

Ajinomoto Co., Inc.

Consolidated Results

First Quarter Ended June 30, 2003

This document has been translated from the original Japanese as a guide for non-Japanese investors. It contains forward-looking statements based on a number of assumptions and beliefs made by management in light of information currently available. Actual financial results may differ materially depending on a number of factors, including changing economic conditions, legislative and regulatory developments, delay in new product launches, and pricing and product initiatives of competitors.

SUMMARY OF FINANCIAL STATEMENTS (Consolidated)

First quarter results for the year ending March 31, 2004

Ajinomoto Co., Inc.

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Differences in accounting treatments applied compared to previous consolidated fiscal year:

a) Income taxes: based on estimated actual tax rate b) Allowance for doubtful accounts: partial use of the simple method

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

	(Newly included)	(Excluded)	
Consolidated subsidiaries	6	3	
Companies accounted for by the equity method	1	1	

1. Consolidated Financial Results for the First Quarter of the Fiscal Year ending March 31, 2004 (April 1, 2003 to June 30, 2003)

1) Consolidated Operating Results

Millions of yen

	1Q of FY Ending March 31, 2004	FY Ended March 31, 2003
Net sales.....	254,155	987,727
Operating income	13,211	54,059
Ordinary income	14,711	56,888
Net income	6,046	33,178
Net income per share (¥).....	¥9.32	¥50.73
Fully diluted earnings per share (¥).....	--	--

2) Financial Position

Millions of yen

	1Q of FY Ending March 31, 2004	FY Ended March 31, 2003
Total assets	887,486	864,588
Shareholders' equity.....	400,523	391,154
Equity ratio (%).....	45.1	45.2
Shareholders' equity per share (¥).....	¥617.49	¥602.66

2. Matters concerning consolidated subsidiaries and affiliates accounted for by the equity method:

Number of consolidated subsidiaries	96
Number of non-consolidated subsidiaries accounted for by the equity method	4
Number of affiliates accounted for by the equity method.....	21

3. Forecast for the Fiscal Year Ending March 31, 2004 (as announced May 14, 2003)

Millions of yen

	6 Months Ending September 30, 2003	FY Ended March 31, 2004
Net Sales	527,000	1,050,000
Ordinary Income	25,000	67,000
Net Income	10,000	35,000

(Note) Net income per share expected for the fiscal year ending March 31, 2004 (consolidated): ¥53.60

Please refer to pages 2 and 3 of this report for qualitative information on these first quarter results.

As this is the first year of releasing quarterly results, full comparisons with the first quarter of the previous year are unavailable.

1. CONSOLIDATED OPERATING RESULTS

Consolidated net sales for the three months under review were ¥254.1 billion. Operating income and ordinary income were ¥13.2 billion and ¥14.7 billion respectively, and consolidated net income was ¥6.0 billion.

There are no changes to the interim and full-year forecasts issued on May 14, 2003 for the fiscal year ending March 31, 2004.

Domestic food products

Net sales in the domestic food products segment were ¥146.8 billion, with operating income of ¥2.3 billion.

The operating environment for this segment remained poor, with continued weak consumer spending. During the period the Company invested aggressively in advertising, sales commissions and other marketing activities.

Seasonings: Sales of a number of products that usually sell more in the lead up to peak demand in the second half of the year have been relatively slow. Results are beginning to show from the Company's efforts to promote *AJI-NO-MOTO* products nationwide through Chinese cooking fairs, and from activities to build demand for *Hon-Dashi* in fried dishes.

Processed foods: Sales in the emerging area of snack soups grew steadily, centered around *Knorr Soup Pasta*. The Company is working to expand sales of *Pure Select Half* mayonnaise, aiming to capitalize on growing demand from health conscious consumers. The *Ajinomoto KK Ajiamen* (Asian-style instant noodles) product introduced in August 2002 is making steady progress into this market.

Sweeteners and nutritional foods: Revenues from sales of amino acid-based sweeteners for home and restaurant use increased on the back of strong sales of products such as *Pal Sweet Calorie Zero* and *Slim-up Sugar*. Sales of amino acid supplement *Amino Vital* increased significantly, boosted by the addition of supermarkets to our distribution chain for jelly drink items, which have mainly been sold at drug stores and convenience stores.

Frozen foods: Sales of home-use *Gyoza* and chicken products remained strong. Commercial sales were affected by adverse conditions in the restaurant industry, but synergies are rapidly being pursued following the merger of Frec Corporation with Ajinomoto Frozen Foods Co., Inc. on April 1, 2003.

Edible oils: Sales of edible oils were largely unchanged from the previous year. Sales of *Kenko Sarara*, a product that is approved as a Food for Specified Health Use, remained strong, and it retains a solid position in the market for cholesterol-lowering foods.

Coffee, Beverages, Dairy products: Overall coffee sales were higher than in the previous comparable period. Sales of liquid coffee continued the expansion shown last year. The replacement bag market for instant coffee continued to develop, regular packed ground coffee sales benefited from the growing market for drip coffee, and various sales campaigns also contributed to sales growth. Sales of the new beverage *Amino Calpis* grew steadily, as did sales of *KEN-CHA-OH*, a product that is approved as a Food for Specified Health Use. Sales of chilled dairy products such as *Danone Yoghurt*, *Danone Fruits Selection*, and *Danone Bio* grew steadily.

Overseas food products

Net sales in the overseas food product segment were ¥35.7 billion, with operating income of ¥1.6 billion.

Seasonings: In Asia, sales of *AJI-NO-MOTO* for home use and restaurant use remained strong, and strong sales in Africa also contributed to overall results. Sales of flavored and mixed seasonings are growing significantly in each region. Revenue from sales of *AJI-NO-MOTO* to the food processing industry were negatively affected by exchange rate changes in some overseas regions, but overall results were higher than last year due to strong sales in North America, Europe, and in the Japanese market. Sales of nucleotides were lower than in the previous comparable period.

Processed foods: Canned coffee beverage *Birdy* sold well in Thailand, boosted by a marketing campaign built around the 10th anniversary of its launch in that country.

Amino acids

Net sales in the amino acid segment were ¥37.1 billion, with operating income of ¥4.5 billion.

Feed-use amino acids: Performance was strong in all regions, with both sales volume and sales revenue

exceeding the previous comparable period.

Pharmaceutical and food-use amino acids: Performance was in line with the Company's expectations, with strong sales in Japan of food-use amino acids and steady performance in overseas markets.

Sweeteners: Revenue decreased because of lower unit prices, but sales volumes remained solid.

Specialty chemicals: Sales of amino acid-based cosmetic *J/NO* continued to show considerable growth, driven by aggressive marketing activities.

Pharmaceuticals

Net sales in the pharmaceuticals segment were ¥19.4 billion, with operating income of ¥3.6 billion.

Overall revenue increased, boosted by revenues from Shimizu Pharmaceutical Co., Ltd., which the Company acquired in December 2002, and from sales of *Actonel*, a preparation used in the treatment of osteoporosis that was launched in May 2002. On July 1, 2003, a new 'virtual company' was started by Ajinomoto Co., Inc., Ajinomoto Pharma Co. Ltd., and Shimizu Pharmaceutical Co., Ltd. By treating the three companies as a single entity under this new virtual company structure, management aims to pursue synergies and increase efficiency and performance in the pharmaceuticals sector by unifying and streamlining operations.

Other

Net sales in this segment were ¥15.0 billion, with operating income of ¥0.6 billion.

2. SUBSEQUENT EVENTS

On November 21, 2002, Ajinomoto reached an agreement with Amylum France SAS to acquire all the shares in Orsan SA, a French company that manufactures and sells MSG. After receiving approval from the relevant authorities, this acquisition was completed on July 31, 2003.

3. FINANCIAL POSITION

Total assets at the end of the three months under review were ¥887.4 billion. This increase of ¥22.8 billion compared to total assets as of March 31, 2003 was due mainly to an increase in current assets, such as cash on hand and in banks and inventories. Total shareholders' equity increased ¥9.3 billion on a consolidated basis between March 31, 2003 and June 30, 2003, and as a result the shareholders' equity ratio changed from 45.2% to 45.1%.

On June 10, 2003 Ajinomoto made a domestic straight bond issue with a total par value of ¥50.0 billion.

4. DISCLAIMER

Forecasts and forward-looking statements in this document are based on a number of assumptions and beliefs made by management in light of information currently available. Actual financial results may differ materially depending on a number of factors, including economic conditions, legislative and regulatory developments, delay in new product launches, and pricing and product initiatives of competitors.

Consolidated Financial Statements

Consolidated Balance Sheets

Millions of yen

	As of June 30, 2003		As of March 31, 2003	
ASSETS				
Current assets				
Cash on hand and in banks	65,937		55,035	
Notes & accounts receivable.....	178,430		180,384	
Marketable securities	1,607		687	
Inventories.....	103,695		98,754	
Deferred tax assets	11,258		11,405	
Other current assets.....	22,426		19,409	
Allowance for doubtful accounts	(748)		(740)	
Total current assets	382,607	43.1	364,936	42.2
Fixed assets				
Tangible fixed assets				
Buildings and structures.....	233,934		229,474	
Machinery and vehicles.....	394,069		381,562	
Others.....	44,634		43,134	
Accumulated depreciation.....	(461,153)		(449,886)	
Land	70,770		69,119	
Construction in process.....	19,342		23,175	
Total tangible fixed assets	301,598	34.0	296,579	34.3
Intangible fixed assets				
Adjustment for consolidated account	33,962		35,000	
Other intangible fixed assets.....	16,873		16,891	
Total intangible fixed assets.....	50,836	5.7	51,892	6.0
Investment and other assets				
Investment in securities.....	109,679		106,508	
Long-term loans receivable.....	256		242	
Deferred tax assets	33,830		34,940	
Other investments and other assets	10,493		11,301	
Allowance for doubtful accounts	(1,815)		(1,812)	
Total investment and other assets	152,444	17.2	151,180	17.5
Total fixed assets	504,879	56.9	499,652	57.8
Total Assets	887,486	100.0	864,588	100.0

Consolidated Balance Sheets

Millions of yen

	As of June 30, 2003		As of March 31, 2003	
LIABILITIES				
Current liabilities				
Notes & accounts payable	120,437		116,952	
Short-term borrowings.....	59,959		66,118	
Commercial paper	--		11,000	
Long-term loans due to be repaid within one year.....	5,685		6,577	
Corporate bonds to be redeemed within one year.....	15,000		15,000	
Accrued income taxes.....	7,788		19,706	
Accrued bonuses	4,222		3,313	
Other current liabilities	56,234		67,068	
Total current liabilities	269,327	30.3	305,737	35.4
Long-term liabilities				
Bonds	95,000		45,000	
Long-term debt.....	7,686		7,393	
Deferred tax liabilities.....	2,822		2,724	
Accrued employees' retirement benefits.....	68,621		68,560	
Accrued officers' severance benefits	1,254		1,769	
Other long-term liabilities	19,495		19,129	
Total long-term liabilities	194,880	22.0	144,577	16.7
Total liabilities.....	464,208	52.3	450,315	52.1
MINORITY INTERESTS:				
Minority interests	22,754	2.6	23,118	2.7
SHAREHOLDERS' EQUITY:				
Common stock	79,863	9.0	79,863	9.2
Capital surplus	111,579	12.6	111,579	12.9
Retained earnings	252,552	28.5	250,973	29.0
Unrealized holding gains on securities	4,078	0.4	1,727	0.2
Translation adjustments	(45,876)	(5.2)	(51,349)	(5.9)
Treasury stock	(1,674)	(0.2)	(1,639)	(0.2)
Total shareholders' equity.....	400,523	45.1	391,154	45.2
Total Liabilities, Minority Interests and Shareholders' Equity	887,486	100.0	864,588	100.0

Consolidated Statements of Income

Millions of yen

	1Q of FY ending March 31, 2004		FY Ended Mar. 31, 2003	
Net sales	254,155	100.0	987,727	100.0
Cost of sales.....	184,151	72.5	716,999	72.6
Gross profit	70,003	27.5	270,727	27.4
Selling, general and administrative expenses.....	56,792	22.3	216,668	21.9
Operating income.....	13,211	5.2	54,059	5.5
Non-operating income				
Interest received.....	201		966	
Dividends received.....	365		954	
Profit from investments income from equity method....	1,213		6,549	
Miscellaneous income.....	1,603		4,539	
Total non-operating income	3,383	1.3	13,010	1.3
Non-operating expenses				
Interest expense.....	830		3,377	
Miscellaneous losses	1,052		6,803	
Total non-operating expenses	1,883	0.7	10,180	1.0
Ordinary income.....	14,711	5.8	56,888	5.8
Extraordinary income				
Gain on sales of fixed assets	374		2,423	
Profit on sale of investment securities sold.....	--		4,817	
Gain on sale of affiliates' stock	--		20,286	
Others.....	361		1,083	
Total extraordinary income	736	0.3	28,611	2.8
Extraordinary losses				
Loss on disposal of fixed assets	804		2,929	
Loss on sale of investment securities	8		4,204	
Loss on valuation of investment securities	--		237	
Penalties.....	--		1,977	
Settlement payments	599		6,894	
Others.....	704		3,791	
Total extraordinary losses.....	2,116	0.8	20,033	2.0
Net income before income taxes.....	13,331	5.3	65,466	6.6
Income taxes – current/deferred	6,374	2.5	--	
Income taxes – current.....	--		33,834	3.4
Income taxes – deferred	--		(4,685)	(0.5)
Minority interests	910	0.4	3,138	0.3
Net income	6,046	2.4	33,178	3.4

Segment information by business

1Q of Fiscal Year Ending March 31, 2004 (April 1, 2003 to June 30, 2003)

Millions of yen

	Domestic Food Products	Overseas Food Products	Amino Acids	Pharmaceuticals	Other	Total	Elimination or All Company	Consolidated
I. Sales and operating income and loss								
Sales								
(1) Sales to third parties	146,817	35,783	37,116	19,411	15,026	254,155	--	254,155
(2) Intra-group sales and transfers	628	2,912	4,757	8	11,971	20,278	(20,278)	--
Total sales.....	147,445	38,695	41,874	19,419	26,998	274,433	(20,278)	254,155
Operating expenses.....	145,063	36,997	37,305	15,812	26,382	261,561	(20,617)	240,943
Operating income	2,382	1,698	4,569	3,606	616	12,872	338	13,211

Note 1. Business segments are based on the management structure of the internal company system.

2. Main manufactured goods for each business segment:

Business segment	Main manufactured goods
Domestic Food Products	"AJI-NO-MOTO," "Hon-Dashi," "Cook Do," soups, mayonnaise, "Pal Sweet" (for domestic market), "Amino Vital", "Mieki" (soy bean hydrolyzate), frozen foods, coffee, domestic beverages, dairy products, domestic food wholesale etc.
Overseas Food Products	"AJI-NO-MOTO", nucleotides, overseas instant noodles, overseas beverages, overseas services, etc.
Amino Acids	Various kinds of amino acids, aspartame, specialty chemicals, etc.
Pharmaceuticals	Pharmaceuticals, medical foods
Other	Distribution, various services, etc.

Fiscal Year Ended March 31, 2003 (April 1, 2002 to March 31, 2003)

Millions of yen

	Domestic Food Products	Overseas Food Products	Amino Acids	Pharmaceuticals	Other	Total	Elimination or All Company	Consolidated
I. Sales and operating income and loss								
Sales								
(1) Sales to third parties	583,243	139,236	135,933	62,693	66,621	987,727	--	987,727
(2) Intra-group sales and transfers	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

Note: There have been no changes to business segments and major products in each segment between the fiscal year ended March 31, 2003 and the first quarter of the fiscal year ending March 31, 2004.