Ajinomoto Co., Inc.

Consolidated Results

Interim Period 2002
(Six Months ended September 30, 2002)

This document has been prepared as a guide to non-Japanese investors and contains forward-looking statements that are based on managements' estimates, assumptions and projections at the time of publication. A number of factors could cause actual results to differ materially from expectations. This document is a translation of the Japanese-language original.

Financial Statements (Consolidated)

For the interim period ended September 30, 2002

Ajinomoto Co., Inc.

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Date of the meeting of the board of directors concerning interim settlement:	November 13, 2002
U.S. GAAP accounting principles	Not adopted

1. Consolidated Financial Results for Six Months Ended September 30, 2002 (April 1, 2002 – September 30, 2002)

(1) Operating Results

	Millions of Yen – Except Per Share Data					
	Six Months Ended September 30, 2002		Six Months Ended September 30, 2001		FY Ended March 31, 2002	
		%		%		%
Net Sales	489,785	6.1	461,681	4.7	943,540	
Operating Income	23,686	21.5	19,494	30.2	49,015	
Ordinary Income	26,893	6.1	25,343	27.9	56,217	
Net Income (Loss)	12,015	(26.5)	16,353	–	31,442	
Net Income (Loss) per Share (yen)	18.49 yen		25.16 yen		48.38 yen	
Fully Diluted Earnings per Share (yen)	–		24.93 yen		–	

(Notes) (1) Gain from investments in subsidiaries and affiliates accounted for by the equity method:
Six months ended September 30, 2002: 2,707 million yen
Six months ended September 30, 2001: 3,219 million yen
FY ended March 31, 2002: 3,713 million yen

(2) Average number of outstanding shares (consolidated) during the year:
Six months ended September 30, 2002: 649,769,529 shares
Six months ended September 30, 2001: 649,976,143 shares
FY ended March 31, 2002: 649,947,682 shares

(3) Changes to accounting procedures: Changes were made.

(4) Percentages for net sales, operating income, ordinary income and net income represent change compared with the previous six-month period.

(2) Financial Position

	Millions of Yen – Except Per Share Data		
	As of September 30, 2002	As of September 30, 2001	As of March 31, 2002
Total Assets	796,117	826,309	840,152
Shareholders' Equity	377,379	362,661	381,017
Equity Ratio (%)	47.4%	43.9%	45.4%
Equity per Share (yen)	580.92 yen	557.96 yen	586.30 yen

(Notes) Outstanding shares (consolidated) at the end of the period:
Six months ended September 30, 2002: 649,619,711 shares
Six months ended September 30, 2001: 649,977,188 shares
FY ended March 31, 2002: 649,873,130 shares

(3) Cash Flows

	Millions of Yen – Except Per Share Data		
	Six Months Ended September 30, 2002	Six Months Ended September 30, 2001	FY Ended March 31, 2002
Net cash provided by (used in) operating activities	15,792	27,409	58,306
Net cash provided by (used in) investing activities......	(1,868)	(12,443)	(36,812)
Net cash provided by (used in) financing activities	(18,327)	(20,530)	(26,376)
Cash and cash equivalents at end of period......................	50,072	53,010	56,550

(4) Matters concerning consolidated subsidiaries and affiliates accounted for by the equity method:

Number of consolidated subsidiaries:	90
Number of non-consolidated subsidiaries accounted for by the equity method:	5
Number of affiliates accounted for by the equity method:	26

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

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

2. Forecast for the Fiscal Year Ending March 31, 2003

	Millions of Yen
	FY Ending March 31, 2003
Net Sales	990,000
Ordinary Income	59,000
Net Income (Loss)..	32,000

(Note) Net income per share expected for the fiscal year ending March 31, 2003 (consolidated): 49.26 yen

This forecast contains forward-looking statements that are based on managements' estimates, assumptions and projections at the time of publication. A number of factors could cause actual results to differ materially from expectations. For more information, please refer to page 12 of the attached materials.

I. Current State of the Ajinomoto Group

The Ajinomoto Group is made up of Ajinomoto Co., Inc., along with 127 subsidiaries and 38 affiliates. Our Group is engaged in manufacturing and marketing of seasonings and food products, frozen foods, edible oils, beverages, dairy products, seasonings and processed foods, amino acids, specialty chemicals, pharmaceuticals, and pharmaceutical intermediates, and other business ventures.

A breakdown of the Ajinomoto Group core businesses can be found in the following chart.

Business	Product	Main Companies
Domestic Food Products (40 companies)	Seasonings and Food Products (26 companies)	Knorr Foods Co., Ltd., Ajinomoto Packaging Inc., plus 24 additional companies
	Frozen Foods (7 companies)	Ajinomoto Frozen Foods Co., Inc., Ajinomoto Frozen Foods (Thailand) Co., Ltd., Ajinomoto Betagro Frozen Foods (Thailand) Co., Ltd., Lianyungang Ajinomoto Ruyi Foods Co., Ltd., plus 3 additional companies
	Edible Oils (4 companies)	HONEN AJINOMOTO OIL MILLS, INC., Ajinomoto Oil Mills Co., Inc., HONEN Corporation, plus 1 additional company
	Beverages, Dairy Products (3 companies)	Ajinomoto General Foods, Inc., Calpis Co., Ltd., Calpis Ajinomoto Danone Co., Ltd.
Overseas Food Products (72 companies)	Seasonings and Processed Foods (72 companies)	Ajinomoto Co., (Thailand) Ltd., Ajinomoto (Malaysia) Berhad, Ajinomoto del Perú S.A., Ajinomoto Interamericana Indústria e Comércio Ltda., P.T. Ajinex International, P.T. Ajinomoto Indonesia, AJINOMOTO PHILIPPINES CORPORATION, Ajinomoto (Singapore) Pte. Ltd., plus 64 additional companies
Amino Acids (19 companies)	Amino Acids, Specialty Chemicals (19 companies)	Ajinomoto Takara Corporation, Inc., Ajinomoto Fine-Techno Co., Inc., Ajinomoto U.S.A., Inc., S.A. OmniChem N.V., AJINOMOTO EUROLYSINE S.A.S., Ajinomoto Heartland, Inc., Ajinomoto Euro-Aspartame S.A.S., Ajinomoto Europe Sales G.m.b.H., Ajinomoto Switzerland AG, plus 10 additional companies
Pharmaceuticals (5 companies)	Pharmaceuticals, Pharmaceutical Intermediates (5 companies)	Ajinomoto Pharma Co. Ltd., Ajinomoto Pharmaceuticals U.S.A., Inc., Ajinomoto Pharmaceuticals Europe Ltd., plus 2 additional companies
Others (29 companies)	Packaging Materials (4 companies)	Acepackage Co., Ltd., Fuji Ace Co., Ltd., plus 2 additional companies
	Distribution (12 companies)	AJINOMOTO LOGISTICS CORPORATION, plus 11 additional companies
	Service, others (13 companies)	Ajinomoto Communications Inc., Ajinomoto System Techno Corporation, Ajinomoto Engineering Co., Ltd., Ajinomoto-Genetika Research Institute (AGRI), plus 9 additional companies

II. Management Policy

1. Basic Management Policy

Over the years since the flavor enhancer *AJI-NO-MOTO*, the world's first umami seasoning, went on sale in 1909, our company has striven for over ninety years to create new value as we cultivate the field of food and food products. We have also deepened our knowledge of amino acids, expanding the market from foods to the areas of health and medical treatment. Building on these achievements, we will pursue advances in Food and Health for a better tomorrow for the world through products and services based on our unique technological expertise.

(1) Ajinomoto Group Philosophy

Our philosophy is to contribute significant advances in food and health on a global basis and ultimately to create a better life for all.

(2) Ajinomoto Group Basic Management Policies

- **Business Objectives**

  We aim to be a global corporation, which contributes to the general well-being of all people in the world, through our business domains of food and food-related products, amino acid-based fine chemicals and pharmaceuticals.
- **Business Ethos**

  By always putting customers first, synergizing our vast pool of creative resources and employing only superior technologies, we offer innovative products and services of the highest standards and quality.
- **Management Principle**

  We continue to respect all interested parties, including shareholders, customers, local communities, trading partners and employees, and manage operations on the basis of quick and concise decision-making that is fair and open, thus realizing an appropriate return of profits to our shareholders and continually increasing our business value.
- **Social Responsibility**

  As an outstanding and socially aware corporate citizen, we endeavor to contribute to the harmony and progress of society.
- **Corporate Culture**

  We strive to maintain a creative, open, spirited, and confident atmosphere in which employees can strive for self-fulfillment and career advancement.

2. Basic Policies Pertaining to Profit Redistribution

Since 1962, Ajinomoto has made steady dividend payments of 10 yen per share. In the years to come, the Company will basically make dividend payments proportional to consolidated results during the period in question with careful considerations of progress made in achieving medium-term management goals.

The Company will make a commitment to, selection, concentration and expansion as its basic stance. Capital expenditures in Japan and overseas; investments and loans; R&D; brand strategies: all these areas will provide arenas for the fruitful application of internal reserves. Ajinomoto intends to go on meeting the expectations of its shareholders by striving to utilize shareholders' equity in the most efficient manner possible.

3. Policy With Regards to Lowering of Stock Trading Unit

In order to encourage interest and investment in Ajinomoto by more individual investors, and thereby fill out our existing shareholder base, we established a shareholder preferential treatment plan last year. Ajinomoto will continue investigating the possibilities of reducing the number of shares in one trading unit through careful consideration of such issues as trends in stock prices and number of shareholders, stock demand, and revisions to the Commercial Code of Japan.

4. Management Goals

Under the new 02/04 Three-Year Management Plan, which began in April 2002, Ajinomoto is implementing the five management strategies described in "Our Tasks Ahead" below. Numerical targets by the end of the fiscal year ending March 31, 2005, the last year of the plan, are set at net sales of 1.1 trillion yen, operating income of 75 billion yen, net income of 45 billion yen and ROE of 10% or more.

5. Our Tasks Ahead

Ajinomoto aims to become a truly global company with products loved by people worldwide, brands that guarantee safety and reliability, innovative technologies, and creative and individual personnel.

As of April of this year, the Company introduced a new three-year management plan based upon the following five management strategies. By accomplishing the objectives laid down in this plan, Ajinomoto will carve out an unassailable position as a truly global company.

(1) Expanding Business in Growth Sectors

Ajinomoto will focus its sights to those markets in which growth in predicted in the future, and in which the best use can be made of the Company's existing technologies and brands. On the basis of the following five initiatives, the entire Ajinomoto Group will enhance its current position.

(1) Active development of the nutritional health business
(2) Expansion in the overseas retail business
(3) Enhancement of and new growth in the global bulk ingredient business
(4) Emphasis on the pharmaceuticals business
(5) Promotion of M&As and business alliances

(2) Shifting Toward a High-Earnings Structure

Ajinomoto aims to further reinforce the Domestic Food Products business on the basis of the keywords 'selection and concentration.' Key policies call for the reinforcement of those businesses in which Ajinomoto is the market leader, and focused allocations of management resources to achieve the number one spot in other key businesses.

(3) Strengthening Corporate Governance

Ajinomoto implemented an internal company system in April 2002 for the furtherance of competitive, profitability-based business operations and speed in decision-making. Group operations are now structured in the form of three internal companies (the Seasonings & Food Products Company, the Global Foods & Amino Acids Company, and the Pharmaceutical Company), one spin-off company (Ajinomoto Frozen Foods Co., Inc.), four tie-up companies (Ajinomoto General Foods, Inc., Calpis Co., Ltd., Calpis Ajinomoto Danone Co., Ltd. and HONEN AJINOMOTO OIL MILLS, INC.), and the Corporate Division.

(4) Nurturing Personnel Capable of Working in the Global Arena

To nurture employees who can support global business deployment, Ajinomoto has implemented a multi-track personnel system and put in place a system to allow flexible employment and compensation policies.

In addition, the Company is strengthening a performance-based compensation system and continuing to build a compensation system that rewards employees according to their contribution to the Group, without regard to nationality or sex.

(5) Operating in Harmony with Society as a Good Corporate Citizen

As Ajinomoto continues to strengthen and systematize the quality control that is a fundamental of food product manufacturing, the Company is implementing product quality audits across the entire group.

In addition, environmental policies will be rigorously implemented throughout the entire Ajinomoto Group, and active responses to environmental issues will be made, such as the acquisition of ISO14001 certification.

6. Enhancement of Corporate Governance

Ajinomoto implemented an internal company system in April 2002 for the purpose of furthering competitive business operations prioritizing profitability, and timely management decision-making. In more concrete terms, this means forming a vertical business structure to allow integrated management of R&D, manufacturing, marketing and sales, while also clarifying the responsibility and authority to facilitate more rapid decision-making at the internal company level. In order to enable more appropriate and speedier implementation of managerial strategy and task administration across the entire group, the Corporate Division is also being reorganized. In addition to the above initiatives, we are proceeding with improved compliance systems and are continuing to review potential improvements to management and audit practices in response to revisions of the Commercial Code of Japan.

III. Operating Results and Financial Situation

1. Review of Operations

(1) Overview

(In billions of yen rounded down)

	Net Sales	Operating Income	Ordinary Income	Net Income
Interim period ended September 30, 2002	4,897	236	268	120
Interim period ended September 30, 2001	4,616	194	253	163
Percentage of previous interim period	106.1%	121.5%	106.1%	73.5%

Overview of Operating Results

During the current interim period, the Japanese economy showed signs of bringing an end to falling production and corporate profits. However, the general economic climate, the employment picture and consumer spending failed to stage any kind of recovery. The food industry was rocked by a series of incidents that undermined the confidence consumers held towards product quality and the reliability of labeling, and the trend towards lower prices continued unabated. The period also saw the U.S. and European economies heading into uncharted waters, making for an uncertain future for the global economy.

Against this operating backdrop, domestically, sales of food products generated solid results, and the pharmaceuticals and amino acid businesses performed particularly strongly. Overseas, Asian markets played a key part in pushing up food product sales, and amino acid sales also succeeded in bettering results over the previous interim period. These factors took consolidated net income for the period up 6.1%, or 28.1 billion yen, to 489.7 billion yen, operating income up 21.5%, or 4.1 billion yen, to 23.6 billion yen, ordinary income up 6.1%, or 1.5 billion yen, to 26.8 billion yen. Net income for the period fell 26.5%, or 4.3 billion yen, however, to a final total of 12.0 billion yen.

Dividend payments for the period have been set at 5 yen per share, the same figure as in the previous interim period.

Overview of Operating Results by Segment

(In billions of yen, rounded down)

	Net Sales	Y-on-Y Change (Amount)	Percentage of Previous Year	Operating Income	Y-on-Y Change (Amount)	Percentage of Previous Year
Domestic Food Products	297.5	9.4	103.3 %	11.9	.7	106.5 %
Overseas Food Products	68.8	6.5	110.6 %	4.3	1.5	155.2 %
Amino Acids	62.1	5.6	110.1 %	4.9	(1.1)	81.3 %
Pharmaceuticals	29.4	2.8	110.6 %	6.7	4.0	250.6 %
Others	31.8	3.5	112.4 %	1.3	(.5)	70.3 %

Note 1: Please consult Note 2 of '5. Segment Information' for details on the main products within each business segment.

Note 2: Sales of amino acid supplement *Amino Vital* and the domestic portion of sales of amino acid-based sweetener *Pal Sweet* are included in domestic food products .

Note 3: *AJI-NO-MOTO* and nucleotides for use in the food processing business are products which are included in overseas food products.

Note 4: Under a change in accounting treatment standards introduced during the current interim period, a one-off sum of 887 million yen relating to such matters as the transfer of pharmaceutical sales rights, patent licensing, and joint development activities that change hands on completion of the relevant contracts was included in net sales for the Pharmaceuticals Business. Using previous standards net sales would have risen 107.3% to 28.6 billion yen while operating income would have risen 217.5% to 5.8 billion yen from the same period the year before.

1. Domestic Food Business

Sales in the domestic food business rose 3.3%, or 9.4 billion yen over the same period the previous year to 297.5 billion yen. Operating income rose 6.5% to 11.9 billion yen. Sales of savory seasonings for use in the food processing business fell, but sales of coffee and Calpis Co., Ltd. products made strong progress. *Amino Vital*, the amino acid supplement, and frozen food products also bettered the previous interim period's performance.

[Seasonings]

In home-use seasoning, *Hon-Dashi* maintained a level of sales not significantly different from that of the same period the previous year. This was largely thanks to the release of new products aimed at the market of Western Japan. Sales of the *Cook Do* line increased due partly to introduction of seasonal products. In the commercial market, sales of *AJI-NO-MOTO* and *Hon-Dashi* for restaurants fell slightly, but sales of liquid Japanese seasonings for restaurant use continued to climb, allowing sales in this area to come very close to those of the previous interim period. Sales of savory seasonings to the food-processing business declined due to the baleful influence of BSE-related problems. Lastly, sales of *ACTIVA,* an enzyme that improves food texture (transglutaminase) increased as a range of new applications were found for the product.

[Processed Foods]

Soup sales benefited from the continuingly strong sales of *Knorr Soup Pasta*, now in its second year. In addition, core product *Knorr Cup Soup* recorded sales growth thanks to a combination of efforts to improve existing products and the introduction of entirely new ones. In mayonnaises, Ajinomoto implemented marketing measures centering on the quality of raw materials, and worked to improve the *Pure Select Half* product line. These efforts kept sales at previous period levels. Sales of *Kellogg's* series grew driven by newly launched products.

[Sweeteners and Nutritional Foods]

In amino acid-based sweeteners for home use and restaurant use, core products *Pal Sweet* and *Pal Sweet Calorie Zero* both succeeded in bettering the sales figures of the previous interim period. *Slim-Up Sugar Flavor Sugar*, which went on sale this spring, was among the products posting encouraging sales in this area. Sales of amino acid supplement *Amino Vital* showed particularly drastic growth on the back of marketing campaigns combining TV programs and advertisements with activities to expand distribution channels.

[Delicatessen and Bakery Products]

Lunchboxes and delicatessen recorded sales growth over the previous interim period. Bakery product sales also continued to climb.

[Frozen Foods]

Spurred on by the strong sales of *Obento Arabiki Hamburg*, which boasts extremely high-quality ingredients, and *Cup ni Haitta Ebi no Gratin*, the sauces of which were devised by professional chefs, home-use frozen foods saw sales climb. Sales of commercial-use frozen foods fell however, as the continuing recession adversely affected the restaurant industry.

[Edible Oils]

In edible oils, sales of *Canola Oil* and *Kenko Sarara* (approved as a food for specified health uses) rose significantly, pushing up sales of home-use sales overall. Moreover, gift packs containing *Kenko Sarara* made great progress in gaining the approval of consumers, and succeeded in posting sales growth amidst general market decline. Moving onto commercial-use oils, sales expansion in high added-value product lines allowed Ajinomoto to match previous interim period sales figures. Meal product sales also rose.

[Coffee, Beverages, Dairy Products]

In coffee products, *Blendy* bottled coffee led the way as both liquid and regular coffee products secured rapid sales growth. Instant coffees also improved, helping to take sales for this business area well up above previous interim period figures.

Beverages sales benefited from sales growth for *Evian*, *Calpis Water*, and *Calpis Cultured Milk AMEAL-S*, bettering the previous interim period's sales figures in the process. Lastly, in chilled dairy products, *Danone Yogurt*, the *Danone Fruits Selection* line, and new product *Danone BIO* all witnessed sales climb, taking up total sales for the area.

2. Overseas Food Business

Overseas food sales climbed 10.6%, or 6.5 billion yen, over the previous interim period to 68.8 billion yen. Operating income in this segment soared by 55.2%, or 1.5 billion yen, to 4.3 billion yen. A number of factors were responsible for these trends: sales growth of *AJI-NO-MOTO* for home use and the restaurant use, as well as flavored and mixed seasonings; rising unit prices for *AJI-NO-MOTO* and nucleotides sold to the food-processing industry.

[Seasonings]

In Asia, Ajinomoto posted growth in sales of *AJI-NO-MOTO* and flavored and mixed seasonings for home use, restaurant use and food processing industries. Sales of nucleotides boosted. In the Americas, North American sales of *AJI-NO-MOTO* to the food-processing industry declined slightly over the previous interim period, but strong sales in South America led to overall sales growth. Nucleotides benefited from increase price per unit sales, pushing up net sales significantly in North and South America. Europe also witnessed considerable growth in sales of *AJI-NO-MOTO* and nucleotides to the food-processing industry, and sales of *AJI-NO-MOTO* for home use and restaurant use also made ground on the basis of exceptional sales growth in West-African nations. In Japan, however, sales of *AJI-NO-MOTO* and nucleotides to the food-processing industry suffered as a result of intense competition, and failed to match last year's totals.

[Processed Foods]

Sales of beverages and instant noodles in Asia bettered those of the previous interim period due to aggressive marketing.

3. Amino Acid Business

Sales in the amino acid business rose 10.1%, or 5.6 billion yen, to 62.1 billion yen. In spite of this progress, operating income fell 28.7%, or 1.1 billion yen, to 4.9 billion yen. Feed-use amino acids did enjoy higher results than the previous interim period, however for the purpose of market expansion Ajinomoto reduced feed-use Threonine prices. As a result, profit considerably decreased. However, pharmaceutical-use amino acids did post higher sales.

[Feed-Use Amino Acids]

In spite of significant sales growth in the Chinese market, overall Asian sales growth of feed-use amino acids fell over the previous interim period as a result of fierce competition. In the Americas, solid performance in North American markets more than compensated for exchange rate fluctuations in South America, resulting in overall growth in sales. European markets also contributed well to sales, in line with expectations.

[Pharmaceutical-Use Amino Acids]

In Japan, sales in this area benefited from growth in demand related to infusion applications. American sales saw North America make strong contributions. Europe saw progress made on the back of expanding infusion-related sales combined with rising unit prices.

[Sweeteners]

In the Americas inventory adjustments by large-scale clients resulted in considerable decrease in profits. In Europe the effect of sales volume increase was overshadowed by decreasing unit prices for results lower than the previous year.

[Pharmaceutical Intermediates]

In Europe considerable sales growth was recorded as a consequence of rising sales of intermediates designed for new drugs.

[Specialty Chemicals]

Cosmetics ingredients posted sales growth arising from strong performance in facial wash materials. *JINO* line of amino acid-based cosmetics, also improved upon the previous interim period's performance thanks to aggressive sales promotion activities. Multi-layer insulation film for use with computing equipment and electronic materials for LCDs continued bettering previous sales figures. As a result of all these factors, overall domestic specialty chemical sales rose over the previous interim period.

4. Pharmaceutical Business

Pharmaceutical sales rose 10.6%, or 2.8 billion yen, over the previous interim period to 29.4 billion yen. Operating income skyrocketed 150.6%, or 4.0 billion yen, to 6.7 billion yen. This includes the effect from the change in accounting standards in note 4 above.

In May of this year, Ajinomoto commenced sales of *Actonel*, a drug used in the treatment of osteoporosis, and the cardiovascular *ATELEC* and the domestic nateglinide and *FASTIC*, agents for the treatment of diabetes, manifested growth thanks due to proactive sales promotion activities. Furthermore, *LIVACT,* a branched chain amino acid formula for the treatment of liver cirrhosis, and *ELENTAL,* an elemental diet, also recorded sales growth. Domestic pharmaceutical sales increased overall as a result of these factors.

5. Others

Sales in this category rose 12.4%, or 3.5 billion yen, over the previous interim period to 31.8 billion yen. Operating income, however, fell 29.7% or 500 million yen to 1.3 billion yen.

(2) Outlook for the Fiscal Year Ending March 31, 2003

(In billions of yen, rounded down)

	Net Sales	Operating Income	Ordinary Income	Net Income
FY ending March 31, 2003	990.0	54.0	59.0	32.0
FY ended March 31, 2002	943.5	49.0	56.2	31.4
Percentage of previous year	104.9 %	110.2 %	105.0 %	101.8 %

The Japanese economy shows no sign of recovery in the areas of employment or personal income, while the future of the global economy is unclear, and the current harsh business climate can be expected to continue.

Ajinomoto expects rising sales in domestic food products by introducing new products to meet consumer demand and expects good growth in overseas food products, especially in Asia. In the amino acids business, pharmaceutical-use amino acids will continue to be stable while sales prices for feed-use Lysine to rise due to an improved demand supply balance in the feed-use amino acids business. In pharmaceuticals, growth for active ingredients treatments and bulk powders for osteoporosis is expected.

The Company anticipates sales to increase 4.9% to 990.0 billion yen for the fiscal year ending March 31, 2003, operating income to rise 10.2% to 54.0 billion yen, ordinary income to rise 5.0% to 59.0 billion yen. Net income is predicted to climb 1.8% to 32.0 billion yen.

The above forecasts are based on the second half exchange rate assumption of 125 yen to the U.S. dollar.

A one-yen increased dividend of six yen, resulting in a total year dividend of 11 yen is expected to be distributed.

2. Financial Position

Consolidated Cash Flows (In billions of yen, rounded down)

	Interim Period Ended September 30, 2002	Interim Period Ended September 30, 2001	FY Ended March 31, 2002
Net cash provided by operating activities	15.7	27.4	58.3
Net cash used in investing activities	(1.8)	(12.4)	(36.8)
Net cash used in financing activities	(18.3)	(20.5)	(26.3)
Effect of exchange rate changes on cash and cash equivalents	(1.8)	(0.9)	1.8
Increase (decrease) in cash and cash equivalents	(6.2)	(6.5)	(2.9)
Cash and cash equivalents at end of period	50.0	53.0	56.5

Net Cash Provided by Operating Activities
Net cash provided by operating activities fell 11.6 billion yen over the previous interim period, to a total of 15.7 billion yen. Operating income and ordinary income both made steady progress during the period, but the main factors determining the change were extraordinary losses forcing down net income before income taxes and gains in the sale of fixed assets. Working capital at the end of the period was much the same as at the beginning.

Net Cash Used in Investing Activities
Net cash used in investing activities fell 10.5 billion yen over the previous interim period to 1.8 billion yen. This change was primarily due to an increase in profit on sale of investment securities sold. Capital expenditures mainly at overseas subsidiaries were proactively implemented during the interim period.

Net Cash Used in Financing Activities
Net cash used in financing activities fell 2.2 billion over the previous interim period to 18.3 billion due to continued efforts to reduce interest-bearing liabilities through repayment of short-term borrowings.

As a result of the foregoing, cash and cash equivalents at end of period fell 3.0 billion yen to 50.0 billion yen.

IV. Consolidated Financial Statements

(1) Consolidated Balance Sheets

Millions of Yen - Rounded Down, Except Where Noted

	As of Sept. 30, 2002		As of March 31, 2002		Increase (Decrease)	As of Sept. 30, 2001	
(Assets)							
Current assets							
Cash on hand and in banks	49,247		54,511		(5,264)	48,174	
Notes & accounts receivable – trade	164,882		168,681		(3,798)	167,168	
Marketable securities	1,550		2,473		(923)	5,401	
Inventories	92,724		104,008		(11,284)	102,294	
Deferred tax assets	8,647		8,302		345	8,504	
Other current assets	23,923		20,123		3,799	24,005	
Allowance for doubtful accounts	(521)		(663)		142	(2,128)	
Total current assets	**340,453**	**42.8**	**357,436**	**42.5**	**(16,982)**	**353,419**	**42.8**
Fixed assets							
Tangible fixed assets							
Buildings and structures	217,663		234,314		(16,651)	224,175	
Machinery and vehicles	358,859		386,663		(27,803)	366,350	
Others	39,996		40,098		(101)	39,851	
Accumulated depreciation	(428,013)		(451,594)		23,580	(429,036)	
Land	63,369		65,717		(2,347)	65,366	
Construction in process	28,179		18,215		9,964	14,872	
Total tangible fixed assets	**280,055**	**35.1**	**293,414**	**34.9**	**(13,358)**	**281,580**	**34.0**
Intangible fixed assets							
Adjustment for consolidated account	15,852		17,201		(1,348)	18,549	
Other intangible fixed assets	16,681		17,979		(1,297)	17,588	
Total intangible fixed assets	**32,533**	**4.1**	**35,180**	**4.2**	**(2,646)**	**36,138**	**4.4**
Total fixed assets	**455,663**	**57.2**	**482,715**	**57.5**	**(27,051)**	**472,890**	**57.2**
Investment and other assets							
Investment in securities	105,965		113,938		(7,973)	122,342	
Long-term loans receivable	337		477		(139)	412	
Deferred tax assets	28,705		28,438		266	23,077	
Other investments and other assets	10,084		13,235		(3,150)	10,398	
Allowance for doubtful accounts	(2,017)		(1,968)		(49)	(1,059)	
Total investment and other assets	**143,074**	**18.0**	**154,121**	**18.4**	**(11,046)**	**155,172**	**18.8**
Total assets	**796,117**	**100.0**	**840,152**	**100.0**	**(44,034)**	**826,309**	**100.0**

	Millions of Yen - Rounded Down, Except Where Noted						
	As of Sept. 30, 2002		As of March 31, 2002		Increase (Decrease)	As of Sept. 30, 2001	
(Liabilities)							
Current liabilities							
Notes & accounts payable-trade………	104,798		105,410		(612)	122,434	
Short-term borrowings …………………	47,638		62,273		(14,635)	55,910	
Commercial paper ………………………	10,000		18,000		(8,000)	–	
Corporate bonds due within one year	15,000		–		15,000	–	
Convertible bonds due within one year	–		–		–	18,303	
Accrued income taxes …………………	10,261		14,105		(3,844)	11,329	
Accrued bonuses…………………………	2,987		3,133		(145)	3,098	
Other current liabilities …………………	56,627		63,335		(6,707)	61,107	
Total current liabilities………………	**247,314**	**31.1**	**266,258**	**31.7**	**(18,944)**	**272,183**	**32.9**
Long-term liabilities							
Bonds…………………………………….	45,000		60,000		(15,000)	60,000	
Long-term debt………………………….	11,810		15,238		(3,428)	19,658	
Deferred tax liabilities………………...	3,031		3,158		(126)	5,348	
Accrued employees' retirement benefits	69,478		70,672		(1,193)	70,290	
Accrued officers' severance benefits…	1,558		1,449		108	1,281	
Other long-term liabilities…………….	18,449		19,196		(746)	15,901	
Total long-term liabilities……………	**149,328**	**18.7**	**169,715**	**20.2**	**(20,386)**	**172,480**	**20.9**
Total liabilities…………………	**396,643**	**49.8**	**435,974**	**51.9**	**(39,330)**	**444,663**	**53.8**
(Minority interests)	**22,094**	**2.8**	**23,160**	**2.7**	**(1,065)**	**18,985**	**2.3**
(Shareholders equity)							
Common stock…………………………..	–		79,863	9.5	(79,863)	79,863	9.7
Capital surplus………………………….	–		111,579	13.3	(111,579)	111,578	13.5
Retained earnings………………………	–		222,565	26.5	(222,565)	210,738	25.5
Unrealized holding gains on securities.	–		9,583	1.1	(9,583)	14,397	1.7
Translation adjustments ………………	–		(42,441)	(5)	42,441	(53,822)	(6.5)
Treasury stock……………………………	–		(132)	(0)	132	(5)	(0)
Common stock…………………………..	79,863	10	–	–	79,863	–	–
Capital Surplus…………………………..	111,579	14	–	–	111,579	–	–
Retained earnings……………………….	233,604	29.4	–	–	233,604	–	–
Unrealized holding gains on securities	6,136	0.8	–	–	6,136	–	–
Translation adjustments…………………	(53,354)	(6.7)	–	–	(53,354)	–	–
Treasury stock…………………………	(450)	(0.1)	–	–	(450)	–	–
Total shareholders' equity………	**377,379**	**47.4**	**381,017**	**45.4**	**(3,637)**	**362,661**	**43.9**
Total liabilities, minority interests and shareholders' equity	**796,117**	**100**	**840,152**	**100**	**(44,034)**	**826,309**	**100**

(2) Consolidated Statements of Income

	Six-months ended Sept. 30, 2002 (Millions of Yen)	%	Six-months ended Sept. 30, 2001	%	Increase (Decrease)	FY Ended Mar. 31, 2002	%
Net sales	**489,785**	**100.0**	**461,681**	**100.0**	**28,103**	**943,540**	**100.0**
Cost of sales	**363,296**	**74.2**	**338,697**	**73.4**	**24,599**	**680,003**	**72.1**
Gross profit	**126,488**	**25.8**	**122,984**	**26.6**	**3,503**	**263,536**	**27.9**
Selling, general and administrative expenses	102,801	21.0	103,490	22.4	(689)	214,521	22.7
Operating income	**23,686**	**4.8**	**19,494**	**4.2**	**4,192**	**49,015**	**5.2**
Non-operating income							
Interest received	495		686		(191)	1,478	
Dividends received	508		450		58	626	
Profit from investments income from equity method	2,707		3,219		(511)	3,713	
Miscellaneous income	2,613		8,204		(5,591)	11,605	
Total non-operating income	**6,325**	**1.3**	**12,560**	**2.7**	**(6,235)**	**17,423**	**1.8**
Non-operating expenses							
Interest expense	1,690		2,401		(710)	4,675	
Miscellaneous losses	1,428		4,309		(2,881)	5,545	
Total non-operating expenses	**3,118**	**0.6**	**6,711**	**1.5**	**(3,592)**	**10,220**	**1.1**
Ordinary income	**26,893**	**5.5**	**25,343**	**5.5**	**1,549**	**56,217**	**6.0**
Extraordinary income							
Gain on sales of fixed assets	2,401		1,808		593	2,433	
Profit on sale of investment securities sold	4,780		108		4,671	694	
Compensation received for expropriated amount	–		3,176		(3,176)	3,176	
Others	511		1,097		(585)	1,566	
Total extraordinary income	**7,694**	**1.6**	**6,191**		**1,503**	**7,871**	**0.8**
Extraordinary losses							
Loss on disposal of fixed assets	703		1,106		(403)	2,949	
Loss on valuation of investment securities	127		367		(239)	232	
Penalty paid	–		728		(728)	728	
Settlement payment	6,963		–		6,963	–	
Others	425		535		(109)	1,714	
Total extraordinary losses	**8,220**	**1.7**	**2,738**	**0.6**	**5,481**	**5,625**	**0.6**
Net income before income taxes	**26,367**	**5.4**	**28,797**	**6.2**	**(2,429)**	**58,464**	**6.2**
Income taxes – current	**11,170**	**2.3**	**12,381**	**2.7**	**(1,211)**	**26,448**	**2.8**
Income taxes – deferred	**1,405**	**0.3**	**(1,499)**	**(0.3)**	**2,905**	**(3,089)**	**(0.3)**
Minority interests	**1,776**	**0.4**	**1,561**	**0.3**	**214**	**3,662**	**0.4**
Net income	**12,015**	**2.5**	**16,353**	**3.5**	**(4,338)**	**31,442**	**3.3**

(3) Comparative Consolidated Statements of Surplus

	Millions of Yen - Rounded Down, Except Where Noted		
	As of Sept. 30, 2002	As of Sept. 30, 2001	As of March 31, 2002
Consolidated surplus at the beginning of the year		198,282	198,282
Increase in surplus from:			
Increase in consolidated subsidiaries	–	15	15
Decrease in consolidated subsidiaries	–	0	0
Mergers among consolidated companies	–	19	19
Others	–	0	3
Decrease in surplus from:			
Increase in consolidated subsidiaries	–	373	373
Mergers among consolidated companies	–	80	80
Others	–	3,479	6,743
Net income	–	16,353	31,442
Consolidated surplus at the end of the period	–	210,738	222,565
Capital surplus			
Capital surplus at the beginning of the year	111,579	–	–
Capital surplus at the end of the period	111,579	–	–
Retained earnings			
Retained earnings at the beginning of the year	222,565	–	–
Increase in retained earnings	17,026	–	–
Increase in retained earnings from:			
Net income	12,015	–	–
Increase in companies accounted for by the equity method	4,171	–	–
Others	840	–	–
Decrease in retained earnings	5,987	–	–
Decrease in retained earnings from:			
Increase in consolidated subsidiaries	10	–	–
Decrease in consolidated subsidiaries	1,998	–	–
Decrease in companies accounted for by the equity method	489	–	–
Others	3,490	–	–
Retained earnings at the end of the period	**233,604**	–	–

(4) Consolidated Statements of Cash Flows

	Six-months ended Sept. 30, 2002	Six-months ended Sept. 30, 2001	FY Ended Mar. 31, 2002
	Millions of Yen Rounded Down, Except Where Noted		
I. Cash flows from operating activities			
1. Income before income taxes	26,367	28,797	58,464
2. Depreciation and amortization	18,017	19,215	37,222
3. Amortization of consolidated adjustments	1,564	1,398	2,790
4. Increase (decrease) in allowance for doubtful accounts	(72)	(152)	(733)
5. Increase (decrease) in accrued employees' retirement benefits	(500)	(365)	(68)
6. Increase (decrease) in accrued severance indemnities for directors	121	(472)	(305)
7. Interest and dividends income	(1,004)	(1,137)	(2,105)
8. Interest expense	1,690	2,401	4,675
9. Equity in earnings of affiliates	(2,707)	(3,219)	(3,713)
10. Loss (gain) on sales of investment securities	(4,779)	(108)	(242)
11. Gain on revaluation of securities	127	367	232
12. Loss (gain) on sale and disposal of tangible fixed assets	(1,698)	(1,103)	515
13. Decrease (increase) in notes and accounts receivable – trade	2,642	(8,464)	(6,655)
14. Increase (decrease in notes and accounts payable – trade	(2,802)	20,370	(1,951)
15. Decrease (increase) in inventories	140	(6,969)	(4,965)
16. Increase (decrease) in accrued consumption tax	(563)	(1,146)	(431)
17. Bonus for directors	(241)	(228)	(228)
18. Compensation received for expropriated amount	–	(3,176)	(3,176)
19. Penalty paid	–	–	728
20. Settlement payment	6,963	–	–
21. Others	(7,485)	(7,314)	1,380
Sub-total	**35,779**	**38,694**	**81,433**
22. Interest and dividends received	2,951	3,166	5,986
23. Interest paid	(1,836)	(2,403)	(4,981)
24. Compensation received for expropriated amount	–	3,176	3,176
25. Penalty paid	–	–	(728)
26. Settlement payment	(6,816)	–	–
27. Income taxes paid	(14,284)	(15,223)	(26,579)
Net cash provided by operating activities	**15,792**	**27,409**	**58,306**
II. Cash flows from investing activities			
1. Decrease (increase) in marketable securities	–	837	1,017
2. Acquisition of tangible fixed assets	(25,794)	(21,932)	(45,821)
3. Proceeds from sale of tangible fixed assets	3,684	4,869	8,135
4. Acquisition of intangible assets	(1,375)	(2,000)	(3,564)
5. Proceeds from compensation expropriation	–	3,589	3,589
6. Acquisition of investment securities	(31)	(1,290)	(607)
7. Proceeds from sale of investment securities	23,176	1,683	2,157
8. Acquisition of shares of affiliates	(1,445)	(418)	(418)
9. Others	(81)	2,218	(1,298)
Net cash used in investing activities	**(1,868)**	**(12,443)**	**(36,812)**

	Six-months ended Sept. 30, 2002	Six-months ended Sept. 30, 2001	FY Ended Mar. 31, 2002
	Millions of Yen Rounded Down, Except Where Noted		
III. Cash flows from financing activities			
1. Decrease in short-term borrowings	(8,838)	(2,297)	21,667
2. Proceeds from long-term debt	654	2,996	3,336
3. Repayment of long-term debt	(6,285)	(7,437)	(16,572)
4. Redemption of bonds	–	(10,000)	(28,303)
5. Cash dividends paid	(3,252)	(3,252)	(6,499)
6. Distribution of dividends to minority shareholders	(288)	(397)	(654)
7. Others	(317)	(142)	650
Net cash used in financing activities	**(18,327)**	**(20,530)**	**(26,376)**
IV. Effect of exchange rate changes on cash and cash equivalents	**(1,882)**	**(968)**	**1,888**
V. Decrease in cash and cash equivalents	**(6,286)**	**(6,532)**	**(2,992)**
VI. Cash and cash equivalents at the beginning of the period	56,550	59,389	59,389
Increase due to inclusion of subsidiaries in consolidation	695	154	154
Increase (decrease) from change of fiscal year-end of consolidated subsidiaries	(887)	–	–
Sub-total	**56,359**	**59,543**	**59,543**
VII. Cash and cash equivalents at the end of period	**50,072**	**53,010**	**56,550**

Significant Items for the Preparation of Consolidated Financial Statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries:
90 companies
Names of main consolidated subsidiaries:
Knorr Foods Co., Ltd., Ajinomoto Frozen Foods Co., Inc., Ajinomoto Pharma Co., Ltd., Ajinomoto Co., (Thailand) Ltd., S.A. OmniChem N.V., AJINOMOTO EUROLYSINE S.A.S

Due to the transfer of shares following the establishment of the joint holding company between Ajinomoto Oil Mills Co., Inc. and HONEN Corporation, the classification of Ajinomoto Oil Mills Co., Inc. has been changed from 'consolidated subsidiary' to 'affiliate accounted for by the equity method'. In ranking the level of importance SHANGHAI HOUSE AJINOMOTO FOODS CO., LTD. and two other companies have been included in 'Scope of consolidation' while, due to changes in equity share, Yokohama Pack Co., Ltd. and 1 other company have been excluded.

(2) Names of main non-consolidated subsidiaries:
Main non-consolidated subsidiaries:
Bonito Technical Laboratory Co., Inc.
(Reasons for removal from scope of consolidation)
Companies which were classified as non-consolidated this year are all small subsidiaries, and none have total assets, sales, current year net income (corresponding to equity share), and surpluses (corresponding to equity share) that impact the consolidated financial statements significantly.

2. Scope of application of the equity method

(1) Number of non-consolidated subsidiaries accounted for by the equity method:
5 companies
Names of main companies:
Si Ayutthaya Realestate Co., Ltd., Saeng Fah Provision Industries Co., Ltd.

(2) Number of affiliated companies accounted for by the equity method:
26 companies
Names of main companies:
Ajinomoto General Foods, Inc., Calpis Co., Ltd., Ajinomoto Oil Mills Co., Inc., CPC/AJI (Thailand) Ltd.
The Company has removed Ohta Oil Co., Ltd. from the scope of the equity method due to changes in equity share.

(3) The main non-consolidated subsidiary not accounted for by the equity method is Bonito Technical Laboratory Co., Inc. Also, the main affiliated company not accounted for by the equity method is Yaguchi & Company Ltd. Since these companies each have negligible impact on consolidated net income and surpluses, and have minimal importance for the Company as a whole, they have been removed from the scope of application of the equity method.

(4) Of the equity holding companies, Calpis Co., Ltd. and 15 other companies have interim settlement dates of June 30th. Of this total, 14 companies carry out trial settlements on September 30th. In preparing the consolidated financial statements, for companies that do not carry out trial settlements, the Company has used the financial statements for their interim settlement dates, carrying out adjustments for significant transactions that have occurred in the period leading up to the consolidated interim settlement date.

3. Fiscal year etc. of consolidated subsidiaries

Of the consolidated subsidiaries, Ajinomoto del Perú S.A. and 12 other companies have interim settlement dates of June 30th. Of these, 9 companies carry out trial settlements on September 30th. In preparing the consolidated financial statements, for companies that do not carry out trial settlements, the Company has used the financial statements for their interim settlement dates, carrying out adjustments for significant transactions that have occurred in the period leading up to the consolidated interim settlement date.

4. Accounting treatment standards

(1) Valuation standards and methods
1) Marketable securities:
Other securities:
- Other securities for which the fair value is available are stated at such fair value at the interim balance sheet date and the changes in fair value, are directly charged or credited to shareholders' equity. The cost of such securities sold is determined by the moving-average method.
- Other securities for which the fair value is

not available are stated at cost determined by the moving-average method.

2) Derivatives:

Market value method

3) Inventories:

Inventories of the Company and main subsidiaries are stated based on the lower of cost or market method, cost being determined by the average method.

(2) Depreciation method for important fixed assets

1) Tangible fixed assets:

The Company and domestic consolidated subsidiaries have mainly employed the fixed percentage method, while foreign consolidated subsidiaries have employed the straight-line method. However, for buildings acquired after April 1, 1998 by the Company and domestic consolidated subsidiaries (not including facilities attached to buildings), have primarily employed the straight-line method. Useful life for buildings and structures is from 3 to 50 years and for machinery and vehicles is 2 to 20 years.

2) Intangible fixed assets:

The amortization of intangible fixed assets is computed by the straight-line method.

Computer software held at the parent company and domestic consolidated subsidiaries is amortized by the straight-line method over the estimated useful life (5 years).

(3) Important reserves

1) Allowance for doubtful accounts:

The allowance for doubtful accounts is provided for possible bad debt at the amount estimated based on the past bad debt experience for normal receivables plus uncollectible amounts determined by reference to the collectibility of individual accounts for doubtful receivables.

2) Allowance for accrued bonuses

At certain consolidated subsidiaries, allowances for employees' bonuses have been based on the amount of expenditure projected.

3) Allowance for retirement benefits for employees:

The allowance for accrued retirement benefits for employees is provided for at the Company and its domestic consolidated subsidiaries based on projected benefit obligations and fair value of pension plan assets at the end of this fiscal year and accounts for the amount acknowledged as occurring at the end of interim period. Prior employment liabilities are amortized by the straight-line method over a period of mainly 10 years, which is within the average remaining service years for employees at the time of occurrence. The actuarial gain and loss are amortized by the straight-line method over a period of mainly 10 years, which is within the average remaining service years for employees at the time of occurrence, from the following year of occurrence.

4) Allowance for retirement benefits for directors:

At the Company and certain domestic consolidated subsidiaries, accrued retirement allowances at the end of the six-month period for directors are provided for retirement benefits for directors and corporate auditors at the amount that would by required to be paid in accordance with the Company's internal rules.

(4) Translation of assets and liabilities denominated in foreign currencies into yen:

Foreign currency-denominated assets and liabilities have been translated into Yen at the rates of exchange in effect at the interim balance sheet date, with translation differences treated as profits or losses. Furthermore, assets, liabilities, revenues, and expenses of foreign subsidiaries have been translated into Yen at the rates of exchange in effect at the consolidated interim balance sheet date, with translation differences included in minority interests and the foreign exchange translation adjustment account of shareholders' equity.

(5) Accounting for leases

For finance lease transactions of the Company and domestic consolidated subsidiaries other than those in which a transfer of ownership of leased assets to the lessee has been recognized, accounting treatment is based on normal leasing transaction methods. For some overseas consolidated subsidiaries, the leased assets of finance lease contracts have been included in 'Tangible fixed assets' and based them on the accounting regulations of the respective countries.

(6) Consumption tax

Transactions subject to the consumption tax are recorded at amounts exclusive of the consumption tax. Unpaid consumption taxes have been included in 'Other current liabilities'.

5. Scope of funds for the Consolidated Interim Statement of Cash Flows

Scope covers cash on hand, demand deposits, and highly liquid, easily convertible short-term investments with low risk of price fluctuation that mature within three months of acquisition.

Changes to accounting procedures

In the past, one-off sums relating to such matters as the transfer of pharmaceutical sales rights, patent licensing, and joint development activities that change hands upon the completion of the relevant contracts have been recorded under non-operating income. However, the importance of such amounts to the Company is increasing.

Consequently, from the interim period ended Sept. 30, 2002, these amounts will be included under sales to give a more accurate idea of those profits being derived directly from operating activities. As a result of this change, total Pharmaceutical sales for the current interim period were 887 million yen higher than they would have been under previous accounting treatment standards, and operating income was higher by the same amount.

Additional Information

'Accounting Standards for Treasury Stocks and Drawdown, etc., of Legal Reserves' (Corporate Accounting Standards, No.1) are applied from the interim period ended Sept. 30, 2002. The effect on profits and losses resulting from this is minor.

'Shareholders' equity' in the consolidated interim balance sheets for the current interim period have been made according to the revision of rules for interim consolidated interim financial statements.

V. Segment Information

1. Segment information by business

Six Months Ended September 30, 2002

(In millions of yen – rounded down)

	April 1, 2002 to September 30, 2002							
	Domestic Food Products	Overseas Food Products	Amino Acids	Pharmaceuticals	Others	Total	Elimination or All Company	Consolidated
Sales								
(1) Sales to third parties	297,520	68,821	62,131	29,499	31,810	489,785	–	489,785
(2) Intra-group sales and transfers	1,346	6,067	11,671	0	28,438	47,524	(47,524)	–
Total sales	298,867	74,888	73,803	29,500	60,249	537,309	(47,524)	489,785
Operating expenses	286,940	70,537	68,807	22,786	58,867	507,939	(41,840)	466,098
Operating income	11,926	4,351	4,995	6,714	1,382	29,370	(5,683)	23,686

(Note) 1. Business segments are grouped based on business operations under the internal company system.
(Note) 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", nucleoties, overseas instant noodles, overseas beverages, overseas services, etc.
Amino Acids	Various amino acids, aspartame for export, specialty chemicals, etc.
Pharmaceuticals	Pharmaceuticals, medical foods.
Others	Distribution, various services, etc.

(Note) 3. Changes in Business Segments

Previously, Ajinomoto split up its operating activities into Food Products, Fine Chemicals, and Others. However, during the current interim period, the Company adopted an internal company system. The decision was therefore taken to divide operating activities up into Domestic Food Products, Overseas Food Products, Amino Acids, Pharmaceuticals, and Others in an attempt to make the business status of the various Ajinomoto Group businesses clearer. In addition, the domestic food wholesale business, formerly part of the Others, has been relocated to Domestic Food Products, and the other overseas service business has become part of Overseas Food Products.

(Note) 4. Changes to Operating Expense Allocation Methods

In the past, the Company has allocated administrative and corporate R&D expenses among all of the Ajinomoto Group's business segments. However, from the current interim period onwards, the Company will record a certain portion of these expenses under Elimination or All Company. This change has been implemented as part of a drive to clarify responsibilities relating to which business segment should be responsible for which expenses. As a result of the change, operating expenses were recorded as being 1,824 million yen, 1,015 million yen, 339 million yen, 1,399 million yen, and 376 million yen less than they would otherwise have been in Domestic Food Products, Overseas Food Products, Amino Acids, Pharmaceuticals, and Others respectively. Similarly, operating expenses under Elimination or All Company were recorded as being 4,955 million yen higher than it would otherwise have been. Operating income was affected in the opposite manner, being recorded as 1,824 million yen, 1,015 million yen, 339 million yen, 1,399 million yen, and 376 million yen higher than it would otherwise have been in Domestic Food Products, Overseas Food Products, Amino Acids, Pharmaceuticals, and Others respectively. Similarly, operating income under Elimination or All Company was recorded as being 4.955 million yen lower than it would otherwise have been. Segment information for the previous fiscal year and the previous interim period has been displayed, as it would appear under the new business segments at the end of the section containing the same information categorized by business segment.

(Note) 5. Changes to Income Recording Standards

In the past, one-off sums relating to such matters as the transfer of pharmaceutical sales rights, patent licensing, and joint development activities that change hands upon the completion of the relevant contracts have been recorded under non-operating income. However, the importance of such amounts to the Company is increasing. Consequently, from the interim period ended Sept. 30, 2002, these amounts will be included under sales to give a more accurate idea of those profits being derived directly from operating activities. As a result of this change, total Pharmaceutical sales for the current interim period were 887 million yen higher than they would have been under previous accounting treatment standards, and operating income was higher by the same amount.

Six Months Ended September 30, 2001

(In millions of yen – rounded down)

	April 1, 2001 to September 30, 2001					
	Foods	Fine Chemicals	Other	Total	Elimination or All Company	Consolidated
Sales						
(1) Sales to third parties	318,398	98,462	44,820	461,681	–	461,681
(2) Intra-group sales and transfers	4,687	1,452	34,347	40,487	(40,487)	–
Total sales	323,085	99,915	79,167	502,168	(40,487)	461,681
Operating expenses	314,374	90,565	77,364	482,304	(40,117)	442,187
Operating income	8,711	9,349	1,802	19,863	(369)	19,494

Fiscal Year Ended March 31, 2002

(In millions of yen – rounded down)

	April 1, 2001 to March 31, 2002					
	Foods	Fine Chemicals	Other	Total	Elimination or All Company	Consolidated
Sales						
(1) Sales to third parties	636,201	215,708	91,629	943,540	–	943,540
(2) Intra-group sales and transfers	10,677	2,786	69,325	82,789	(82,789)	–
Total sales	646,879	218,495	160,955	1,026,330	(82,789)	943,540
Operating expenses	625,393	196,004	156,128	977,525	(83,000)	894,525
Operating income	21,485	22,491	4,827	48,804	210	49,015

(Note) 1. Business segments are grouped according to the similarity of the types of goods manufactured.
(Note) 2. Main manufactured goods for each business segment

Business segment	Main products
Foods	"AJI-NO-MOTO," "Umami-Dashi Hi-Me," "Hon-Dashi," "Cook Do," edible oils, vegetable proteins, soups, mayonnaise, frozen foods, coffee, beverages, chilled dairy products, etc.
Fine chemicals	Various kinds of amino acids, aspartame, pharmaceuticals, specialty chemicals, etc.
Other	Distribution, various services, food wholesale, etc.

(After changes made to segmentation method of businesses)

Six Months Ended September 30, 2001

(In millions of yen – rounded down)

	April 1, 2001 to September 30, 2001							
	Domestic Food Products	Overseas Food Products	Amino Acids	Pharmaceuticals	Others	Total	Elimination or All Company	Consolidated
Sales								
(1) Sales to third parties	288,036	62,249	56,434	26,661	28,300	461,681	–	461,681
(2) Intra-group sales and transfers	1,029	5,618	11,134	–	32,361	50,144	(50,144)	–
Total sales	289,066	67,868	67,568	26,661	60,662	511,826	(50,144)	461,681
Operating expenses	277,871	65,064	61,423	23,982	58,696	487,039	(44,851)	442,187
Operating income	11,194	2,803	6,144	2,679	1,965	24,787	(5,293)	19,494

Fiscal Year Ended March 31, 2002

(In millions of yen – rounded down)

	April 1, 2001 to March 31, 2002							
	Domestic Food Products	Overseas Food Products	Amino Acids	Pharmaceuticals	Others	Total	Elimination or All Company	Consolidated
Sales								
(1) Sales to third parties	563,096	138,607	129,991	53,509	58,334	943,540	–	943,540
(2) Intra-group sales and transfers	2,494	11,654	20,632	1	65,057	99,841	(99,841)	–
Total sales	565,591	150,262	150,624	53,510	123,391	1,043,381	(99,841)	943,540
Operating expenses	540,485	143,262	136,438	46,970	119,042	986,199	(91,674)	894,525
Operating income	25,106	6,999	14,186	6,540	4,349	57,181	(8,166)	49,015

2. Segment information by geographical area

Six Months Ended September 30, 2002

(In millions of yen – rounded down)

	April 1, 2002 to September 30, 2002						
	Japan	Asia	America	Europe	Total	Elimination or All Company	Consolidated
Sales							
(1) Sales to third parties	381,303	44,143	22,810	41,527	489,785	–	489,785
(2) Intra-group sales and transfers	16,772	4,951	4,338	1,457	27,519	(27,519)	–
Total sales	398,076	49,095	27,148	42,984	517,304	(27,519)	489,785
Operating expenses	382,893	44,494	25,125	41,103	493,618	(27,519)	466,098
Operating income	15,182	4,600	2,022	1,881	23,686	–	23,686

Six Months Ended September 30, 2001

(In millions of yen – rounded down)

	April 1, 2001 to September 30, 2001						
	Japan	Asia	America	Europe	Total	Elimination or All Company	Consolidated
Sales							
(1) Sales to third parties	361,897	39,121	23,879	36,783	461,681	–	461,681
(2) Intra-group sales and transfers	17,488	4,267	3,077	1,469	26,303	(26,303)	–
Total sales	379,385	43,389	26,957	38,253	487,985	(26,303)	461,681
Operating expenses	369,671	38,389	26,178	34,251	468,491	(26,303)	442,187
Operating income	9,714	4,999	778	4,001	19,494	–	19,494

Fiscal Year Ended March 31, 2002

(In millions of yen – rounded down)

	April 1, 2001 to March 31, 2002						
	Japan	Asia	America	Europe	Total	Elimination or All Company	Consolidated
Sales							
(1) Sales to third parties	716,774	87,836	56,598	82,329	943,540	–	943,540
(2) Intra-group sales and transfers	33,567	11,498	9,785	4,217	59,068	(59,068)	–
Total sales	750,342	99,335	66,384	86,546	1,002,608	(59,068)	943,540
Operating expenses	723,735	88,125	63,306	78,426	953,593	(59,068)	894,525
Operating income	26,606	11,209	3,077	8,120	49,015	–	49,015

(Note) 1. Country and regional segments are categorized on the basis of geographic proximity.
(Note) 2. Main countries and regions in segments other than Japan:

Asia: Countries of East and Southeast Asia

America: Countries of North and South America

Europe: Countries of Europe and Africa

(Note) 3. Changes to Income Recording Standards

In the past, one-off sums relating to such matters as the transfer of pharmaceutical sales rights, patent licensing, and joint development activities that change hands upon the completion of the relevant contracts have been recorded under non-operating income. However, the importance of such amounts to the Company is increasing. Consequently, from the current interim period onwards, these amounts will be included under sales to give a more accurate idea of those profits being derived directly from operating activities. As a result of this change, total domestic sales for the current interim period were 887 million yen higher than they would have been under previous accounting treatment standards, and operating income was higher by the same amount.

3. Overseas sales

Six Months Ended September 30, 2002

(In millions of yen – rounded down)

	April 1, 2002 to September 30, 2002			
	Asia	America	Europe	Total
I. Overseas sales	48,807	26,174	40,652	115,635
II. Consolidated net sales	–	–	–	489,785
III. Overseas sales % of consolidated net sales	10.0%	5.3%	8.3%	23.6%

Six Months Ended September 30, 2001

(In millions of yen – rounded down)

	April 1, 2001 to September 30, 2001			
	Asia	America	Europe	Total
I. Overseas sales	43,719	26,630	38,258	108,608
II. Consolidated net sales	–	–	–	461,681
III. Overseas sales % of consolidated net sales	9.5%	5.8%	8.3%	23.5%

Fiscal Year Ended March 31, 2002

(In millions of yen – rounded down)

	April 1, 2001 to March 31, 2002			
	Asia	America	Europe	Total
I. Overseas sales	97,863	63,161	82,744	243,769
II. Consolidated net sales	–	–	–	943,540
III. Overseas sales % of consolidated net sales	10.4%	6.7%	8.8%	25.8%

(Note) 1. Country and regional segments are categorized on the basis of geographic proximity.

(Note) 2. Main countries and regions in segments other than Japan

Asia: Countries of East and Southeast Asia

America: Countries of North and South Americas

Europe: Countries of Europe and Africa

(Note) 3. Overseas sales are sales of the Company and its consolidated subsidiaries in countries and regions outside of Japan.

(Note) 4. Changes to Income Recording Standards

In the past, one-off sums relating to such matters as the transfer of pharmaceutical sales rights, patent licensing, and joint development activities that change hands upon the completion of the relevant contracts have been recorded under non-operating income. However, the importance of such amounts to the Company is increasing. Consequently, from the current interim period onwards, these amounts will be included under sales to give a more accurate idea of those profits being derived directly from operating activities. As a result of this change, total domestic sales for the current interim period were 887 million yen higher than they would have been under previous accounting treatment standards, and operating income was higher by the same amount.

Marketable Securities-Related

As of September 30, 2002

1. Marketable securities with fair value:

(In millions of yen – rounded down)

Type	As of Sept. 30, 2002		
'Other securities'	Acquisition cost	Carrying value	Unrealized gain (loss)
1. Stocks	29,430	39,656	10,225
2. Bonds			
(1) Government and municipal bonds	–	–	–
(2) Corporate bonds	3	2	(0)
(3) Other	–	–	–
3. Other	355	342	(12)
Sub-total	29,788	40,002	10,213

2. Main `Marketable securities` without fair value

(In millions of yen – rounded down)

Type	As of September 30, 2002
Other marketable securities	Carrying value (millions of yen)
Unlisted stocks (not including OTC stocks)	3,587
Unlisted domestic bonds	2
Unlisted foreign bonds	4,300
Money Management Funds	–
Medium-term bond funds	–
Investment trusts	–
Discount bonds	–

As of September 30, 2001

1. Marketable securities with fair value:

(In millions of yen – rounded down)

Type	As of Sept. 30, 2001		
'Other securities'	Acquisition cost	Carrying value	Unrealized gain (loss)
1. Stocks	49,381	73,684	24,303
2. Bonds			
(1) Government and municipal bonds	–	–	–
(2) Corporate bonds	24	24	0
(3) Other	–	–	–
3. Other	355	340	(14)
Sub-total	49,760	74,048	24,288

2. Main `Marketable securities` without fair value

(In millions of yen – rounded down)

Type	As of September 30, 2001
Other marketable securities	Carrying value
Unlisted stocks (not including OTC stocks)	3,230
Unlisted domestic bonds	127
Unlisted foreign bonds	4,300
Money Management Funds	1,950
Medium-term bond funds	524
Investment trusts	139
Euro-denominated commercial paper	1,349

As of March 31, 2002
1. Marketable securities with fair value:

(In millions of yen – rounded down)

Type	As of March 31, 2002		
'Other securities'	Acquisition cost	Carrying value	Unrealized gain (loss)
1. Stocks	48,205	64,433	16,229
2. Bonds			
(1) Government and municipal bonds	–	–	–
(2) Corporate bonds	4	3	(0)
(3) Other	–	–	–
3. Other	355	335	(19)
Sub-total	48,564	64,773	16,208

2. Main `Marketable securities` without fair value

(In millions of yen – rounded down)

Type	As of March 31, 2002
Other marketable securities	Carrying value
Unlisted stocks (not including OTC stocks)	3,436
Unlisted domestic bonds	103
Unlisted foreign bonds	4,300
Medium-term bond funds	525
Investment trusts	139
Discount bonds	—
Unlisted stocks (not including OTC stocks)	

Derivative Transactions

Notional amounts, fair values, and unrealized gain (loss) of derivative transactions

1. Currency-related transactions

(In millions of yen – rounded down)

Instrument type	Transaction type	As of September 30, 2002		
		Notional amount	Fair value	Unrealized gain (loss)
Currencies	Forward foreign exchange transactions	8,541	8,572	(14)
Interest rates	Interest rate swaps	830	(12)	(12)
Commodities	Futures	43	43	(0)
Total		—	—	(27)

(In millions of yen – rounded down)

Instrument type	Transaction type	As of September 30, 2001		
		Notional amount	Fair value	Unrealized gain (loss)
Currencies	Forward foreign exchange transactions	5,864	5,804	54
	Options	482 (9)	15	5
Commodities	Futures	14	15	0
Total		—	—	60

(Note) Amounts in brackets show the price of the currency options

Notional amounts, fair values, and unrealized gain (loss) of derivative transactions

1. Currency-related transactions

(In millions of yen – rounded down)

Category	Type	As of March 31, 2002			
		Notional amount		Fair value	Unrealized gain (loss)
			Over 1 year		
Non-market transactions	Forward foreign exchange transactions:				
	Sell	1,114	–	1,120	(5)
	Buy	956	–	993	36
	Options:				
	Buy				
	Call Options				
	U.S. Dollar	926 (15)	–	24	8
Total		–	–	–	38

(Note) Amounts in brackets show the price of the currency options

2. Interest-related transactions

(In millions of yen – rounded down)

Category	Type	As of March 31, 2002			
		Notional amount		Fair value	Unrealized gain (loss)
			Over 1 year		
Non-market transactions	Interest rate swaps:				
	Receive/floating and pay/fixed	900	900	(16)	(16)
	Receive/fixed and pay/floating	--	–	–	–
Total		–	–	–	(16)

3. Commodity-related transactions

(In millions of yen – rounded down)

Category	Type	As of March 31, 2002			
		Notional amount		Fair value	Unrealized gain (loss)
			Over 1 year		
Market transactions	Put options, purchased Buy	17	–	17	(0)
Total		–	–	–	(0)

Important Subsequent Events

I.
In the context of the Pharmaceutical business, Ajinomoto places particular emphasis on the fields of infusions and clinical nutrition products. In order to further reinforce its competitiveness in these areas, Ajinomoto concluded a share transfer agreement on October 28, 2002, to purchase shares of Shimizu Pharmaceutical Co., Ltd., and its subsidiary Shimizu Medical Co., Ltd., from Suzuyo & Co., Ltd., and other Suzuyo group companies.

1. Name of company from which shares will be acquired:

Suzuyo & Co., Ltd., and other Suzuyo group companies

2. Name of companies acquired, businesses, and scale of operations:

(1) Shimizu Pharmaceutical Co., Ltd.
Businesses: Research and development, manufacturing, and sales of pharmaceuticals and medical equipment
Main products include electrolyte solution, dialysing drug, and anti coagulants
Capital: 80 million yen
Net sales: 20,232 million yen (FY ended March 2002)

(2) Shimizu Medical Co., Ltd.
Businesses: Research and development, manufacturing, and sales of pharmaceuticals and medical equipment
Main products include medical equipment and drug solution for continuous ambulatory peritoneal dialysis
Capital: 100 million yen
Net sales: 1,490 million yen (FY ended Dec. 2001)

3. Scheduled date for acquisition of shares:

December 2, 2002 (planned)

4. Number of shares to be acquired and holding ratio after acquisition:

(1) Shimizu Pharmaceutical Co., Ltd.
Number of shares to be acquired: 1,600,000 shares (planned)
Ajinomoto's holding ratio after acquisition: 100% (planned)

(2) Shimizu Medical Co., Ltd.
Number of shares to be acquired: 2,000 shares (planned)
Ajinomoto's holding ratio after acquisition: 100% (planned)

5. Other

Takeda Chemical Industries, Ltd., is currently conducting sales of Shimizu Pharmaceutical Co.'s main products, but as of April 1, 2003, Ajinomoto Pharma Co., Ltd. (a 100% subsidiary of Ajinomoto Co., Inc.), will take over full responsibility for sales of all relevant products, including those products currently being sold by Shimizu Pharmaceutical Co. itself.

II.

Ajinomoto and Nippon Sanso Corporation signed an agreement on November 8, 2002, to begin the procedures required for the transfer of all outstanding shares in of Frec Corporation, a 100% subsidiary of Nippon Sanso involved in food product operations, to Ajinomoto Frozen Foods Co., Inc., a wholly owned subsidiary of Ajinomoto Co., Inc.

By combining the management resources of Ajinomoto Frozen Foods Co., Inc. and Frec Corporation, Ajinomoto will continue to expand the Ajinomoto Group's frozen food business, and further reinforce its management base.

1. Name of company from which shares will be acquired:

Nippon Sanso Corporation

2. Name of companies acquired, businesses, and scale of operations

Frec Corporation

Businesses:	Development and sales of frozen food products, retort pouched food products, and aseptic packaging food products.
Capital:	300 million yen
Net sales:	19,705 million yen (net sales for Nippon Sanso Corp.'s Food Business Division for the fiscal year ended March 2002)

3. Scheduled date for acquisition of shares:

February 2003 (planned)

4. Number of shares to be acquired and holding ratio after acquisition:

Frec Corporation

Number of shares to be acquired: 6,000 shares (planned)

Ajinomoto Frozen Foods Co., Inc.'s holding ratio after acquisition: 100% (planned)

5. Schedule

January 2003	Sign share purchase agreement (planned)
February 2003	Acquisition of shares (planned)
April 1, 2003	Merger of Ajinomoto Frozen Foods Co., Inc. with Frec Corporation (planned)