounting principles generally accepted in Japan (Japanese GAAP) using current foreign exchange rates as of the balance sheet date. In the translation, sales, operating income and net income increase when the yen weakens relative to principal global currencies, and decrease when the yen strengthens relative to principal global currencies. As of March 31, 2005, exchange rates for principal global currencies were ¥107.39 to US$1.00 and ¥138.87 to 1.00 euro, compared to ¥105.69 to US$1.00 and ¥128.88 to 1.00 euro at March 31, 2004.

Changes in foreign exchange rates from March 31, 2004 to March 31, 2005 increased net sales by ¥10.4 billion, operating income by ¥1.2 billion and net income by ¥0.8 billion. These amounts represent the translation differences arising from changes in the exchange rates at which the financial statements of consolidated subsidiaries and equity method affiliates overseas were translated into Japanese yen.

Operating Environment

Corporate profitability improved during the fiscal year ended March 31, 2005, supported by steady growth in the global economy. Recovery of the domestic economy, however, stalled in the second half of the fiscal year as capital expenditures, manufacturing, and personal consumption leveled off. Certain sectors of the Japanese food industry benefited from the unusually hot summer, but the overall environment remained challenging, impacted by factors including the April 2004 introduction of compulsory tax-inclusive pricing, the ongoing trend toward lower retail prices, higher raw material prices, and natural disasters such as typhoons and earthquakes. Internationally, the U.S. economy expanded despite high oil prices and other negative factors. Economic performance in Asia, particularly in China, continued to result in strong consumption and exports. The economies in Europe recovered moderately.

In this operating environment, the Ajinomoto Group completed a three-year management plan designed to expand business in growth areas, rigorously reduce costs, and strengthen brands in existing business areas. Ajinomoto generated year-on-year growth in consolidated net sales, operating income and ordinary income for six consecutive fiscal years, and achieved the goal of ROE of 10 percent in the final year of the recently completed management plan.

Analysis of Statements of Operations

Overview

For the fiscal year ended March 31, 2005, sales in the overseas food products and amino acids businesses drove growth in consolidated net sales. While domestic food products sales decreased marginally because of product lineup changes associated with the merger of J-OIL MILLS, INC., sales of *Cook Do* were strong. Overseas food products sales increased year-on-year, supported by higher sales of umami seasoning *AJI-NO-MOTO* and flavor seasonings. Sales of amino acids increased substantially, with solid growth in sales of specialty chemicals, sweeteners and pharmaceutical intermediates. Pharmaceuticals sales rose, supported by growth in sales of *LIVACT Granules* and drugs for lifestyle-related diseases.

As a result, consolidated net sales increased 3.2 percent year-on-year, or ¥33.5 billion, to ¥1,073.0 billion. Successful efforts to raise earnings in the domestic food products business and revision of Ajinomoto's retirement benefits system supported an increase of 8.8 percent, or ¥5.7 billion, in operating income to ¥70.9 billion. Net income increased 23.5 percent, or ¥8.5 billion, to ¥44.8 billion. Return on average total shareholders' equity was 10.0 percent, compared to 8.9 percent for the previous fiscal year.

Segment Information

Ajinomoto classifies results into the five segments of domestic food products, overseas food products, amino acids, pharmaceuticals and other. Internal companies conduct operations, and pay corporate headquarters royalty commissions that they record as corporate expenses.

Ajinomoto has implemented a number of reclassifications of sales and operating income as a result of the internal company system and other issues since the fiscal year ending March 31, 2003. For example, sales of *Amino Vital* and *Pal Sweet* to domestic consumers are in large part included in domestic food products because of the sales channels used. However, operating income for these products is reported in amino acids, and they are presented in the amino acids section of the review of operations. In addition, domestic sales and operating income of umami seasoning *AJI-NO-MOTO* and nucleotides for use in the food processing industry are included in overseas food products.

Segment information for the fiscal year ending March 31, 2006 will change as a result of a reorganization of internal companies. Food products that the Company exports will be recorded as part of overseas food products instead of as part of domestic food products. Overseas frozen food products will be recorded as part of domestic food products instead of as part of overseas food products. Umami seasonings for processed food manufacturers, overseas *Amino Vital*, and some overseas services will be recorded as part of amino acids instead of as part of overseas food products. Moreover, the health and nutrition business will be included in domestic food products instead of in corporate and eliminations.

The operating expenses of the administrative division and part of the operating expenses of research facilities are included in corporate and eliminations in reflection of the need to manage operating expenses more clearly on a segmental basis. In addition, major items included as assets under corporate and eliminations are parent company operating funds as represented by cash and marketable securities; long-term investment funds as represented by investment securities; land; and the assets employed in the administration division and in some research facilities. For the fiscal year ended March 31, 2005, these items totaled ¥241.4 billion, compared to ¥230.1 billion for the previous fiscal year.

Domestic Food Products

The domestic food products segment includes sales of seasonings; processed foods such as soups; sweeteners and nutritional foods; delicatessen and bakery products; frozen foods; edible oils; and coffee, beverages and dairy products. Sales of domestic food products for the fiscal year ended March 31, 2005 decreased 0.1 percent, or ¥0.7 billion, to ¥597.8 billion. Increased sales of *Cook Do* and processed foods such as soups, mayonnaise, frozen foods and coffee offset the reduction in sales of edible oils resulting from product lineup and distribution changes associated with the merger of J-OIL MILLS, INC.

Seasonings: In the retail market, sales of seasoning product *Hon-Dashi* were in line with the previous fiscal year. A product renewal focused on aroma and effective marketing largely offset the negative impact of the unusually hot summer and the introduction of tax-inclusive pricing. Sales of the *Cook Do* line, especially *Stir-fry sauce with minced meat for Ma-Po Dou-Fu* and S*tir-fry sauce for Ma-Po Che-Zu*, grew strongly under a marketing strategy that integrated advertising and sales promotion activities. Sales of *Ajinomoto KK Marudori Gara Soup* and *Ajinomoto KK Chuka Aji* trended higher. Sales of umami seasoning *AJI-NO-MOTO* were lower than in the previous fiscal year.

Sales of *Hon-Dashi* and liquid Japanese-style dashi for restaurant use decreased. Sales of savory seasoning products to food processing companies increased steadily. Sales of *ACTIVA*, an enzyme (transglutaminase) that improves food texture, increased significantly.

Processed Foods: Sales of the *Knorr Cup Soup* and *Knorr Soup Pasta* lines grew steadily, supported by new varieties and product renewals. Mayonnaise sales were significantly higher than in the previous fiscal year, supported by the September 2004 introduction of cholesterol-reducing mayonnaise-type dressing *Pure Select Saralear*, a Food for Specified Health Use. Sales of *Okayusan* (rice porridge) retort pouches grew steadily, boosted by the popularity of plain type and egg porridge. Sales of *Kellogg's* products were in line with the previous fiscal year.

Sweeteners and Nutritional Foods: In amino acid-based sweeteners for home and restaurant use, sales of *Pal Sweet Calorie Zero* grew steadily, and sales of *Slim-Up Sugar* were in line with the previous fiscal year. Sales of amino acid supplement *Amino Vital* in jelly drink and granulated product format continued to grow steadily, supported by in-store promotions and activities linked with the Athens Olympics.

Delicatessen and Bakery Products: Sales of lunchboxes and prepared delicatessen products were lower than in the previous fiscal year. Bakery product sales increased.

Frozen Foods: Products for home use performed well. Sales of *Gyoza* continued to grow strongly, with sales of *Ebi Shumai* and *Ebiyose Fry* significantly higher than in the previous fiscal year because of product improvements and promotional activities integrated with advertising. Sales for restaurant and institutional use were lower year-on-year due to the pronounced impact of avian flu.

Edible Oils: In July 2004, J-OIL MILLS, INC. merged with and absorbed the operations of four companies including Ajinomoto Oil Mills Co., Inc., HONEN Corporation and Yoshihara Oil Mill, Ltd. Ajinomoto Co., Inc. became the distributor of edible oils for home use and J-OIL MILLS, INC. became the distributor of products for commercial use, including most Ajinomoto-branded oils and meal products. Accordingly, Ajinomoto's sales of products for home use increased, while sales of products for commercial use decreased.

Coffee, Beverages and Dairy Products: Sales of *Blendy* bottled coffee and other liquid products, instant coffee and regular coffee all increased significantly, even though the coffee market is shrinking overall. Sales of beverages increased, with sales of *CALPIS* growing in response to promotions to mark the 85th anniversary of this brand's launch. Sales of *CALPIS Water* were higher than in the previous fiscal year, and sales of other products such as *Hot Lemon* in the winter season were also good. Revenue from chilled dairy products decreased year-on-year, with sales of *Danone* yogurt and *BIO* falling in a very competitive market.

Overseas Food Products

The overseas food products segment includes sales of seasonings and processed foods outside Japan, as well as worldwide sales of umami seasoning *AJI-NO-MOTO* and nucleotides to the food processing industry. Overseas food product sales increased 12.7 percent, or ¥18.1 billion, over the previous fiscal year to ¥160.4 billion. Sales of *AJI-NO-MOTO* and flavor seasonings increased.

Seasonings: In Asia, sales of umami seasoning *AJI-NO-MOTO* for home use and restaurant use were strong, and sales of flavor seasonings for home use and *AJI-NO-MOTO* for the food processing industry increased substantially year-on-year. In America, sales of *AJI-NO-MOTO* to the food processing industry increased solidly, as did sales of flavor seasonings for home use and *AJI-NO-MOTO* for home and commercial use in South America. In Europe, sales of *AJI-NO-MOTO* to the food processing industry were significantly higher year-on-year, supported by the addition of AJINOMOTO FOODS EUROPE S.A.S. to the scope of consolidation in the second half of the previous fiscal year. Sales of *AJI-NO-MOTO* for home use in

West African nations continued to grow strongly. In Japan, sales of *AJI-NO-MOTO* to the food processing industry were approximately the same as in the previous fiscal year, but sales of nucleotides decreased due to a fall in unit prices.

Processed Foods: Sales of instant noodles in Asia increased substantially, and sales of *Birdy*, a canned coffee beverage, were also strong.

Amino Acids

The amino acids segment includes global sales of feed-use amino acids; amino acids for pharmaceuticals and foods; amino acid-based sweeteners; pharmaceutical intermediates; and specialty chemicals. Sales in the amino acids business rose 11.8 percent, or ¥18.3 billion, to ¥173.2 billion. Sales of specialty chemicals, sweeteners and pharmaceutical intermediates increased substantially.

Feed-Use Amino Acids: The price of Lysine dropped, which resulted in the decline of sales in Asia, while sales in North and South America performed well, supported by increased production of Lysine and Threonine in response to heavy demand. Sales also increased in Europe with the increase in sales volume of Threonine and Tryptophan.

Amino Acids for Pharmaceuticals and Foods: In Japan, sales of amino acids for pharmaceuticals declined, although sales to beverage manufacturers were solid. Sales of amino acids for pharmaceuticals rose strongly in America, and also increased in European markets.

Amino Acid-Based Sweeteners: Sales to major customers grew strongly, supported by higher demand arising from obesity issues in Europe and North America.

Pharmaceutical Intermediates: Sales of key products in European countries grew steadily, which contributed to higher sales than in the previous fiscal year.

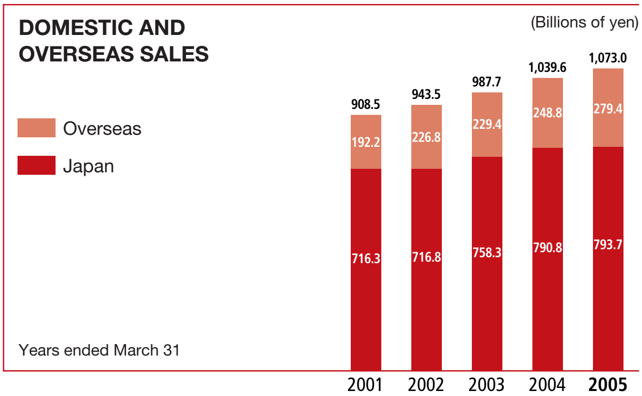
Specialty Chemicals: Sales of cosmetic ingredients were lower than in the previous fiscal year due to tough competition domestically and in Europe. Supported by new product launches, sales of *Jino* amino acid-based cosmetics continued to grow strongly. Sales of multilayer insulation film for use in MPU boards also increased substantially.

Pharmaceuticals

The pharmaceuticals segment includes domestic sales of pharmaceutical products and worldwide revenue from licensing and sales rights. Sales for the fiscal year ended March 31, 2005 increased 2.3 percent, or ¥1.8 billion, to ¥80.7 billion. Sales of *LIVACT Granules*, a branched-chain amino acid formula for the treatment of liver cirrhosis, and drugs for lifestyle-related diseases were strong. This offset factors such as strong competition in the infusions market and the impact of the approximately 6 percent downward revision of National Health Insurance (NHI) system prices. Sales of infusion products such as electrolyte solution *SOLITA-T* and total parenteral nutrition *PNTWIN* decreased year-on-year because of intense competition. Sales of non-insulin-dependent diabetes treatment *FASTIC* rose, and sales of *Actonel*, a preparation used in the treatment of osteoporosis, and *ATELEC*, an anti-hypertensive drug, increased significantly.

Other

The other segment includes sales from logistics services and other activities. Sales in this segment decreased 6.2 percent, or ¥4.0 billion, to ¥60.9 billion.



Note: Excludes interarea sales and transfers

Sales by Geographical Segment

Domestic sales increased 0.4 percent year-on-year, or ¥2.9 billion, to ¥793.7 billion. Overseas sales increased 12.3 percent, or ¥30.6 billion, to ¥279.4 billion. Sales increased 10.0 percent to ¥102.1 billion in Asia, supported by higher sales of overseas food products. Sales increased 19.5 percent to ¥69.5 billion in America, and increased 10.1 percent to ¥107.8 billion in Europe, both supported by higher sales of amino acid products.

Cost of Sales and SG&A Expenses

Cost of sales increased 2.3 percent year-on-year, or ¥17.3 billion, to ¥760.6 billion, and improved to 70.9 percent of net sales, compared to 71.5 percent of net sales for the previous fiscal year. With the rate of growth in cost of sales below that of net sales, gross profit increased 5.5 percent, or ¥16.2 billion, to ¥312.5 billion. The gross profit margin improved to 29.1 percent from 28.5 percent for the previous fiscal year.

Selling, general and administrative (SG&A) expenses increased 4.5 percent year-on-year, or ¥10.4 billion, to ¥241.5 billion. The increase resulted from higher marketing costs, such as advertising and sales promotion expenses, and higher transportation expenses as a result of the increase in net sales. Retirement benefit expenses, which are accounted for in SG&A expenses and cost of sales, decreased because of revisions to the Company's retirement benefits system. In April 2004, the Company moved to counter the increase in retirement benefit expenses it has experienced in recent fiscal years by adopting a cash balance pension system, which employs market interest rates, and a retirement benefit point system. Management believes that these changes will make the Company's retirement benefits system better able to accommodate changes in the economic environment and more stable and secure over the long term. As a result of these revisions to the retirement system, retirement benefit obligations and unrecognized prior service cost were each reduced by ¥19.1 billion. Prior service cost is being amortized over 10 years.

Costs, Expenses and Income as Percentages of Net Sales

Years ended March 31	**2005**		2004		2003
Cost of sales	**70.9%**	**(-0.6)**	71.5%	(-1.1)	72.6%
Gross profit	**29.1**	**(+0.6)**	28.5	(+1.1)	27.4
SG&A expenses	**22.5**	**(+0.3)**	22.2	(+0.3)	21.9
Operating income	**6.6**	**(+0.3)**	6.3	(+0.8)	5.5
Income before income taxes & minority interests	**7.6**	**(+1.2)**	6.4	(-0.2)	6.6
Net income	**4.2**	**(+0.7)**	3.5	(+0.1)	3.4

Note: Figures in parentheses represent change in percentage points from the previous year.

Operating Income

Operating income for the year ended March 31, 2005 increased 8.8 percent year-on-year, or ¥5.7 billion, to ¥70.9 billion. Operating income represented 6.6 percent of net sales, compared to 6.3 percent for the previous fiscal year.

Operating income in the domestic food products segment increased 22.5 percent, or ¥5.9 billion, to ¥32.2 billion as a result of programs to reduce costs and more focused marketing.

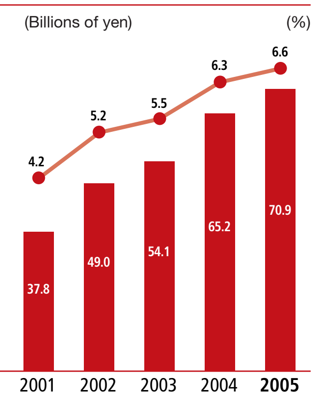
Operating income in the overseas food products segment decreased 40.0 percent, or ¥3.0 billion, to ¥4.5 billion, primarily because of aggressive investment in marketing and higher variable costs of umami seasoning *AJI-NO-MOTO*.

Operating income in the amino acids segment increased marginally to ¥26.7 billion. The unit price of feed-use Lysine decreased, which exerted a significant impact on profitability. The appreciation of the euro versus the U.S. dollar also restrained operating income.

Operating income in the pharmaceuticals segment increased 10.3 percent, or ¥1.1 billion, to ¥11.4 billion. Increased sales of value-added products including *LIVACT Granules* and drugs for lifestyle-related diseases compensated for strong competition in the infusions market and downward revision of NHI prices.

Operating income in the other segment decreased 4.9 percent, or ¥0.2 billion, to ¥3.6 billion.

OPERATING INCOME & OPERATING PROFIT MARGIN



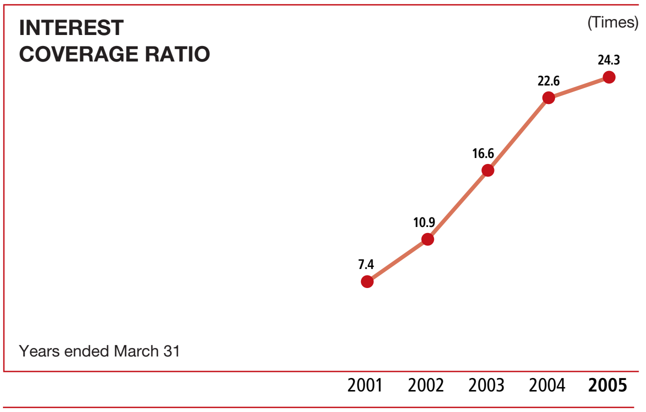
Other Income (Expenses)

Other income, net totaled ¥10.8 billion, compared to other income, net of ¥1.8 billion for the previous fiscal year. Interest expense increased nominally to ¥3.0 billion. Interest and dividend income increased 47.4 percent, or ¥0.8 billion, to ¥2.5 billion. As a result, interest expense net of interest and dividend income improved 61.0 percent, or ¥0.8 billion, to ¥0.5 billion. The interest coverage ratio, defined as the sum of operating income and interest and dividend income divided by interest expense, improved to 24.3 times from 22.6 times in the previous fiscal year.

Loss on impairment of fixed assets totaled ¥6.1 billion. Ajinomoto began applying new impairment accounting standards in the previous fiscal year, which was earlier than mandated. The loss on impairment of fixed assets for the year ended March 31, 2005 primarily reflected revaluation of fixed assets for which return on investment cannot be expected and unused land with a market price significantly lower than book value, and the process of applying the new standards was largely complete as of March 31, 2005. However, impairment losses are unpredictable and subject to many operating and financial factors.

During the fiscal year ended March 31, 2005, Ajinomoto newly added four subsidiaries to the scope of consolidation, and excluded two companies. No affiliates accounted for by the equity method were added, while four were excluded, including Showa Yakuhin Kako Co., Ltd., which Ajinomoto sold. In February 2003, Ajinomoto reached an agreement with Unilever PLC/Unilever NV (the Unilever Group) to terminate joint venture operations involving seven companies in six Asian countries and regions, and to sell its stake in those companies to the Unilever Group. The transaction was completed during the year to March 31, 2004. The net decrease in companies accounted for using the equity method, due mainly to the sale of interest to the Unilever Group, decreased equity in earnings of affiliates by 27.0 percent, or ¥1.2 billion, to ¥3.3 billion during the year ended March 31, 2005.

Gain on sales of securities totaled ¥11.2 billion, compared to ¥18.4 billion for the previous fiscal year. This item includes gains on sales of securities and affiliates' stock. Ajinomoto generated ¥6.9 billion in gain on sales of investment securities as part of its program of redeploying capital for greater operating efficiency. Gain on sales of affiliates' stock totaled ¥4.3 billion, primarily reflecting the sale of Showa Yakuhin Kako Co., Ltd. In the previous fiscal year gain on sales of affiliates' stock totaled ¥18.4 billion, primarily because of the proceeds from the transaction with the Unilever Group. Other, net increased to a gain of ¥3.1 billion from a loss of ¥11.2 billion in the previous fiscal year. This year-on-year improvement largely reflected gain on sales of fixed assets as Ajinomoto divested underutilized land and other assets to generate capital for investment in business expansion.



Net Income

As a result of the performance discussed above, income before income taxes and minority interests increased 22.0 percent, or ¥14.7 billion, to ¥81.7 billion. Income taxes net of deferrals increased 24.2 percent, or ¥6.7 billion, to ¥34.3 billion. The effective tax rate was 42.0 percent. Minority interests decreased 16.4 percent, or ¥0.5 billion, to ¥2.6 billion. Net income increased 23.5 percent, or ¥8.5 billion, to ¥44.8 billion. Return on average total shareholders' equity was 10.0 percent, and net income per share of common stock was ¥68.8, compared to ¥55.6 for the previous fiscal year.

Dividends

Ajinomoto Co., Inc. determines dividend payments based on a policy of making stable and sustainable payments that take into account progress toward achieving medium-term management plan goals and consolidated performance for the relevant period.

The Company considers appropriate returns to shareholders a primary management task and intends to increase dividends to reflect improvement in operating performance. The Company structures its operating base to support continued growth, and considers overall profitability and capital requirements in determining an appropriate level of dividends that meets the expectations of shareholders.

Management has adopted a policy of increasing dividends by maintaining a specified payout ratio for each three-year period, linking dividends to the achievement of management objectives. As a result, the Company increased the dividend for the year ended March 31, 2005 by 8.3 percent to ¥13.0 per share.

Liquidity and Financial Condition

Cash Flows

Net cash provided by operating activities increased ¥18.1 billion compared with the previous fiscal year to ¥82.9 billion. Core cash flow increased in reflection of the increases in income before income taxes and minority interests, and depreciation and amortization. Operating cash flow, defined as the sum of income before income taxes and minority interests and depreciation and amortization, increased to ¥121.6 billion from ¥106.9 billion for the previous fiscal year. Loss on impairment of fixed assets totaling ¥6.1 billion was a non-cash charge that reduced income before income taxes on an accrual basis, but did not reduce cash flow. Adjustments to working capital resulting from changes in receivables and payables used net cash of ¥8.2 billion. A change in the method of accounting for royalties and higher sales were the principal reasons for the increase in accounts receivable.

Net cash used in investing activities decreased to ¥33.7 billion from ¥35.6 billion for the previous fiscal year. Net proceeds from sales of investments in securities totaled ¥6.6 billion, compared to ¥4.0 billion in the previous fiscal year, as Ajinomoto continued to generate capital to invest in growth opportunities. Net proceeds from sales of shares of subsidiaries and affiliates totaled ¥3.0 billion, compared to ¥11.0 billion in the previous fiscal year, primarily because cash from the transaction with the Unilever Group discussed above was recorded in the previous fiscal year and was nonrecurring.

Acquisition of property, plant and equipment increased to ¥52.7 billion from ¥47.0 billion for the previous fiscal year. Capital expenditures by the parent company decreased ¥5.4 billion year-on-year to ¥13.1 billion, while capital expenditures by subsidiaries increased ¥12.4 billion to ¥45.4 billion. Principal investments included investments in overseas subsidiaries to expand production capacity for feed grade amino acids and to construct a flavor seasonings plant in Thailand. Free cash flow, defined as net cash provided by operating activities minus net cash used in investing activities, increased to ¥49.2 billion from ¥29.2 billion for the previous fiscal year.

Net cash used in financing activities increased to ¥27.5 billion from ¥14.1 billion for the previous fiscal year, primarily reflecting net reduction in debt. Ajinomoto reduced short-term borrowings and commercial paper as part of its financial strategy of reducing interest-bearing debt. Reduction in short-term borrowings and commercial paper used net cash of ¥16.2 billion. Net reduction of long-term debt totaled ¥2.9 billion. Cash dividends paid were essentially unchanged at ¥7.8 billion. Ajinomoto maintains excellent access to external short-term funding and committed lines of credit, and may access them as necessary to support business growth.

As a result of the above, cash and cash equivalents at the end of the fiscal year increased ¥23.5 billion from a year earlier to ¥93.0 billion.

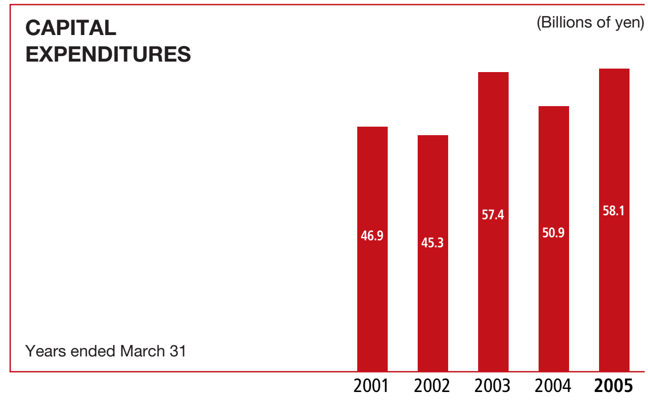
Cash Flow Highlights (Millions of yen)

Years ended March 31	**2005**	2004	2003
Net cash provided by operating activities	**¥ 82,895**	¥ 64,753	¥ 57,236
Net cash used in investing activities	**(33,692)**	(35,559)	(49,516)
Net cash used in financing activities	**(27,486)**	(14,084)	(6,628)
Cash and cash equivalents at end of year	**92,980**	69,526	55,722

Assets, Liabilities and Shareholders' Equity

As of March 31, 2005, total assets stood at ¥903.5 billion, an increase of ¥31.8 billion from a year earlier. Return on average total assets was 5.0 percent, compared to 4.2 percent for the previous fiscal year.

Current assets increased ¥36.2 billion from a year earlier to ¥414.4 billion, due primarily to the increase in cash and cash equivalents. Notes and accounts receivable - trade increased



¥12.3 billion, reflecting higher sales. Inventories were essentially unchanged from a year earlier.

Investment securities included in investments and long-term advances decreased ¥6.3 billion from a year earlier, reflecting Ajinomoto's decision to generate operating capital by liquidating securities. Property, plant and equipment, net increased ¥8.6 billion. Buildings and structures increased by ¥14.6 billion and machinery and equipment increased by ¥26.6 billion, reflecting capital investment completed during the fiscal year and an increase in the value of the assets of overseas subsidiaries when translated into yen because the yen depreciated against certain currencies during the fiscal year. Land decreased by ¥4.9 billion as a result of impairment accounting and the sales of underutilized land assets.

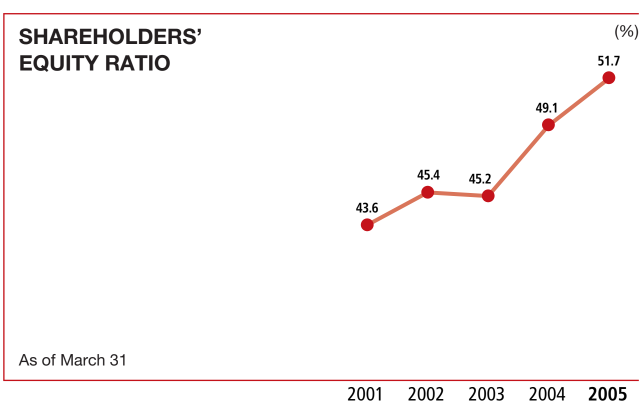
Current liabilities increased ¥4.6 billion from a year earlier to ¥230.8 billion, primarily because of pending repayment of bonds during 2005. Current portion of long-term debt increased, while short-term borrowings decreased ¥5.6 billion. The balance of commercial paper, which is accounted for under accrued expenses and other current liabilities, decreased to zero as of the

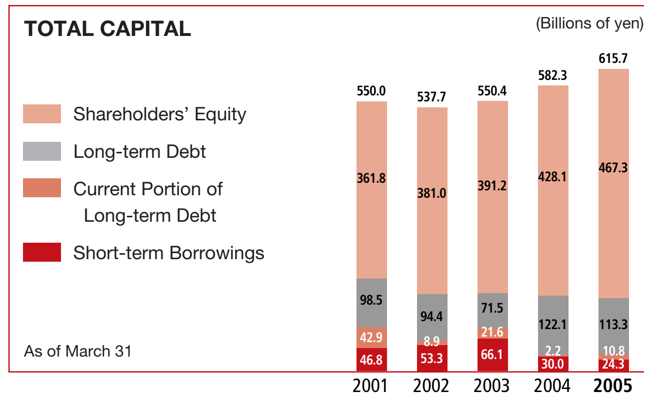
	Millions of yen (Percentage of respective total)				Thousands of U.S. dollars
As of March 31	**2005**		2004		**2005**
Total assets	**¥903,542**	**(100.0%)**	¥871,780	(100.0%)	**$8,444,318**
Notes and accounts receivable	**187,214**	**(20.7)**	177,262	(20.3)	**1,749,664**
Cash and cash equivalents	**92,980**	**(10.3)**	69,526	(8.0)	**868,972**
Inventories	**97,459**	**(10.8)**	97,178	(11.1)	**910,832**
Investments and long-term advances	**128,204**	**(14.2)**	133,112	(15.3)	**1,198,168**
Property, plant and equipment	**302,458**	**(33.5)**	293,811	(33.7)	**2,826,710**
Total liabilities	**411,536**	**(45.5)**	421,410	(48.3)	**3,846,131**
Notes and accounts payable	**109,894**	**(26.7)**	108,966	(25.9)	**1,027,047**
Short-term borrowings	**24,305**	**(5.9)**	29,950	(7.1)	**227,150**
Current portion of long-term debt	**10,764**	**(2.6)**	2,162	(0.5)	**100,598**
Accrued income taxes	**16,584**	**(4.0)**	7,701	(1.8)	**154,991**
Long-term debt	**113,338**	**(27.5)**	122,099	(29.0)	**1,059,234**
Shareholders' equity	**467,297**	**(51.7)**	428,077	(49.1)	**4,367,262**

fiscal year-end. Working capital increased to ¥183.6 billion from ¥152.0 billion a year earlier, and the current ratio increased to 1.80 times from 1.67 times a year earlier.

Long-term liabilities decreased ¥14.5 billion from a year earlier to ¥180.7 billion, reflecting the pending repayment of bonds discussed above. Interest-bearing debt decreased ¥18.1 billion from a year earlier to ¥125.6 billion, reflecting Ajinomoto's emphasis on reducing debt levels during the recently completed management plan.

Shareholders' equity increased ¥39.2 billion from a year earlier to ¥467.3 billion. Retained earnings increased ¥36.4 billion. Unrealized holding gains on securities decreased ¥4.2 billion, due to factors including the divestiture of securities discussed above. An increase in the net assets of overseas subsidiaries resulting from exchange rate fluctuations supported an improvement of ¥7.3 billion in translation adjustments. Total capital, the sum of short-term borrowings, long-term debt including the current portion and shareholders' equity, was ¥615.7 billion, compared to ¥582.3 billion a year earlier, of which shareholders' equity accounted for 75.9 percent, compared to 73.5 percent a year earlier. Return on average total shareholders' equity was 10.0 percent compared to 8.9 percent for the previous fiscal year. The ratio of shareholders' equity to total assets was 51.7 percent, compared to 49.1 percent a year earlier.





Outlook for the Year Ending March 31, 2006

Certain sectors of the Japanese economy continue to show weakness, and uncertainties are developing as the recovery levels off. The global situation is similar, in that although certain regions are recovering, causes for concern are apparent in factors such as the slowing down of the U.S. economy, pressure within the economy in China, and continued high oil prices.

Given such conditions, in the domestic food products business, Ajinomoto will expand sales of core products while improving profitability by reducing costs. In the overseas food products business, Ajinomoto will continue working to expand seasonings sales and develop processed foods operations. In the amino acids business, Ajinomoto intends to enhance production capabilities in response to demand and leverage the Group's technical expertise to further boost profitability. In the pharmaceuticals business, Ajinomoto will expand sales of core products while working to further reduce costs and maximize efficiencies in production and distribution.

Ajinomoto forecasts consolidated net sales for the fiscal year ending March 31, 2006 to increase 4.4 percent to ¥1,120.0 billion, and operating income to increase 5.8 percent to ¥75.0 billion. Net income is forecast to increase 0.4 percent year-on-year to ¥45.0 billion.

These forecasts are based on an assumed exchange rate of ¥105.0 to the U.S. dollar. The Company plans to increase total dividend payments by ¥1.0 to ¥14.0 per ordinary share, with an interim dividend payment of ¥7.0 per share.

Operational Risk

Ajinomoto is exposed to various operational risks that could affect its performance and financial position, including the market price of the Company's shares, as outlined below. The following represents management's judgement as of March 2005.

Exchange Rate Risk

The Ajinomoto Group, including Ajinomoto Co., Inc. and related companies, continues to expand and strengthen its global manufacturing and supply structure. The Group operates in 23 countries and regions including Japan, with manufacturing plants at 102 sites in 16 of these countries and regions. The relative importance of international operations is therefore very high. In the fiscal years to March 31, 2004 and March 31, 2005, sales to third parties in the geographical segments of Asia, America and Europe were ¥248.8 billion and ¥279.4 billion, respectively, comprising 23.9 percent and 26.0 percent of consolidated sales. Operating income derived from these regions in the same periods was ¥35.1 billion and ¥28.8 billion, respectively, and comprised 53.9 percent and 40.6 percent of consolidated operating income. Ajinomoto hedges exchange risks with forward exchange contracts and other mechanisms. However, exchange rate fluctuations have the potential to affect the business results of international operations.

Changes in Market Conditions

In the amino acids business, Ajinomoto handles feed-use amino acids. Changes in the grain market and in demand trends exert a significant impact on their unit price. The Group seeks to reduce and diversify such risks by handling a variety of feed-use amino acids (Lysine, Threonine and Tryptophan), while also working to stabilize and improve profitability by reducing production costs. However, fluctuations in the grain market have the potential to affect Group financial performance.

Natural Disasters, Social Disruption and Political Changes

The Group is actively developing its international operations. Some of the risks accompanying this development are as follows, and each of the identifiable risks outlined could affect Group performance.

- 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
- IT-related problems such as computer viruses or the leaking of information.

Laws and Regulations

Within Japan, the Group endeavors to comply with all laws and regulations, including those pertaining to food, pharmaceuticals, the environment and recycling. The Group also seeks to meet all legal obligations in each country in which it operates, 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 unforeseen legal changes may be introduced, and complying with any such changes may restrict the Group's operations and adversely affect financial performance.

Food Safety Issues

In recent years, various food safety issues have arisen in the food industry relating to matters such as BSE, avian flu, and product safety and quality. The Group 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 that are the foundation of its business. 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. Such occurrences could adversely affect the Group's performance.

Litigation

In the United States, two cases claiming compensation for damages relating to breaches of the anti-trust law and the consumer protection act in the sale of nucleotides and MSG are being brought against the Company and its subsidiaries Ajinomoto U.S.A., Inc. and AJINOMOTO FOODS EUROPE S.A.S. by groups claiming to have purchased nucleotides and MSG outside the United States. These cases are in the earliest stages of being heard at the U.S. District Court for the District of Minnesota, and specific compensatory claims and other details have yet to emerge.

Consolidated Balance Sheets

Ajinomoto Co., Inc. and Consolidated Subsidiaries
As of March 31, 2005 and 2004

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2005	2004	**2005**
ASSETS			
Current assets:			
Cash and cash equivalents	**¥ 92,980**	¥ 69,526	**$ 868,972**
Time deposits and short-term investments (Note 14)	**2,234**	2,742	**20,879**
Notes and accounts receivable:			
Trade	**179,721**	167,450	**1,679,636**
Unconsolidated subsidiaries and affiliates	**8,288**	10,593	**77,458**
Allowance for doubtful receivables	**(795)**	(781)	**(7,430)**
Inventories (Note 3)	**97,459**	97,178	**910,832**
Deferred tax assets (Note 7)	**10,313**	8,511	**96,383**
Prepaid expenses and other current assets	**24,212**	22,984	**226,280**
Total current assets	**414,415**	378,207	**3,873,037**
Investments and long-term advances (Notes 6 and 14)**:**			
Investments in and advances to unconsolidated subsidiaries and affiliates	**67,087**	63,370	**626,981**
Investment securities	**55,164**	61,488	**515,551**
Other advances	**5,952**	8,253	**55,626**
Total investments and long-term advances	**128,204**	133,112	**1,198,168**
Property, plant and equipment (Notes 4 and 6)**:**			
Land	**57,861**	62,727	**540,757**
Buildings and structures	**252,206**	237,635	**2,357,065**
Machinery and equipment	**492,441**	465,841	**4,602,252**
	802,509	766,204	**7,500,084**
Accumulated depreciation	**(500,050)**	(472,393)	**(4,673,364)**
Property, plant and equipment, net	**302,458**	293,811	**2,826,710**
Other assets:			
Deferred tax assets (Note 7)	**13,042**	17,347	**121,888**
Other	**45,421**	49,301	**424,495**
Total other assets	**58,463**	66,649	**546,383**
Total assets	**¥ 903,542**	¥ 871,780	**$8,444,318**

See accompanying notes to consolidated financial statements.

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2005	2004	**2005**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Short-term borrowings (Notes 5 and 6)	**¥ 24,305**	¥ 29,950	**$ 227,150**
Current portion of long-term debt (Notes 5 and 6)	**10,764**	2,162	**100,598**
Notes and accounts payable (Note 6):			
Trade	**65,341**	66,668	**610,664**
Unconsolidated subsidiaries and affiliates	**43,799**	41,623	**409,336**
Construction	**754**	675	**7,047**
Accrued income taxes (Note 7)	**16,584**	7,701	**154,991**
Deferred tax liabilities (Note 7)	**12**	18	**112**
Accrued expenses and other current liabilities	**69,247**	77,417	**647,168**
Total current liabilities	**230,810**	226,217	**2,157,103**
Long-term liabilities:			
Long-term debt (Notes 5 and 6)	**113,338**	122,099	**1,059,234**
Accrued employees' retirement benefits (Note 8)	**63,275**	69,492	**591,355**
Accrued officers' severance benefits	**1,860**	1,584	**17,383**
Deferred tax liabilities (Note 7)	**2,252**	2,016	**21,047**
Total long-term liabilities	**180,726**	195,193	**1,689,028**
Minority interests	**24,707**	22,291	**230,907**
Shareholders' equity (Notes 9 and 19)**:**			
Common stock:			
Authorized: 2005 and 2004 — 1,000,000,000 shares			
Issued: 2005 — 649,981,740 shares	**79,863**	—	**746,383**
2004 — 649,981,740 shares	**—**	79,863	**—**
Capital surplus	**111,579**	111,579	**1,042,794**
Retained earnings	**315,981**	279,539	**2,953,093**
Unrealized holding gains on securities	**9,239**	13,413	**86,346**
Translation adjustments	**(47,116)**	(54,436)	**(440,336)**
Treasury stock, at cost:			
1,825,070 shares in 2005 and 1,522,814 shares in 2004	**(2,250)**	(1,881)	**(21,028)**
Total shareholders' equity	**467,297**	428,077	**4,367,262**
Contingent liabilities (Note 12)			
Total liabilities and shareholders' equity	**¥903,542**	¥871,780	**$8,444,318**

Consolidated Statements of Income

Ajinomoto Co., Inc. and Consolidated Subsidiaries
Years ended March 31, 2005, 2004 and 2003

	Millions of yen			Thousands of U.S. dollars (Note 2)
	2005	2004	2003	**2005**
Net sales	**¥1,073,010**	¥1,039,551	¥987,727	**$10,028,131**
Cost of sales (Note 10)	**760,554**	743,251	716,999	**7,107,981**
Gross profit	**312,455**	296,299	270,727	**2,920,140**
Selling, general and administrative expenses (Note 10)	**241,538**	231,109	216,668	**2,257,364**
Operating income	**70,916**	65,190	54,059	**662,766**
Other income (expenses):				
Interest expense	**(3,020)**	(2,960)	(3,377)	**(28,224)**
Interest and dividend income	**2,537**	1,721	1,921	**23,710**
Reversal to income of accrued retirement benefits	**7**	36	3	**65**
Unrealized loss on securities	**(104)**	(360)	(237)	**(972)**
Gain on sales of securities	**11,202**	18,443	20,687	**104,692**
Loss on impairment of fixed assets (Note 1.g)	**(6,075)**	(7,645)	—	**(56,776)**
Loss on liquidation of affiliates	**(124)**	(683)	—	**(1,159)**
Equity in earnings of affiliates	**3,263**	4,467	6,549	**30,495**
Other, net	**3,134**	(11,193)	(14,138)	**29,290**
	10,821	1,826	11,407	**101,131**
Income before income taxes and minority interests	**81,737**	67,017	65,466	**763,897**
Income taxes (Note 7):				
Current	**28,513**	14,421	33,834	**266,477**
Deferred	**5,826**	13,232	(4,685)	**54,449**
	34,340	27,653	29,149	**320,935**
Minority interests	**(2,580)**	(3,086)	(3,138)	**(24,112)**
Net income (Note 13)	**¥ 44,817**	¥ 36,276	¥ 33,178	**$ 418,850**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Shareholders' Equity

Ajinomoto Co., Inc. and Consolidated Subsidiaries
Years ended March 31, 2005, 2004 and 2003

	Millions of yen			Thousands of U.S. dollars (Note 2)
	2005	2004	2003	**2005**
Common stock				
Beginning of year	**¥ 79,863**	¥ 79,863	¥ 79,863	**$ 746,383**
Add:				
End of year	**¥ 79,863**	¥ 79,863	¥ 79,863	**$ 746,383**
Capital surplus				
Beginning of year	**¥111,579**	¥111,579	¥111,579	**$1,042,794**
Add:				
Profit from sale of treasury stock	**0**	—	—	**0**
End of year	**¥111,579**	¥111,579	¥111,579	**$1,042,794**
Retained earnings				
Opening balance	**¥279,539**	¥250,973	¥222,565	**$2,612,514**
Adjustments to retained earnings for inclusion in or exclusion from consolidation or equity method of accounting and other	**(350)**	312	1,968	**(3,271)**
Beginning of year	**279,188**	251,285	224,533	**2,609,234**
Add:				
Net income	**44,817**	36,276	33,178	**418,850**
Deduct:				
Cash dividends paid	**(7,780)**	(7,783)	(6,497)	**(72,710)**
Bonuses to directors and statutory auditors	**(243)**	(239)	(241)	**(2,271)**
End of year	**¥315,981**	¥279,539	¥250,973	**$2,953,093**
Unrealized holding gains on securities				
Balance at beginning of the year	**¥ 13,413**	¥ 1,727	¥ 9,583	**$ 125,355**
Net change during the year	**(4,173)**	11,686	(7,855)	**(39,000)**
Balance at end of the year	**¥ 9,239**	¥ 13,413	¥ 1,727	**$ 86,346**
Translation adjustments				
Balance at beginning of the year	**¥ (54,436)**	¥ (51,349)	¥ (42,441)	**$ (508,748)**
Net change during the year	**7,320**	(3,087)	(8,907)	**68,411**
Balance at end of the year	**¥ (47,116)**	¥ (54,436)	¥ (51,349)	**$ (440,336)**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Ajinomoto Co., Inc. and Consolidated Subsidiaries
Years ended March 31, 2005, 2004 and 2003

	Millions of yen			Thousands of U.S. dollars (Note 2)
	2005	2004	2003	**2005**
Cash flows from operating activities				
Income before income taxes and minority interests	**¥ 81,737**	¥ 67,017	¥ 65,466	**$ 763,897**
Depreciation and amortization	**39,854**	39,925	38,969	**372,467**
Loss on impairment of fixed assets	**6,075**	7,645	—	**56,776**
Amortization of excess of cost over net assets acquired	**4,219**	3,619	3,257	**39,430**
Accrued employees' retirement benefits	**(6,365)**	944	(1,608)	**(59,486)**
Accrued officers' severance benefits	**273**	(184)	154	**2,551**
Interest and dividend income	**(2,537)**	(1,721)	(1,921)	**(23,710)**
Interest expense	**3,020**	2,960	3,377	**28,224**
Equity in earnings of affiliates	**(3,263)**	(4,467)	(6,549)	**(30,495)**
Gain on sales of securities	**(6,860)**	(55)	(613)	**(64,112)**
Loss on revaluation of securities	**104**	324	237	**972**
Gain on sales of investments in affiliates	**(4,341)**	(18,388)	(19,983)	**(40,570)**
Notes and accounts receivable	**(7,435)**	655	(1,585)	**(69,486)**
Notes and accounts payable	**(738)**	(7,180)	1,983	**(6,897)**
Settlement package	**2,048**	1,363	6,894	**19,140**
Penalty paid	**131**	—	1,977	**1,224**
Other	**(5,175)**	1,507	(702)	**(48,364)**
Subtotal	**100,746**	93,966	89,355	**941,551**
Interest and dividends received	**4,041**	3,913	6,536	**37,766**
Interest paid	**(2,887)**	(2,937)	(3,367)	**(26,981)**
Settlement package	**(150)**	(1,363)	(6,816)	**(1,402)**
Penalty paid	**—**	—	(1,977)	**—**
Income taxes paid	**(18,855)**	(28,825)	(26,494)	**(176,215)**
Net cash provided by operating activities	**82,895**	64,753	57,236	**774,720**
Cash flows from investing activities				
Decrease (increase) in marketable securities	**156**	(156)	—	**1,458**
Acquisition of property, plant and equipment	**(52,691)**	(47,007)	(54,753)	**(492,439)**
Proceeds from sales of property, plant and equipment	**13,883**	4,278	9,473	**129,748**
Acquisition of intangible assets, net of proceeds	**(4,969)**	(6,194)	(3,812)	**(46,439)**
Acquisition of investments in securities	**(6,088)**	(229)	(14,986)	**(56,897)**
Proceeds from sales of investments in securities	**12,713**	4,194	25,054	**118,813**
Acquisition of subsidiaries' stock resulting in change in the scope of consolidation	**—**	(7,384)	(32,671)	**—**
Proceeds from sales of subsidiaries' stock resulting from change in the scope of consolidation	**—**	—	650	**—**
Acquisition of shares of affiliates	**(2,972)**	(2,483)	(3,136)	**(27,776)**
Proceeds from sales of shares of affiliates	**5,952**	20,844	22,536	**55,626**
Other	**323**	(1,420)	2,128	**3,019**
Net cash used in investing activities	**(33,692)**	(35,559)	(49,516)	**(314,879)**
Cash flows from financing activities				
(Decrease) increase in short-term borrowings	**(6,163)**	(34,175)	15,719	**(57,598)**
Decrease in commercial paper	**(10,000)**	(1,000)	(7,000)	**(93,458)**
Proceeds from long-term debt	**1,073**	2,461	3,503	**10,028**
Repayments of long-term debt	**(4,003)**	(7,744)	(10,493)	**(37,411)**
Proceeds from bond issuance	**—**	49,726	—	**—**
Repayment of bonds and convertible bonds	**—**	(15,000)	—	**—**
Cash dividends paid	**(7,776)**	(7,783)	(6,500)	**(72,673)**
Acquisition of shares of treasury common stock	**(450)**	(242)	(1,506)	**(4,206)**
Other	**(165)**	(327)	(351)	**(1,542)**
Net cash used in financing activities	**(27,486)**	(14,084)	(6,628)	**(256,879)**
Effect of exchange rate changes on cash and cash equivalents	**1,474**	(1,976)	(1,750)	**13,776**
Increase (decrease) in cash and cash equivalents	**23,191**	13,133	(659)	**216,738**
Cash and cash equivalents at beginning of year	**69,526**	55,722	56,550	**649,776**
Increase due to inclusion of subsidiaries in consolidation	**262**	670	718	**2,449**
Decrease due to inclusion of subsidiaries in consolidation	**—**	—	(887)	**—**
Cash and cash equivalents at end of year	**¥ 92,980**	¥ 69,526	¥ 55,722	**$ 868,972**

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Ajinomoto Co., Inc. and Consolidated Subsidiaries March 31, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Presentation

The accompanying consolidated financial statements of Ajinomoto Co., Inc. (the "Company") and its consolidated subsidiaries are compiled from the consolidated financial statements prepared by the Company as required by the Securities and Exchange Law of Japan and are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

As permitted by the Securities and Exchange Law, amounts of less than one million yen have been omitted. Consequently, the totals shown in the accompanying consolidated financial statements (both in yen and U.S. dollars) do not necessarily agree with the sum of the individual amounts.

Certain amounts in the prior years' financial statements have been reclassified to conform to the current year's presentation.

b. Basis of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and any significant companies controlled directly or indirectly by the Company. Companies over which the Company exercises significant influence in terms of their operating and financial policies are included in the consolidated financial statements on an equity basis. All significant intercompany balances and transactions are eliminated in consolidation.

The minor differences arising from the cost of the investments in subsidiaries and affiliates over the equity in their net assets at fair value are charged or credited to income in the year of acquisition. Significant differences are, as a rule, amortized over periods of 5,10,15, 20 or 25 years.

Investments in other affiliates and unconsolidated subsidiaries, not significant in amount, are carried at cost or less. Where there has been permanent impairment in the value of its investments, the Company has written down such investments.

c. Foreign Currency Translation

Current and non-current monetary accounts denominated in foreign currencies are translated into yen at the current rates.

The revenue and expense accounts of the foreign consolidated subsidiaries are translated at the rates of exchange in effect at the balance sheet date. Except for shareholders' equity, the balance sheet accounts are also translated into yen at the rates of exchange in effect at the balance sheet date. The components of shareholders' equity are translated at their historical exchange rates.

d. Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

e. Inventories

Inventories are stated at the lower of cost or market, cost being determined by the average method.

f. Securities

Securities other than those of subsidiaries and affiliates are classified into three categories: trading, held-to-maturity or other securities. Trading securities are carried at fair value and held-to-maturity securities are carried at amortized cost. Marketable securities classified as other securities are carried at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, included directly in shareholders' equity. Non-marketable securities classified as other securities are carried at cost. Cost of securities sold is determined by the moving average method.

g. Property, Plant and Equipment and Depreciation

Property, plant and equipment is stated at cost. Depreciation is computed primarily by the declining-balance method at rates based on the estimated useful lives of the respective assets, ranging from 3 to 50 years for buildings and structures and from 2 to 20 years for machinery and equipment.

Maintenance and minor repairs are charged to income as incurred; major renewals and improvements are capitalized.

Effective the year ended March 31, 2004, the Company has early adopted a new accounting standard for the impairment of fixed assets which requires that tangible and intangible fixed assets be carried at cost less depreciation, and be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Companies would be required to recognize an impairment loss in their statement of income if certain indicators of asset impairment exist and the book value of an asset exceeds the undiscounted sum of future cash flows of the asset. The standard states that impairment losses should be measured as the excess of the book value over the higher of (1) the fair market value of the asset, net of disposition costs and (2) the present value of future cash flows arising ongoing utilization of the assets and from disposal after asset use. The standard covers land, factories, buildings and other forms of property, plant and equipment as well as intangible assets. Fixed assets will be grouped at the lowest level for which there is identifiable cash flows that are independent of cash flows of other groups of assets.

As a result of the adoption of this new accounting standard, a loss on impairment of land in the amount of ¥7,645 million ($72,123 thousand) was recognized and income before income taxes and minority interests decreased by the same amount for the year ended March 31, 2004 as compared with the corresponding amount under the previous method.

h. Leases

Noncancelable leases of the Company and its domestic consolidated subsidiaries are accounted for as operating leases (whether such leases are classified as operating or finance leases) except that lease agreements which stipulate the transfer of ownership of the leased assets to the lessee are accounted for as finance leases. However, leases of the foreign consolidated subsidiaries are generally classified as either finance or operating leases and accounted for accordingly.

i. Bond Issuance Expenses

Bond issuance expenses are charged to income as incurred.

j. Retirement Benefits

Accrued employees' retirement benefits are provided mainly at an amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets as of the balance sheet date, as adjusted for unrecognized actuarial gain or loss and unrecognized prior service cost. The retirement benefit obligation is attributed to each period by the straight-line method over the estimated years of service of the employees. The net retirement benefit obligation at transition was charged to income as incurred.

Actuarial gain and loss are amortized in the year following the year in which the gain or loss is recognized primarily by the straight-

line method over the period of mainly 10 years which are shorter than the average remaining years of service of the employees.
Prior service cost is being amortized as incurred by the straight-line method over the period of principally 10 years which are shorter than the average remaining years of service of the employees.
In addition, subject to the shareholders' approval, directors and corporate auditors of the Company and certain consolidated subsidiaries are customarily entitled to lump-sum payments under their respective unfunded severance benefit plans. Provision for the indemnity for severance benefits for those officers has been made at an estimated amount.

k. Income Taxes

Deferred tax assets and liabilities are determined based on the differences between financial reporting and the tax bases of the assets and liabilities and are measured using the enacted tax rates and laws which will be in effect when the differences are expected to reverse.

l. Research and Development Expenses

Research and development expenses are charged to income when incurred.

m. Derivatives

The Company and certain consolidated subsidiaries have entered into derivatives transactions in order to manage certain risks arising from adverse fluctuation in foreign currency exchange rates, interest rates, and commodity and stock prices. Derivatives are carried at fair value with any changes in unrealized gain or loss charged or credited to income.

n. Appropriation of retained earnings

Under the Commercial Code of Japan, the appropriation of retained earnings with respect to a given financial period is made by resolution of the shareholders at a general meeting to be held subsequent to the close of such financial period. The accounts for that period do not, therefore, reflect such appropriations. See Note 19.

2. U.S. DOLLAR AMOUNTS

The translation of yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and has been made, as a matter of arithmetic computation only, at ¥107 = U.S.$1.00, the approximate rate of exchange in effect on March 31, 2005.
The translation should not be construed as a representation that yen have been, could have been, or could in the future be, converted into U.S. dollars at the above or any other rate.

3. INVENTORIES

Inventories at March 31, 2005 and 2004 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2005	2004	2005
Finished goods	¥57,783	¥54,903	$540,028
Work in process	15,036	18,609	140,523
Raw materials and supplies	24,638	23,665	230,262
	¥97,459	¥97,178	$910,832

4. DEPRECIATION

Depreciation expense for the years ended March 31, 2005, 2004 and 2003 amounted to ¥35,807 million ($334,645 thousand), ¥35,115 million and ¥34,894 million, respectively.

5. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings are, with minor exceptions, unsecured and generally represent overdrafts. The annual interest rates applicable to the borrowings at March 31, 2005 and 2004 ranged from 0.32% to 20.50% and from 0.02% to 20.50%, respectively.
Long-term debt at March 31, 2005 and 2004 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2005	2004	2005
Bonds without collateral:			
2.675% bonds due 2007	¥ 15,000	¥ 15,000	$ 140,187
2.425% bonds due 2005	10,000	10,000	93,458
2.050% bonds due 2008	20,000	20,000	186,916
0.360% bonds due 2010	15,000	15,000	140,187
0.620% bonds due 2013	20,000	20,000	186,916
0.710% bonds due 2015	15,000	15,000	140,187
Loans from banks, insurance companies and government-sponsored agencies:			
With collateral	810	1,597	7,570
Without collateral	5,487	7,160	51,280
Customers' deposits	13,104	13,810	122,467
Other	9,699	6,692	90,645
	124,100	124,259	1,159,813
Current portion	(10,764)	(2,162)	(100,598)
	¥113,338	¥122,099	$1,059,234

The annual maturities of long-term debt subsequent to March 31, 2005 are summarized as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2006	**¥ 10,764**	**$ 100,598**
2007	**1,478**	**13,813**
2008	**16,345**	**152,757**
2009	**20,933**	**195,636**
2010 and thereafter	**74,580**	**697,009**
	¥124,100	**$1,159,813**

6. PLEDGED ASSETS

The assets pledged as collateral for short-term borrowings, notes and accounts payable and long-term debt at March 31, 2005 were as follows:

	Millions of yen	Thousands of U.S. dollars
Property, plant and equipment, at net book value	**¥5,070**	**$47,383**
Investment securities	**12**	**112**
	¥5,083	**$47,505**

7. INCOME TAXES

The Company and its domestic consolidated subsidiaries are subject to a number of taxes based on income which, in the aggregate, resulted in statutory tax rates of 40.6% in 2005 and 42.0% in 2004 and 2003. Income taxes of the foreign consolidated subsidiaries are based generally on the tax rates applicable in their countries of incorporation.

The effective tax rates reflected in the consolidated statements of income for the year ended March 31, 2003 differ from the statutory tax rate for the following reasons:

	2003
Statutory tax rate	42.0%
Effect of:	
Expenses not deductible for income tax purposes	2.6
Dividend income deductible for income tax purposes	1.7
Other, net	(1.8)
Effective tax rate	44.5%

The differences between the statutory tax rates and the effective tax rates for the years ended March 31, 2005 and 2004 have not been disclosed because such differences were less than 5% of statutory tax rates.

New legislation was enacted in March 2003 which changed the aggregate statutory tax rate from 42.0% to 40.6% effective for fiscal years beginning after March 31, 2004. The effect of this tax rate change was to increase income taxes – deferred by ¥390 million for the year ended March 31, 2003.

The significant components of deferred tax assets and liabilities at March 31, 2005 and 2004 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2005	2004	**2005**
Deferred tax assets:			
Inventories	**¥ 288**	¥ 307	**$ 2,692**
Securities	**1,579**	769	**14,757**
Property, plant and equipment	**1,396**	1,585	**13,047**
Accrued retirement benefits	**26,186**	27,949	**244,729**
Accrued expenses	**3,223**	1,986	**30,121**
Accrued bonuses	**4,012**	3,823	**37,495**
Unrealized profit	**3,290**	3,448	**30,748**
Accrued enterprise tax	**1,798**	291	**16,804**
Loss on impairment of fixed assets	**5,602**	3,103	**52,355**
Other	**(5,930)**	(90)	**(55,421)**
Total deferred tax assets	**41,444**	43,174	**387,327**
Deferred tax liabilities:			
Reserves under Special Taxation Measures Law	**10,872**	7,189	**101,607**
Unrealized gain on land	**2,835**	2,812	**26,495**
Other	**6,646**	9,348	**62,112**
Total deferred tax liabilities	**20,353**	19,350	**190,215**
Net deferred tax assets	**¥21,091**	¥23,824	**$197,112**

8. RETIREMENT BENEFIT PLANS

The Company and its domestic consolidated subsidiaries have defined benefit plans, i.e., welfare pension fund plans, tax-qualified pension plans and lump-sum payment plans, covering substantially all employees who are entitled to lump-sum or annuity payments, the amounts of which are determined by reference to their basic rates of pay, length of service, and the conditions under which termination occurs. Certain foreign consolidated subsidiaries have defined contribution plans in addition to defined benefit plans.

The following table sets forth the funded and accrued status of the plans and the amounts recognized in the consolidated balance sheets at March 31, 2005 and 2004 for the Company's and the consolidated subsidiaries' defined benefit plans:

	Millions of yen		Thousands of U.S. dollars
	2005	2004	**2005**
Retirement benefit obligation	**¥(267,588)**	¥(257,450)	**$(2,500,822)**
Plan assets at fair value	**175,940**	165,650	**1,644,299**
Unfunded retirement benefit obligation	**(91,647)**	(91,799)	**(856,514)**
Unrecognized actuarial gain or loss	**48,560**	43,485	**453,832**
Unrecognized prior service cost	**(20,188)**	(21,178)	**(188,673)**
Accrued retirement benefits	**¥ (63,275)**	¥ (69,492)	**$ (591,355)**

The government-sponsored portion of the benefits under the welfare pension fund plans has been included in the amounts shown in the above table.

In connection with amendments to the Company's defined benefit plans effective April 2004, prior service cost (a reduction of the liability) of ¥19.1 billion was incurred for the year ended March 31, 2004.

The components of retirement benefit expenses for the years ended March 31, 2005 and 2004 are outlined as follows:

	Millions of yen		Thousands of U.S. dollars
	2005	2004	**2005**
Service cost	**¥ 5,811**	¥ 7,149	**$ 54,308**
Interest cost	**6,269**	6,778	**58,589**
Expected return on plan assets	**(5,678)**	(5,065)	**(53,065)**
Amortization of prior service cost	**(2,283)**	(610)	**(21,336)**
Amortization of actuarial gain or loss	**5,595**	6,674	**52,290**
Other	**532**	2,336	**4,972**
Total	**¥10,247**	¥17,262	**$ 95,766**

The assumptions used in accounting for the above plans were as follows:

	As of March 31,	
	2005	2004
Discount rates	**Mainly 2.5%**	Mainly 2.5%
Expected return on assets	**Mainly 3.5%**	Mainly 3.5%

9. SHAREHOLDERS' EQUITY

Retained earnings include a legal reserve provided in accordance with the Commercial Code of Japan. The Code provides that neither capital surplus nor the legal reserve is available for dividends, but both may be used to reduce or eliminate a deficit by resolution of the shareholders or may be transferred to common stock by resolution of the Board of Directors. The Code also provides that if the total amount of capital surplus and the legal reserve exceeds 25% of the amount of common stock, the excess may be distributed to the shareholders either as a return of capital or as dividends subject to the approval of the shareholders.

10. RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses included in manufacturing costs and selling, general and administrative expenses for the years ended March 31, 2005, 2004 and 2003 were ¥28,432 million ($265,720 thousand), ¥28,172 million and 26,526 million, respectively.

11. LEASE TRANSACTIONS

a) Lessees' Accounting

The following pro forma amounts represent the acquisition costs, accumulated depreciation and net book value of the leased assets at March 31, 2005 and 2004, which would have been reflected in the consolidated balance sheets if finance lease accounting had been applied to the finance leases currently accounted for as operating leases:

	Millions of yen				Thousands of U.S. dollars			
March 31, 2005	Acquisition costs	Accumulated depreciation	Accumulated impairment loss	Net book value	Acquisition costs	Accumulated depreciation	Accumulated impairment loss	Net book value
Buildings and structures	**¥ 1,547**	**¥ 127**	**¥1,352**	**¥ 67**	**$ 14,458**	**$ 1,187**	**$12,636**	**$ 626**
Machinery and equipment	**12,848**	**6,068**	**78**	**6,702**	**120,072**	**56,708**	**727**	**62,638**
Total	**¥14,395**	**¥6,195**	**¥1,430**	**¥6,769**	**$134,533**	**$57,897**	**$13,364**	**$63,262**

	Millions of yen		
March 31, 2004	Acquisition costs	Accumulated depreciation	Net book value
Buildings and structures	¥1,510	¥ 65	¥1,445
Machinery and equipment	6,923	4,447	2,476
Total	¥8,435	¥4,512	¥3,922

Lease payments relating to finance leases accounted for as operating leases in the accompanying consolidated financial statements amounted to ¥1,796 million ($16,785 thousand), ¥1,327 million and ¥1,550 million, which were equal to the depreciation of the leased assets computed by the straight-line method over the respective lease terms, for the years ended March 31, 2005, 2004 and 2003, respectively.

Future minimum lease payments (including the interest portion thereon) subsequent to March 31, 2005 for finance leases accounted for as operating leases are summarized as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2006	¥1,626	$15,196
2007 and thereafter	6,573	61,430
Total	¥8,199	$76,626
Accumulated impairment loss on leaseholds	¥1,430	$13,364

Future minimum lease payments subsequent to March 31, 2005 for operating leases are summarized as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2006	¥ 694	$ 6,486
2007 and thereafter	4,551	42,533
Total	¥5,245	$49,019

b) Lessors' Accounting

The following amounts represent the acquisition costs, accumulated depreciation and net book value of the leased assets relating to finance leases accounted for as operating leases at March 31, 2005 and 2004:

	Millions of yen			Thousands of U.S. dollars		
March 31, 2005	Acquisition costs	Accumulated depreciation	Net book value	Acquisition costs	Accumulated depreciation	Net book value
Machinery and equipment	**¥16**	**¥16**	**¥0**	**$150**	**$150**	**$0**

	Millions of yen		
March 31, 2004	Acquisition costs	Accumulated depreciation	Net book value
Machinery and equipment	¥2,001	¥1,179	¥822

Lease income relating to finance leases accounted for as operating leases in the accompanying consolidated financial statements amounted to ¥1 million ($9 thousand), ¥410 million and ¥349 million for the years ended March 31, 2005, 2004 and 2003, respectively. Depreciation of the assets leased under finance leases accounted for as operating leases amounted to ¥1 million ($9 thousand), ¥369 million and ¥315 million for the years ended March 31, 2005, 2004 and 2003, respectively.

Future minimum lease income (including the interest portion thereon) subsequent to March 31, 2005 for the finance leases accounted for as operating leases are summarized as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2006	**¥0**	**$0**
2007 and thereafter	**—**	**—**
Total	**¥0**	**$0**

12. CONTINGENT LIABILITIES

At March 31, 2005, the Company and its consolidated subsidiaries had the following contingent liabilities:

	Millions of yen	Thousands of U.S. dollars
As endorser of documentary export bills and trade notes receivable discounted with banks	**¥ 87**	**$ 813**
As guarantor of indebtedness of unconsolidated subsidiaries, affiliates and employees	**796**	**7,439**
	¥883	**$8,252**

13. AMOUNTS PER SHARE

	Yen			U.S. dollars
	2005	2004	2003	**2005**
Net income	**¥ 68.8**	¥ 55.6	¥ 50.7	**$0.643**
Cash dividends	**13.0**	12.0	11.0	**0.121**
Net assets	**720.6**	659.8	602.7	**6.735**

Net income per share was computed based on the net income available for distribution to shareholders of common stock and the weighted average number of shares of common stock outstanding during the year, and amounts per share of net assets were computed based on the net assets available for distribution to the shareholders and the number of shares of common stock outstanding at the year end.

Cash dividends per share represent the cash dividends proposed by the Board of Directors as applicable to the respective years together with the interim cash dividends paid.

14. SECURITIES

a) Information regarding marketable securities classified as other securities at March 31, 2005 and 2004 is as follows:

	Millions of yen			Thousands of U.S. dollars		
March 31, 2005	Acquisition cost	Carrying value	Unrealized gain (loss)	Acquisition cost	Carrying value	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost:						
Stock	**¥29,468**	**¥44,238**	**¥14,769**	**$275,402**	**$413,439**	**$138,028**
Other	**—**	**—**	**—**	**—**	**—**	**—**
Subtotal	**29,468**	**44,238**	**14,769**	**275,402**	**413,439**	**138,028**
Securities whose acquisition cost exceeds their carrying value:						
Stock	**5,796**	**5,435**	**(360)**	**54,168**	**50,794**	**(3,364)**
Other	**55**	**44**	**(10)**	**514**	**411**	**(93)**
Subtotal	**5,851**	**5,479**	**(371)**	**54,682**	**51,206**	**(3,467)**
Total	**¥35,320**	**¥49,718**	**¥14,397**	**$330,093**	**$464,654**	**$134,551**

	Millions of yen		
March 31, 2004	Acquisition cost	Carrying value	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost:			
Stock	¥32,715	¥54,909	¥22,193
Other	300	311	11
Subtotal	33,015	55,220	22,205
Securities whose acquisition cost exceeds their carrying value:			
Stock	1,438	1,112	(326)
Other	55	42	(12)
Subtotal	1,493	1,154	(339)
Total	¥34,509	¥56,375	¥21,865

b) Sales of securities classified as other securities for the years ended March 31, 2004, 2003 and 2002 are summarized as follows:

	Millions of yen			Thousands of U.S. dollars
March 31,	2005	2004	2003	2005
Proceeds from sales	¥12,713	¥4,194	¥25,054	$118,813
Gains on sales	6,860	70	4,817	64,112
Losses on sales	—	14	4,204	—

c) The redemption schedule for securities with maturity dates classified as other securities at March 31, 2005 is summarized as follows:

	Millions of yen			Thousands of U.S. dollars		
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due in one year or less	Due after one year through five years	Due after five years through ten years
Government bonds	¥0	¥300	¥ —	$0	$2,804	$ —
Other	—	0	—	—	0	—
Total	¥0	¥300	¥ —	$0	$2,804	$ —

15. DERIVATIVE TRANSACTIONS

The Company and certain consolidated subsidiaries have entered into derivative transactions in order to manage certain risks arising from adverse fluctuations in foreign currency exchange rates, interest rates, and commodity and stock prices.

The Company is exposed to credit risk in the event of nonperformance by the counterparties to its derivative positions, but any such loss would not be material because the Company enters into such transactions only with financial institutions with high credit ratings. The notional amounts of the derivatives presented below do not necessarily represent the amounts exchanged by the parties and, therefore, are not a direct measure of the Company's risk exposure in this area.

Summarized below are the notional amounts and the estimated fair value of the derivative positions outstanding at March 31, 2005 and 2004:

a) Currency-related transactions

	Millions of yen			Thousands of U.S. dollars		
March 31, 2005	Notional amount	Fair value	Unrealized gain (loss)	Notional amount	Fair value	Unrealized gain (loss)
Forward foreign exchange contracts:						
Sell:						
US$	¥10,365	¥10,522	¥(157)	$96,869	$98,336	$(1,467)
EUR	3,043	3,099	(55)	28,439	28,963	(514)
Others	984	982	1	9,196	9,178	9
Buy:						
US$	936	953	17	8,748	8,907	159
EUR	3	3	(0)	28	28	(0)
Others	324	325	0	3,028	3,037	0
Total			¥(191)			$(1,785)

March 31, 2004	Millions of yen Notional amount	Fair value	Unrealized gain (loss)
Forward foreign exchange contracts:			
Sell:			
US$	¥9,409	¥9,158	¥250
EUR	5,455	5,211	244
Others	64	65	(1)
Buy:			
US$	926	904	(21)
EUR	7	8	0
Others	160	159	(1)
Total			¥470

b) Interest-related transactions

	Millions of yen			Thousands of U.S. dollars		
March 31, 2005	Notional amount	Fair value	Unrealized gain (loss)	Notional amount	Fair value	Unrealized gain (loss)
Interest rate swaps:						
Receive/floating and pay/fixed	**¥ 30**	**¥ (0)**	**¥(0)**	**$ 280**	**$ 271**	**$ (0)**
Receive/fixed and pay/floating	**286**	**1**	**1**	**2,673**	**2,682**	**9**
Currency swaps:						
Receive/JPY and pay/US$	**362**	**6**	**6**	**3,383**	**3,439**	**56**
Total			**¥ 7**			**$65**

	Millions of yen		
March 31, 2004	Notional amount	Fair value	Unrealized gain (loss)
Interest rate swaps:			
Receive/floating and pay/fixed	¥ 70	¥(0)	¥ (0)
Receive/fixed and pay/floating	336	0	0
Currency swaps:			
Receive/JPY and pay/US$	65	(1)	(1)
Total			¥ (1)

16. SUPPLEMENTARY CASH FLOW INFORMATION

The following is a summary of the assets and liabilities of subsidiaries which were included in consolidation upon acquisition of stock for the years ended March 31, 2004 and 2003.

	Millions of yen	
	2004	2003
Current assets	¥4,429	¥20,896
Non-current assets	7,655	17,304
Total assets	12,095	¥38,200
Current liabilities	¥4,111	¥21,417
Non-current liabilities	802	1,953
Total liabilities	¥4,913	¥23,370

17. SEGMENT INFORMATION

The Company and its consolidated subsidiaries are primarily engaged in the manufacture and sale of products in Japan and overseas in the following five business segments.

- Domestic food products segment which includes umami seasoning *AJI-NO-MOTO*, *Hon-Dashi*, *Cook Do*, soups, mayonnaise, *Pal Sweet* (domestic market), *Amino Vital*, *Mieki* (soy bean hydrolyzate), frozen foods, coffee, domestic beverages, chilled dairy products, edible oils, domestic wholesale products, etc,;
- Overseas food products segment which includes umami seasoning *AJI-NO-MOTO*, nucleotides, overseas instant noodles, overseas beverages, overseas services, etc.;
- Amino acids segment which includes various kinds of amino acids, aspartame, specialty chemicals, etc.;
- Pharmaceuticals segment which includes pharmaceuticals, medical foods;
- Other segment which includes distribution, various services, etc.

Business Segments

	Millions of yen							
Year ended March 31, 2005	Domestic Food Products	Overseas Food Products	Amino Acids	Pharmaceuticals	Other	Total	Corporate and Eliminations	Consolidated
I. Sales and operating income:								
Sales to third parties	¥597,758	¥160,406	¥173,195	¥80,736	¥ 60,913	¥1,073,010	¥ —	¥ 1,073,010
Intragroup sales	2,428	12,195	18,397	120	57,159	90,301	(90,301)	—
Total sales	600,187	172,601	191,592	80,857	118,073	1,163,311	(90,301)	1,073,010
Operating expenses	567,983	168,111	164,911	69,457	114,437	1,084,901	(82,807)	1,002,093
Operating income	¥ 32,203	¥ 4,490	¥ 26,681	¥11,399	¥ 3,635	¥ 78,410	¥ (7,493)	¥ 70,916
II. Assets, depreciation and capital expenditures:								
Total assets	¥255,856	¥146,200	¥182,084	¥90,692	¥ 64,411	¥ 739,246	¥164,296	¥ 903,542
Depreciation and amortization	7,231	8,503	12,135	4,323	2,062	34,257	5,597	39,854
Impairment losses on fixed assets	1,602	—	—	—	—	1,602	4,472	6,075
Capital expenditures	6,189	16,016	22,103	3,473	1,483	49,267	8,815	58,082

	Thousands of U.S. dollars							
Year ended March 31, 2005	Domestic Food Products	Overseas Food Products	Amino Acids	Pharmaceuticals	Other	Total	Corporate and Eliminations	Consolidated
I. Sales and operating income:								
Sales to third parties	$5,586,523	$1,499,121	$1,618,645	$754,542	$ 569,280	$10,028,131	$ —	$10,028,131
Intragroup sales	22,692	113,972	171,935	1,121	534,196	843,935	(843,935)	—
Total sales	5,609,224	1,613,093	1,790,579	755,673	1,103,486	10,872,065	(843,935)	10,028,131
Operating expenses	5,308,252	1,571,131	1,541,224	649,131	1,069,505	10,139,262	(773,897)	9,365,355
Operating income	$ 300,963	$ 41,963	$ 249,355	$106,533	$ 33,972	$ 732,804	$ (70,028)	$ 662,766
II. Assets, depreciation and capital expenditures:								
Total assets	$2,391,178	$1,366,355	$1,701,720	$847,589	$ 601,972	$ 6,908,841	$1,535,477	$ 8,444,318
Depreciation and amortization	67,579	79,467	113,411	40,402	19,271	320,159	52,308	372,467
Impairment losses on fixed assets	14,972	—	—	—	—	14,972	41,794	56,776
Capital expenditures	57,841	149,682	206,570	32,458	13,860	460,439	82,383	542,822

Year ended March 31, 2004	Millions of yen							
	Domestic Food Products	Overseas Food Products	Amino Acids	Pharmaceuticals	Other	Total	Corporate and Eliminations	Consolidated
I. Sales and operating income:								
Sales to third parties	¥598,441	¥142,307	¥154,922	¥78,958	¥ 64,921	¥1,039,551	¥ —	¥1,039,551
Intragroup sales	2,379	11,716	19,800	60	61,508	95,466	(95,466)	—
Total sales	600,820	154,024	174,723	79,018	126,430	1,135,017	(95,466)	1,039,551
Operating expenses	574,523	146,538	148,057	68,679	122,605	1,060,404	(86,043)	974,361
Operating income	¥ 26,297	¥ 7,485	¥ 26,666	¥10,339	¥ 3,824	¥ 74,613	¥ (9,422)	¥ 65,190
II. Assets, depreciation and capital expenditures:								
Total assets	¥253,989	¥133,493	¥161,396	¥96,380	¥ 65,798	¥ 711,058	¥160,721	¥ 871,780
Depreciation and amortization	7,836	6,914	12,303	5,268	2,527	34,850	5,075	39,925
Impairment losses on fixed assets	—	—	—	—	—	—	7,645	7,645
Capital expenditures	8,920	9,858	11,839	8,428	1,510	40,557	10,359	50,916

Year ended March 31, 2004	Thousands of U.S. dollars							
	Domestic Food Products	Overseas Food Products	Amino Acids	Pharmaceuticals	Other	Total	Corporate and Eliminations	Consolidated
I. Sales and operating income:								
Sales to third parties	$5,645,670	$1,342,519	$1,461,528	$744,887	$ 612,462	$ 9,807,085	$ —	$9,807,085
Intragroup sales	22,443	110,528	186,792	566	580,264	900,623	(900,623)	—
Total sales	5,668,113	1,453,057	1,648,330	745,453	1,192,736	10,707,708	(900,623)	9,807,085
Operating expenses	5,420,028	1,382,434	1,396,764	647,915	1,156,651	10,003,811	(811,726)	9,192,085
Operating income	$ 248,085	$ 70,613	$ 251,566	$ 97,538	$ 36,075	$ 703,896	$ (88,887)	$ 615,000
II. Assets, depreciation and capital expenditures:								
Total assets	$2,396,123	$1,259,368	$1,522,604	$909,245	$ 620,736	$ 6,708,094	$1,516,236	$8,224,340
Depreciation and amortization	73,925	65,226	116,066	49,698	23,840	328,774	47,877	376,651
Impairment losses on fixed assets	—	—	—	—	—	—	72,123	72,123
Capital expenditures	84,151	93,000	111,689	79,509	14,245	382,613	97,726	480,340

Year ended March 31, 2003	Millions of yen							
	Domestic Food Products	Overseas Food Products	Amino Acids	Pharmaceuticals	Other	Total	Corporate and Eliminations	Consolidated
I. Sales and operating income:								
Sales to third parties	¥583,243	¥139,236	¥135,933	¥62,693	¥ 66,621	¥ 987,727	¥ —	¥987,727
Intragroup sales	2,735	12,749	22,267	7	60,336	98,096	(98,096)	—
Total sales	585,979	151,985	158,200	62,700	126,957	1,085,823	(98,096)	987,727
Operating expenses	559,173	142,735	144,641	53,817	123,108	1,023,476	(89,808)	933,667
Operating income	¥ 26,805	¥ 9,250	¥ 13,558	¥ 8,883	¥ 3,849	¥ 62,346	¥ (8,287)	¥ 54,059
II. Assets, depreciation and capital expenditures:								
Total assets	¥261,720	¥119,903	¥152,142	¥95,725	¥ 67,910	¥ 697,402	¥167,186	¥864,588
Depreciation and amortization	7,358	7,172	12,497	3,625	2,514	33,167	5,801	38,969
Capital expenditures	6,993	11,778	18,404	7,733	2,322	47,232	10,170	57,403

Year ended March 31, 2003	Thousands of U.S. dollars							
	Domestic Food Products	Overseas Food Products	Amino Acids	Pharmaceuticals	Other	Total	Corporate and Eliminations	Consolidated
I. Sales and operating income:								
Sales to third parties	$4,860,358	$1,160,300	$1,132,775	$522,442	$ 555,175	$8,231,058	$ —	$8,231,058
Intragroup sales	22,792	106,242	185,558	58	502,800	817,467	(817,467)	—
Total sales	4,883,158	1,266,542	1,318,333	522,500	1,057,975	9,048,525	(817,467)	8,231,058
Operating expenses	4,659,775	1,189,458	1,205,342	448,475	1,025,900	8,528,967	(748,400)	7,780,558
Operating income	$ 223,375	$ 77,083	$ 112,983	$ 74,025	$ 32,075	$ 519,550	$ (69,058)	$ 450,492
II. Assets, depreciation and capital expenditures:								
Total assets	$2,181,000	$ 999,192	$1,267,850	$797,708	$ 565,917	$5,811,683	$1,393,217	$7,204,900
Depreciation and amortization	61,317	59,767	104,142	30,208	20,950	276,392	48,342	324,742
Capital expenditures	58,275	98,150	153,367	64,442	19,350	393,600	84,750	478,358

Geographical Segments

Year ended March 31, 2005 (Millions of yen)	Japan	Asia	America	Europe	Total	Corporate and Eliminations	Consolidated
Sales to third parties	¥793,652	¥102,075	¥69,487	¥107,794	¥1,073,010	¥ —	¥1,073,010
Interarea sales and transfers	38,635	13,781	11,548	6,596	70,562	(70,562)	—
Total sales	832,288	115,856	81,036	114,391	1,143,573	(70,562)	1,073,010
Operating expenses	790,163	106,468	69,406	106,617	1,072,656	(70,562)	1,002,093
Operating income	¥ 42,125	¥ 9,388	¥11,629	¥ 7,773	¥ 70,916	¥ —	¥ 70,916
Total assets	¥408,067	¥113,046	¥67,440	¥ 91,364	¥ 679,919	¥223,622	¥ 903,542

Year ended March 31, 2005 (Thousands of U.S. dollars)	Japan	Asia	America	Europe	Total	Corporate and Eliminations	Consolidated
Sales to third parties	$7,417,308	$ 953,972	$649,411	$1,007,421	$10,028,131	$ —	$10,028,131
Interarea sales and transfers	361,075	128,794	107,925	61,645	659,458	(659,458)	—
Total sales	7,778,393	$1,082,766	757,346	1,069,075	10,687,598	(659,458)	10,028,131
Operating expenses	7,384,701	995,028	648,654	996,421	10,024,822	(659,458)	9,365,355
Operating income	$ 393,692	$ 87,738	$108,682	$ 72,645	$ 662,766	$ —	$ 662,766
Total assets	$3,813,710	$1,056,505	$630,280	$ 853,869	$ 6,354,383	$2,089,925	$ 8,444,318

Year ended March 31, 2004 (Millions of yen)	Japan	Asia	America	Europe	Total	Corporate and Eliminations	Consolidated
Sales to third parties	¥790,781	¥ 92,760	¥58,134	¥97,875	¥1,039,551	¥ —	¥1,039,551
Interarea sales and transfers	37,180	11,571	10,047	4,396	63,196	(63,196)	—
Total sales	827,961	104,331	68,182	102,271	1,102,747	(63,196)	1,039,551
Operating expenses	797,883	91,960	55,951	91,761	1,037,557	(63,196)	974,361
Operating income	¥ 30,078	¥ 12,370	¥12,230	¥10,510	¥ 65,190	¥ —	¥ 65,190
Total assets	¥416,376	¥104,931	¥54,043	¥84,834	¥ 660,185	¥211,594	¥ 871,780

Year ended March 31, 2003 (Millions of yen)	Japan	Asia	America	Europe	Total	Corporate and Eliminations	Consolidated
Sales to third parties	¥758,337	¥88,661	¥52,150	¥88,577	¥ 987,727	¥ —	¥987,727
Interarea sales and transfers	34,502	9,605	10,320	3,051	57,480	(57,480)	—
Total sales	792,839	98,267	62,471	91,629	1,045,207	(57,480)	987,727
Operating expenses	761,509	88,879	55,098	85,660	991,148	(57,480)	933,667
Operating income	¥ 31,330	¥ 9,387	¥ 7,372	¥ 5,969	¥ 54,059	¥ —	¥ 54,059
Total assets	¥431,182	¥97,513	¥51,413	¥67,950	¥ 648,060	¥216,528	¥864,588

Overseas sales, which include export sales of the Company and its domestic consolidated subsidiaries and sales (other than exports to Japan) of the foreign consolidated subsidiaries for the years ended March 31, 2005, 2004 and 2003, are summarized as follows:

Overseas Sales

	Millions of yen			
Year ended March 31, 2005	Asia	America	Europe	Total
Overseas sales	**¥116,176**	**¥77,835**	**¥104,296**	**¥ 298,308**
Consolidated net sales	**—**	**—**	**—**	**1,073,010**

	Thousands of U.S. dollars			
Year ended March 31, 2005	Asia	America	Europe	Total
Overseas sales	**$1,085,757**	**$727,430**	**$974,729**	**$ 2,787,925**
Consolidated net sales	**—**	**—**	**—**	**10,028,131**
Overseas sales as a percentage of consolidated net sales	**10.8%**	**7.2%**	**9.7%**	**27.8%**

	Millions of yen			
Year ended March 31, 2004	Asia	America	Europe	Total
Overseas sales	¥104,152	¥66,631	¥95,435	¥ 266,220
Consolidated net sales				1,039,551
Overseas sales as a percentage of consolidated net sales	10.0%	6.4%	9.1%	25.6%

	Millions of yen			
Year ended March 31, 2003	Asia	America	Europe	Total
Overseas sales	¥99,395	¥57,835	¥87,762	¥244,993
Consolidated net sales				987,727
Overseas sales as a percentage of consolidated net sales	10.0%	5.9%	8.9%	24.8%

18. ADDITIONAL FINANCIAL INFORMATION

In accordance with an agreement between the Company and Unilever NV ("Unilever") dated February 18, 2003 with respect to sales of the Company's shares in their seven joint ventures in six Asian countries/regions to Unilever group companies, the Company sold part of its shares in the joint ventures for ¥22,278 million which resulted in recognition of a gain of ¥19,865 million for the year ended March 31, 2003. The remaining shares were sold for ¥20,844 million at a gain of ¥18,388 million for the year ended March 31, 2004.

19. SUBSEQUENT EVENT

The following appropriations of retained earnings of the Company, which have not been reflected in the accompanying consolidated financial statements for the year ended March 31, 2005, were approved by the shareholders at a meeting held on June 29, 2005:

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividends (¥7=U.S.$0.065 per share)	¥4,537	$42,402
Bonuses to directors and statutory auditors	181	1,692

Report of Independent Auditors

ERNST & YOUNG SHINNIHON

■ Certified Public Accountants
Hibiya Kokusai Bldg.
2-2-3, Uchisaiwai-cho
Chiyoda-ku, Tokyo, Japan 100-0011
C.P.O. Box 1196, Tokyo, Japan 100-8641

■ Tel : 03 3503 1100
Fax : 03 3503 1197

The Board of Directors and Shareholders
Ajinomoto Co., Inc.

We have audited the accompanying consolidated balance sheets of Ajinomoto Co., Inc. and consolidated subsidiaries as of March 31, 2005 and 2004, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended March 31, 2005, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Ajinomoto Co., Inc. and consolidated subsidiaries at March 31, 2005 and 2004, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2005 in conformity with accounting principles generally accepted in Japan.

Supplemental Information

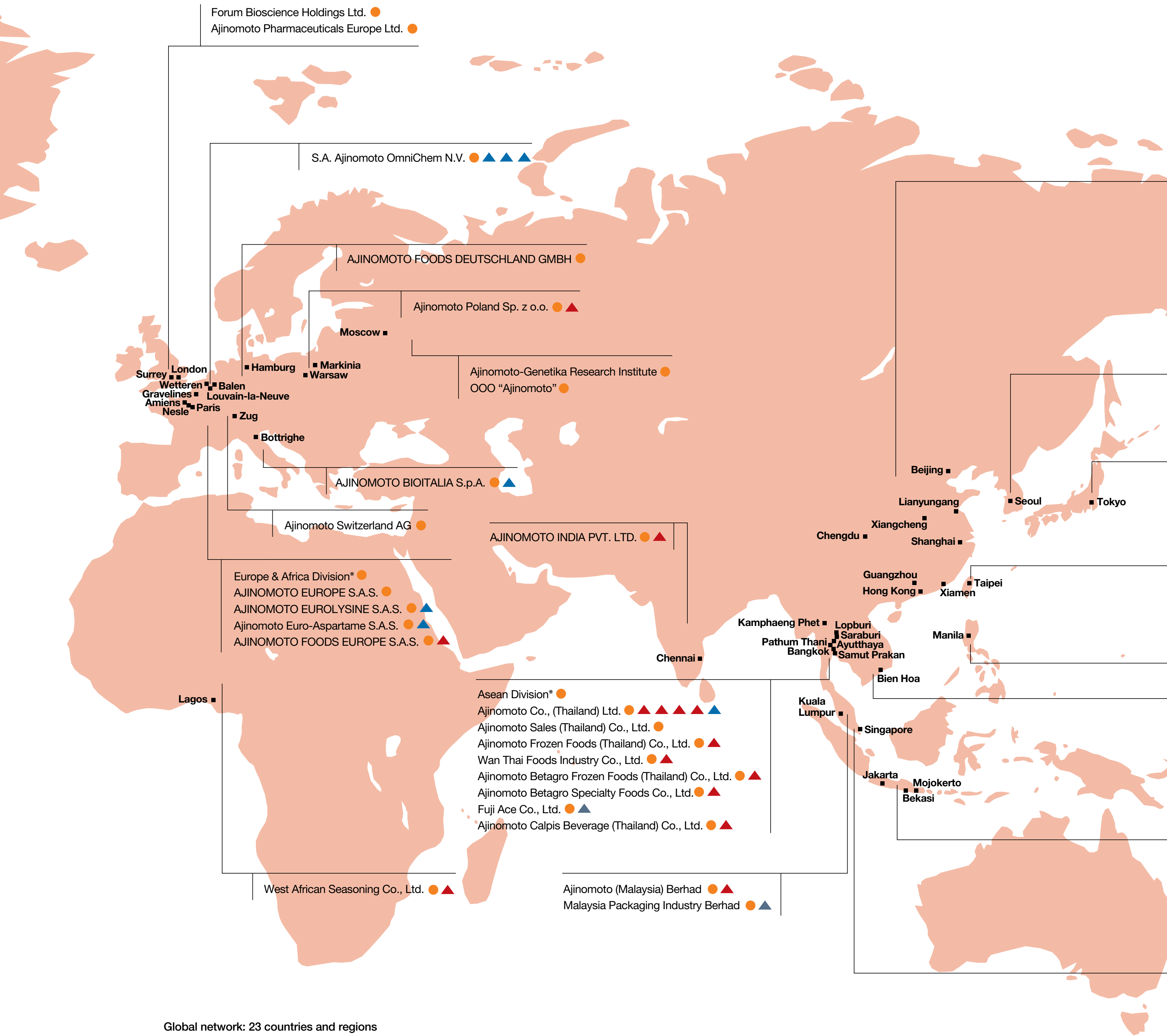
As described in Note 1g, effective the year ended March 31, 2004, the Company has adopted a new accounting standard for the impairment of fixed assets.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2005 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2.

Ernst & Young ShinNihon

June 29, 2005

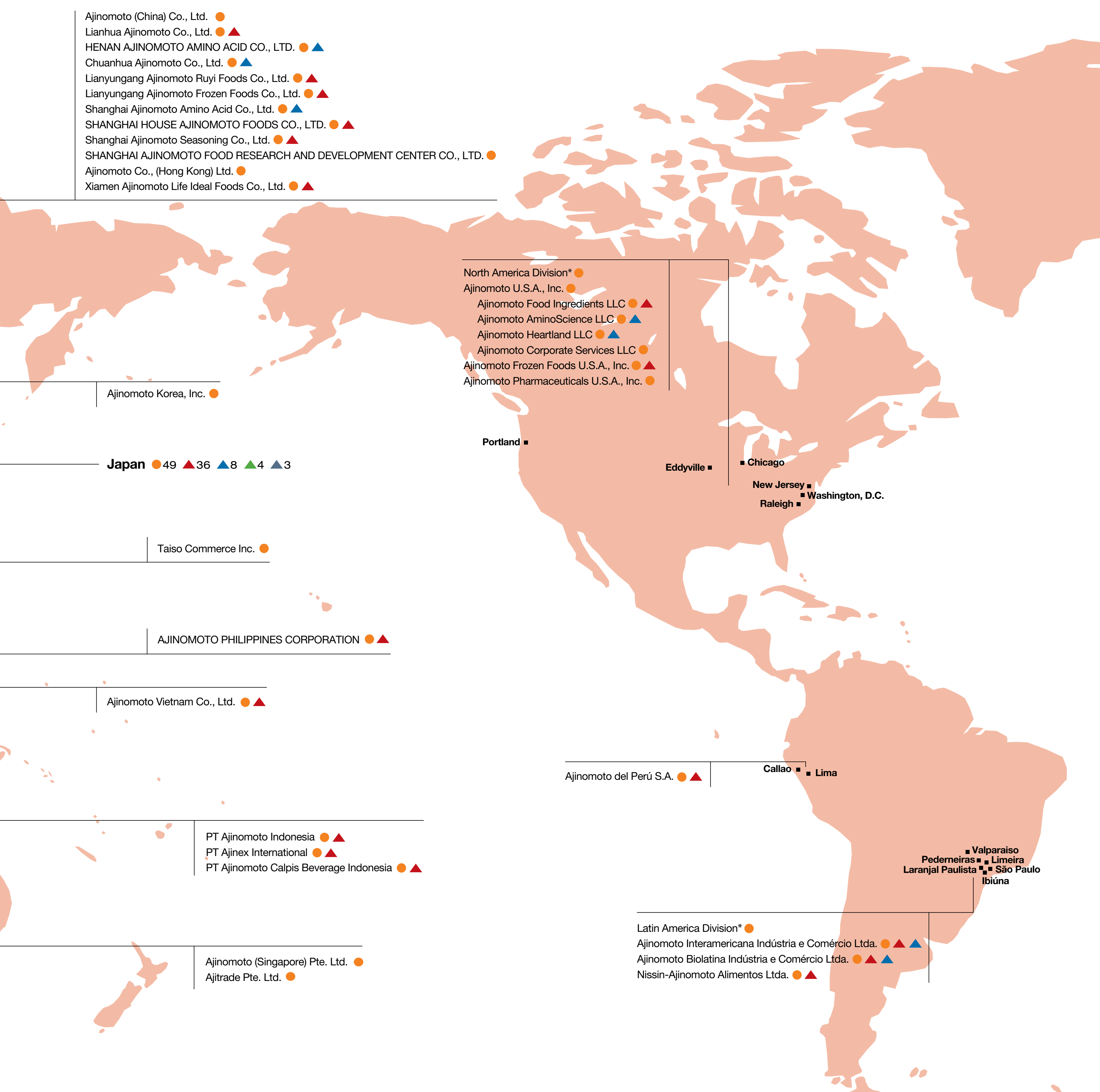
Global Network (As of June 30, 2005)



Global network: 23 countries and regions
(including 102 manufacturing and packaging plants in 16 countries and regions)
(Japan: 51; Other Countries: 51)

- Subsidiaries, affiliates and offices of the Parent Company
- Foods Plants (70)
- Amino Acids and Specialty Chemicals Plants (21)
- Pharmaceuticals Plants (4)
- Other Plants (7)

* Divisions are regional headquarters.



Note: Overseas consolidated subsidiaries and subsidiaries and affiliates accounted for by equity method: 69 companies

Major Subsidiaries and Affiliates (As of June 30, 2005)

Ajinomoto Group (Overseas)

COMPANY NAME

Food Products

Seasonings and Processed Foods

- Ajinomoto Co., (Thailand) Ltd.
- Ajinomoto Sales (Thailand) Co., Ltd.
- Wan Thai Foods Industry Co., Ltd.
- AJINOMOTO PHILIPPINES CORPORATION
- Ajinomoto (Malaysia) Berhad
- Ajinomoto (Singapore) Pte. Ltd.
- Ajitrade Pte. Ltd.
- PT Ajinomoto Indonesia
- PT Ajinex International
- Ajinomoto Vietnam Co., Ltd.
- AJINOMOTO INDIA PVT. LTD.
- Ajinomoto (China) Co., Ltd.
- Ajinomoto Co., (Hong Kong) Ltd.
- Lianhua Ajinomoto Co., Ltd.
- Shanghai Ajinomoto Seasoning Co., Ltd.
- SHANGHAI HOUSE AJINOMOTO FOODS CO., LTD.
- SHANGHAI AJINOMOTO FOOD RESEARCH AND DEVELOPMENT CENTER CO., LTD.
- Ajinomoto Korea, Inc.
- Ajinomoto U.S.A., Inc.
  - Ajinomoto Food Ingredients LLC
- Ajinomoto Interamericana Indústria e Comércio Ltda.
- Ajinomoto Biolatina Indústria e Comércio Ltda.
- Nissin-Ajinomoto Alimentos Ltda.
- Ajinomoto del Perú S.A.
- AJINOMOTO FOODS EUROPE S.A.S.
- AJINOMOTO FOODS DEUTSCHLAND GMBH
- Ajinomoto Poland Sp. z o.o.
- West African Seasoning Co., Ltd.

Frozen Foods

- Ajinomoto Frozen Foods (Thailand) Co., Ltd.
- Ajinomoto Betagro Frozen Foods (Thailand) Co., Ltd.
- Ajinomoto Betagro Specialty Foods Co., Ltd.
- Lianyungang Ajinomoto Ruyi Foods Co., Ltd.
- Lianyungang Ajinomoto Frozen Foods Co., Ltd.
- Xiamen Ajinomoto Life Ideal Foods Co., Ltd.
- Ajinomoto Frozen Foods U.S.A., Inc.

Beverages

- Ajinomoto Calpis Beverage (Thailand) Co., Ltd.
- PT Ajinomoto Calpis Beverage Indonesia

Amino Acids

- Ajinomoto Co., (Thailand) Ltd.
- HENAN AJINOMOTO AMINO ACID CO., LTD.
- Shanghai Ajinomoto Amino Acid Co., Ltd.
- Chuanhua Ajinomoto Co., Ltd.
- Taiso Commerce Inc.
- Ajinomoto U.S.A., Inc.
  - Ajinomoto AminoScience LLC
  - Ajinomoto Heartland LLC
- Ajinomoto Interamericana Indústria e Comércio Ltda.
- Ajinomoto Biolatina Indústria e Comércio Ltda.
- AJINOMOTO EUROLYSINE S.A.S.
- Ajinomoto Euro-Aspartame S.A.S.
- Ajinomoto Switzerland AG
- S.A. Ajinomoto OmniChem N.V.
- AJINOMOTO BIOITALIA S.p.A.
- OOO "Ajinomoto"

Pharmaceuticals

- Ajinomoto Pharmaceuticals U.S.A., Inc.
- Ajinomoto Pharmaceuticals Europe Ltd.

Other Businesses

- Fuji Ace Co., Ltd.
- Malaysia Packaging Industry Berhad
- AJINOMOTO EUROPE S.A.S.
- Forum Bioscience Holdings Ltd.
- Ajinomoto-Genetika Research Institute
- Ajinomoto U.S.A., Inc.
  - Ajinomoto Corporate Services LLC

Ajinomoto Group (Japan)

COMPANY NAME

Food Products

Seasonings and Processed Foods
- Knorr Foods Co., Ltd.
- Delica Ace Co., Ltd.
- Shimadaya Corporation
- AJINOMOTO BAKERY CO., LTD.
- GABAN Co., Ltd.

Frozen Foods
- Ajinomoto Frozen Foods Co., Inc.

Edible Oils
- J-OIL MILLS, INC.

Beverages and Dairy Products
- Ajinomoto General Foods, Inc.
- Calpis Co., Ltd.
- Calpis Ajinomoto Danone Co., Ltd.

Amino Acids
- AJINOMOTO HEALTHY SUPPLY, INC.
- Nippon Protein Co., Ltd.
- Ajinomoto Fine Techno Co., Ltd.
- Kawaken Fine Chemicals Co., Ltd.
- JINO Co., Ltd.

Pharmaceuticals
- Ajinomoto Pharma Co., Ltd.
- Ajinomoto Medica Co., Ltd.

Other Businesses
- AJINOMOTO LOGISTICS CORPORATION
- Ajinomoto Packaging Co., Inc.
- Ajinomoto Engineering Corporation
- Ajinomoto System Techno Corporation
- Ajinomoto Communications, Inc.
- Ajinomoto Trading, Inc.
- Ajinomoto Treasury Management, Inc.
- AJINOMOTO BUSINESS ASSOCIATES CO., INC.
- Okinawa Ajinomoto Co., Inc.
- Hokkaido Ajinomoto Co., Inc.

Investor Information (As of March 31, 2005)

Ajinomoto Co., Inc.

Established: May 20, 1909

Number of Employees: 25,812 (consolidated basis)
3,483 (non-consolidated basis)

Fiscal Year: April 1 — March 31
Annual meeting held in June

Common Stock
Authorized: 1,000,000,000 shares

Issued: 649,981,740 shares

Paid-in Capital: ¥79,863 million

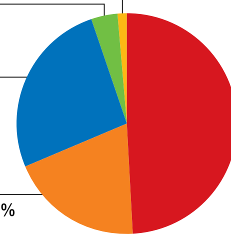
Listings: The Tokyo Stock Exchange and the four other domestic stock exchanges (Ticker Code: 2802)

Transfer Agent: The Mitsubishi Trust and Banking Corporation

Independent Auditor: Ernst & Young ShinNihon

Number of Shareholders: 60,940

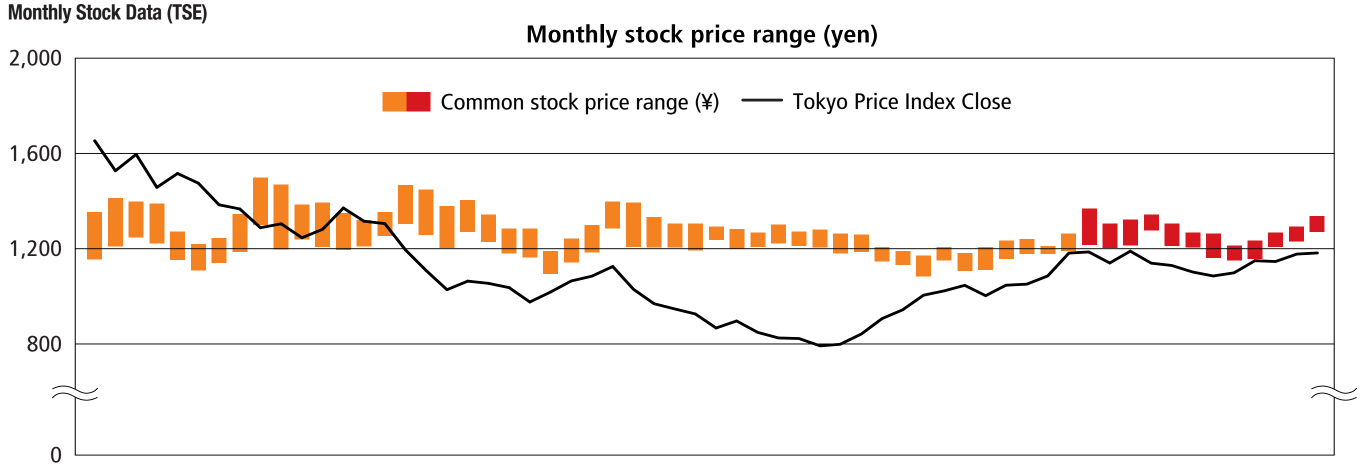
Distribution of Shareholders

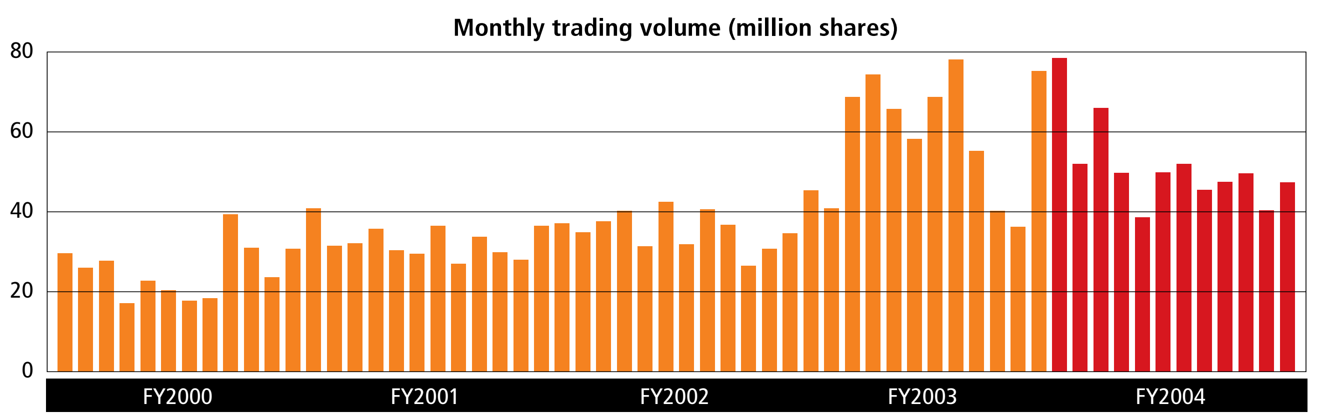


Major Shareholders

Name of Shareholders	Number of Shares Held (Thousands)	Equity Position
The Master Trust Bank of Japan, Ltd. (trust account)	52,079	8.01%
Japan Trustee Services Bank, Ltd. (trust account)	50,866	7.83
The Dai-ichi Mutual Life Insurance Company	25,550	3.93
Nippon Life Insurance Company	23,370	3.60
The Bank of Tokyo-Mitsubishi, Ltd.	20,149	3.10
Mizuho Corporate Bank, Ltd.	17,036	2.62
NIPPONKOA Insurance Co., Ltd.	16,097	2.48
Meiji Yasuda Life Insurance Company	14,624	2.25
The Mitsubishi Trust and Banking Corporation	10,746	1.65
Fukoku Mutual Life Insurance Co.	10,000	1.54

Monthly Stock Data (TSE)





Note: Fiscal years beginning April and ending March the following calendar year.

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