

Ajinomoto Co., Inc.

Consolidated Results

First Quarter Ended June 30, 2004

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, 2005

Ajinomoto Co., Inc.

Stock Code: 2802
<http://www.ajinomoto.com/>
 President: Kunio Egashira

Listed exchanges: Tokyo, Osaka, Nagoya, Fukuoka, Sapporo
 Inquiries: General Manager
 Finance Department
 Hiromichi Ono
 Telephone: 813 5250-8161

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1. Notes to preparation of these financial statements

Adoption of simplified accounting treatments:

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

Differences in accounting treatments applied compared to previous consolidated fiscal year: None

Changes in the scope of consolidation and companies accounted for by the equity method compared to previous consolidated fiscal year:

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

2. First quarter consolidated financial results (April 1, 2004 to June 30, 2004) for the fiscal year ending March 31, 2005

1) Consolidated Operating Results

Millions of yen

	First quarter of FY ending March 31, 2005	First quarter of FY ended March 31, 2004	FY ended March 31, 2004
Net sales	264,677	254,155	1,039,551
Operating income	19,180	13,211	65,190
Ordinary income	20,267	14,711	68,111
Net income	13,016	6,046	36,276
Net income per share (¥)	¥20.08	¥9.32	¥55.55
Fully diluted earnings per share (¥)	--	--	--

2) Financial Position

Millions of yen

	As of June 30, 2004	As of June 30, 2003	As of March 31, 2004
Total assets	883,304	887,486	871,780
Shareholders' equity	437,024	400,523	428,077
Equity ratio (%)	49.5%	45.1%	49.1%
Shareholders' equity per share (¥)	¥674.01	¥617.49	¥659.78

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

Number of consolidated subsidiaries	95
Number of non-consolidated subsidiaries accounted for by the equity method	4
Number of affiliates accounted for by the equity method	18

4. Forecast for the fiscal year ending March 31, 2005 (April 1, 2004 to March 31, 2005)

Millions of yen

	6 months ending September 30, 2004	FY ending March 31, 2005
Net Sales	540,000	1,080,000
Ordinary Income	33,000	76,000
Net Income	16,000	45,000

(Note) Net income per share forecast for the fiscal year ending March 31, 2005: ¥69.03

Please refer to pages 2 and 3 of this report for qualitative information on these three-month results.

1. CONSOLIDATED OPERATING RESULTS

Note: all comparisons are with the first quarter of the previous fiscal year, unless stated otherwise.

Consolidated net sales for the first three months (April 1, 2004 to June 30, 2004) of the fiscal year ending March 31, 2005 increased 4.1% (¥10.5 billion) to ¥264.6 billion. Consolidated operating income increased 45.2% to ¥19.1 billion, and consolidated ordinary income increased 37.8% to ¥20.2 billion. Consolidated net income for the first quarter increased 115.3% to ¥13.0 billion.

There are no changes to the interim and full-year forecasts issued on May 14, 2004 for the fiscal year ending March 31, 2005.

Domestic food products

Net sales in the domestic food products segment increased 2.0% (¥2.9 billion) to ¥149.7 billion, and operating income increased 7.8% (¥2.5 billion) to ¥4.9 billion.

The operating environment for this segment remained difficult in the period under review, impacted by factors including lower sales at supermarkets, which felt the effect of a shift to compulsory tax-inclusive pricing. During the period the Company undertook a number of measures to stimulate demand and increase sales of key products.

Seasonings: Overall sales of seasonings were higher than in the previous comparable period. Although sales of *Hon-Dashi* were slightly lower, sales of the *Cook Do* line increased significantly, as a result of a nationwide campaign focused on Chinese seasonings, advertising, cross merchandizing with fresh foods, and other measures. Sales to the domestic meat processing industry of *ACTIVA*, an enzyme (transglutaminase) that improves food texture, also increased significantly.

Processed foods: Sales of *Knorr Cup Soup* showed stable growth. Mayonnaise sales grew steadily and were higher than in the previous comparable period, as a result of successful efforts to promote the *Pure Select* range even in an overall market for mayonnaise products that did not show any growth.

Sweeteners and nutritional foods: Sales of amino acid supplement *Amino Vital* granulated products grew strongly, driven by advertising and marketing activities relating to the upcoming Athens Olympics. Sales of amino acid-based sweeteners for home and restaurant use, which include key products *Pal Sweet* and *Slim-Up Sugar* were at similar levels to the previous first quarter period.

Frozen foods: Sales of frozen foods for home use increased substantially, supported by continued sales growth of *Gyoza* products, and the result of concentrated advertising and other initiatives to produce sales growth in *Ebi Shumai*. Sales to the restaurant and catering industry were affected by the outbreak of avian flu at the start of the year, and although efforts were made to restore sales levels, results were lower than in the previous comparable period. However, sales of *Frec* brand dessert products continued to make favorable progress.

Edible oils: Efforts to optimize prices of both commercial and home-use products have been continuing, reflecting the price increase of raw materials that began in the second half of the 2003 calendar year. Although sales of home-use edible oils were slightly lower, sales of commercial products were strong.

On July 1, 2004, J-OIL MILLS, INC. merged with and absorbed the operations of Ajinomoto Oil Mills Co., Inc., HONEN Corporation, Yoshihara Oil Mill, Ltd. and JAPAN SOYA PRODUCTS CO., LTD.

Coffee, Beverages, Dairy products: Sales of instant coffee increased steadily, supported by the successful penetration of refill bags into the market. Sales of liquid coffee increased substantially, supported by strong sales of *Blendy* bottled coffee. Sales of beverage products increased year on year, supported by solid sales of key products *Calpis Water* and *Kenchao* (designated as a "Food for Specified Health Use"). Sales of chilled dairy products declined, impacted by lower overall market volumes and a tough competitive environment.

Overseas food products

Net sales in the overseas food products segment for the three months to June 30, 2004 increased 4.5% (¥1.5 billion) to ¥37.3 billion. Operating income decreased 4.7% (¥80 million) to ¥1.6 billion.

Seasonings: In Asean countries including Thailand, Indonesia and Vietnam, sales of *AJI-NO-MOTO* for home use and restaurant use remained strong. Strong sales continued in West African countries as well. Sales of flavor seasonings continued to grow significantly in each region. Sales of *AJI-NO-MOTO* to the food processing industry

continued to improve in nearly all markets, and with the addition of sales from AJINOMOTO FOODS EUROPE S.A.S., which has been consolidated since October 2003, overall sales increased substantially. Sales of nucleotides decreased.

Processed foods: *Birdy*, a canned coffee beverage sold in Thailand, continued to show sales growth. Sales of instant noodles were higher than in the previous comparable period.

Amino acids

Net sales in the amino acid segment increased 20.9% (¥7.7 billion) to ¥44.8 billion. Operating income increased 156.3% (¥7.1 billion) to ¥11.7 billion.

Feed-use amino acids: Sales of Lysine and all other products were stronger than last year, and results in all regions greatly exceeded the previous comparable period.

Pharmaceutical and food-use amino acids: Overall sales performance was good. Price revisions in the National Health Insurance system had an impact, as did the strengthening of the yen, but sales of food-use products in Japan and Asia and sales in Europe and North America were strong.

Sweeteners: Sales to major clients were strong, and results substantially exceeded the previous comparable period.

Pharmaceutical intermediates: Sales of core products in Europe grew strongly, and results substantially exceeded the previous comparable period.

Specialty chemicals: Sales of amino acid-based cosmetic *Jino* grew considerably, supported by marketing activities. Sales of electronic materials continued to trend positively. Sales of cosmetics ingredients were good in overseas markets, but tough domestic market conditions resulted in an overall decline in sales for the period.

Pharmaceuticals

Net sales in the pharmaceuticals segment decreased 9.7% (¥1.8 billion) to ¥17.5 billion. Operating income declined 47.5% (¥1.7 billion) to ¥1.8 billion.

Although sales of antihypertensive drug *ATELEC*, antidiabetic agent *FASTIC* and osteoporosis drug *Actonel* grew steadily, sales of electrolyte solution *SOLITA-T* and total parenteral nutrition *PNTWIN* were weak, and overall results declined.

Other

Net sales in this segment increased 0.9% (¥0.1 billion) to ¥15.1 billion. Operating income increased 63.8% (¥0.3 billion) to ¥1.0 billion.

2. FINANCIAL POSITION

Total assets at the end of the three months under review were ¥883.3 billion. This increase of ¥11.5 billion compared to total assets as of March 31, 2004 was due mainly to an increase in accounts receivable resulting from seasonal beverage sales, and an increase in tangible fixed assets. Total shareholders' equity increased ¥8.9 billion to ¥437.0 billion on a consolidated basis between March 31, 2004 and June 30, 2004, and as a result the shareholders' equity ratio changed from 49.1% to 49.5%.

3. 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 Balance Sheets

Millions of yen, rounded down

		As of June 30, 2004		As of March 31, 2004	Increase (Decrease)		As of June 30, 2003	
ASSETS								
Current assets								
Cash on hand and in banks.....		67,182		70,170	(2,987)		65,937	
Notes & accounts receivable – trade.....		184,718		178,044	6,673		178,430	
Marketable securities		1,929		2,098	(168)		1,607	
Inventories.....		97,249		97,178	71		103,695	
Deferred tax assets		8,272		8,511	(238)		11,258	
Other current assets.....		28,902		22,984	5,918		22,426	
Allowance for doubtful accounts.....		(814)		(781)	(33)		(748)	
Total current assets		387,441	43.9	378,207	43.4	9,234	382,607	43.1
Fixed assets								
Tangible fixed assets								
Buildings and structures		239,846		237,635	2,210		233,934	
Machinery and vehicles.....		407,326		402,491	4,835		394,069	
Others		46,352		45,792	560		44,634	
Accumulated depreciation		(479,866)		(472,393)	(7,472)		(461,153)	
Land		62,880		62,727	153		70,770	
Construction in process.....		19,372		17,558	1,813		19,342	
Total tangible fixed assets		295,911	33.5	293,811	33.7	2,100	301,598	34.0
Intangible fixed assets								
Adjustment for consolidated account		30,681		31,788	(1,106)		33,962	
Other intangible fixed assets		17,398		17,513	(115)		16,873	
Total intangible fixed assets.....		48,079	5.4	49,301	5.6	(1,222)	50,836	5.7
Investment and other assets								
Investment in securities.....		123,587		123,603	(16)		109,679	
Long-term loans receivable.....		441		483	(41)		256	
Deferred tax assets		18,455		17,347	1,108		33,830	
Other investments and other assets.....		11,103		10,748	354		10,493	
Allowance for doubtful accounts.....		(1,716)		(1,723)	6		(1,815)	
Total investment and other assets		151,871	17.2	150,459	17.3	1,411	152,444	17.2
Total fixed assets.....		495,862	56.1	493,572	56.6	2,289	504,879	56.9
Total Assets		883,304	100.0	871,780	100.0	11,524	887,486	100.0

Consolidated Balance Sheets

Millions of yen, rounded down

	As of June 30, 2004		As of March 31, 2004		Increase (Decrease)	As of June 30, 2003	
LIABILITIES							
Current liabilities							
Notes & accounts payable – trade	116,993		108,291		8,701	120,437	
Short-term borrowings.....	38,796		29,950		8,845	59,959	
Commercial paper.....	5,000		10,000		(5,000)	--	
Long-term loans due to be repaid within one year	1,313		2,162		(849)	5,685	
Corporate bonds to be redeemed within one year	--		--		--	15,000	
Accrued income taxes	11,523		7,701		3,821	7,788	
Accrued bonuses	3,785		3,574		211	4,222	
Other current liabilities.....	52,689		64,537		(11,847)	56,234	
Total current liabilities	230,101	26.0	226,217	25.9	3,883	269,327	30.3
Long-term liabilities							
Bonds.....	95,000		95,000		--	95,000	
Long-term debt.....	6,032		6,595		(563)	7,686	
Deferred tax liabilities.....	2,025		2,016		8	2,822	
Accrued employees' retirement benefits.....	67,775		69,492		(1,737)	68,621	
Accrued officers' severance benefits.....	1,552		1,584		(32)	1,254	
Other long-term liabilities.....	20,757		20,503		254	19,495	
Total long-term liabilities	193,122	21.9	195,193	22.4	(2,071)	194,880	22.0
Total liabilities	423,223	47.9	421,411	48.3	1,812	464,208	52.3
MINORITY INTERESTS:							
Minority interests	23,055	2.6	22,291	2.6	764	22,754	2.6
SHAREHOLDERS' EQUITY:							
Common stock	79,863	9.0	79,863	9.2	--	79,863	9.0
Capital surplus	111,579	12.6	111,579	12.8	--	111,579	12.6
Retained earnings	288,413	32.7	279,539	32.0	8,874	252,552	28.5
Unrealized holding gains on securities	12,170	1.4	13,413	1.5	(1,242)	4,078	0.4
Translation adjustments	(53,061)	(6.0)	(54,436)	(6.2)	1,375	(45,876)	(5.2)
Treasury stock	(1,940)	(0.2)	(1,881)	(0.2)	(59)	(1,674)	(0.2)
Total shareholders' equity.....	437,024	49.5	428,077	49.1	8,947	400,523	45.1
Total Liabilities, Minority Interests And Shareholders' Equity	883,304	100.0	871,780	100.0	11,524	887,486	100.0

Consolidated Statements of Income

Millions of yen, rounded down

	First quarter ended June 30, 2004		First quarter ended June 30, 2003		Increase (Decrease)	FY ended March 31, 2004	
Net sales	264,677	100.0	254,155	100.0	10,522	1,039,551	100.0
Cost of sales	189,105	71.4	184,151	72.5	4,954	743,251	71.5
Gross profit	75,572	28.6	70,003	27.5	5,568	296,299	28.5
Selling, general and administrative expenses	56,391	21.3	56,792	22.3	(401)	231,109	22.2
Operating income	19,180	7.2	13,211	5.2	5,969	65,190	6.3
Non-operating income							
Interest received.....	474		201		273	989	
Dividends received.....	275		365		(90)	732	
Profit from investments income from equity method.....	737		1,213		(475)	4,467	
Miscellaneous income.....	1,293		1,603		(310)	5,354	
Total non-operating income	2,780	1.1	3,383	1.3	(602)	11,543	1.1
Non-operating expenses							
Interest expense.....	684		830		(146)	2,960	
Miscellaneous losses	1,009		1,052		(42)	5,662	
Total non-operating expenses.....	1,694	0.6	1,883	0.7	(188)	8,622	0.8
Ordinary income	20,267	7.7	14,711	5.8	5,555	68,111	6.6
Extraordinary income							
Gain on sales of fixed assets	517		374		143	3,822	
Profit on sale of investment securities sold.....	2,716		--		2,716	70	
Gain on sale of affiliates' stock	--		--		--	18,388	
Others	389		361		27	1,177	
Total extraordinary income	3,623	1.4	736	0.3	2,886	23,457	2.3
Extraordinary losses							
Loss on disposal of fixed assets.....	294		804		(510)	8,252	
Loss on impairment of fixed assets	--		--		--	7,645	
Loss on sale of investment securities	4		8		(4)	14	
Loss on valuation of investment securities	--		--		--	324	
Settlement payments	--		599		(599)	1,363	
Loss on disposal of inventory	--		--		--	1,573	
Retirement benefit expenses.....	--		--		--	2,075	
Others	312		704		(392)	3,302	
Total extraordinary losses.....	610	0.2	2,116	0.8	(1,505)	24,552	2.4
Net income before income taxes	23,280	8.8	13,331	5.3	9,948	67,017	6.5
Income taxes	9,268	3.5	6,374	2.5	2,893	27,654	2.7
Minority interests	995	0.4	910	0.4	84	3,086	0.3
Net income	13,016	4.9	6,046	2.4	6,969	36,276	3.5

Segment information by business

First quarter of the fiscal year ending March, 2005 (April 1, 2004 to June 30, 2004)

Millions of yen, rounded down

	Domestic Food Products	Overseas Food Products	Amino Acids	Pharma- ceuticals	Other	Total	Elimination or All Company	Consolidated
Sales								
(1) Sales to third parties.....	149,741	37,378	44,866	17,526	15,164	264,677	--	264,677
(2) Intra-group sales and transfers	512	2,746	5,439	13	12,955	21,667	(21,667)	--
Total sales	150,253	40,125	50,306	17,540	28,119	286,345	(21,667)	264,677
Operating expenses	145,303	38,507	38,595	15,646	27,109	265,162	(19,665)	245,496
Operating income	4,949	1,617	11,710	1,894	1,010	21,182	(2,001)	19,180

First quarter of the previous fiscal year, ended March 31, 2004 (April 1, 2003 to June 30, 2003)

Millions of yen, rounded down

	Domestic Food Products	Overseas Food Products	Amino Acids	Pharma- ceuticals	Other	Total	Elimination or All Company	Consolidated
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.