

Ajinomoto Co., Inc.

Consolidated Interim Results

First Half of
Fiscal Year Ending March 31, 2005

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

SUMMARY OF FINANCIAL STATEMENTS (Consolidated)

For the interim period ended September 30, 2004

Ajinomoto Co., Inc.

November 12, 2004

Stock Code: 2802 Listed exchanges: Tokyo, Osaka, Nagoya, Fukuoka, Sapporo
<http://www.ajinomoto.com/> Inquiries: General Manager
 President: Kunio Egashira Finance Department
 Date of the meeting of the board of directors: November 12, 2004 Hiromichi Ono
 U.S. GAAP Accounting Principles: Not adopted Telephone: 813 5250-8161

1. Consolidated Financial Results for the Six Months Ended September 30, 2004

1) Consolidated Operating Results

Millions of yen

	Interim period ended September 30, 2004		Interim period ended September 30, 2003		FY ended March 31, 2004
		Change %		Change %	
Net sales	545,633	5.7	516,144	5.4	1,039,551
Operating income	36,215	31.5	27,530	16.2	65,190
Ordinary income	37,647	30.5	28,849	7.3	68,111
Net income	22,073	80.4	12,235	1.8	36,276
Net income per share (¥)	¥34.05		¥18.88		¥55.55
Fully diluted earnings per share (¥)	--		--		--

Notes: (1) Gain from investments in subsidiaries and affiliates accounted for by the equity method:

Interim period ended September 30, 2004: 1,411 million yen Interim period ended September 30, 2003: 2,473 million yen FY ended March 31, 2004: 4,467 million yen

(2) Average number of shares outstanding (consolidated) during the period:

Interim period ended September 30, 2004: 648,399,063 Interim period ended September 30, 2003: 648,611,878 shares FY ended March 31, 2004: 648,557,309 shares

(3) Changes to accounting principles: None

(4) Percentages for interim net sales, operating income, ordinary income and net income represent changes from the previous interim period

2) Financial Position

Millions of yen

	As of September 30, 2004	As of September 30, 2003	As of March 31, 2004
Total assets	890,235	872,307	871,780
Shareholders' equity	447,663	404,734	428,077
Equity ratio (%)	50.3%	46.4%	49.1%
Shareholders' equity per share (¥)	¥690.49	¥624.07	¥659.78

Note: (1) Outstanding shares (consolidated) at:

September 30, 2004: 648,341,484 shares September 30, 2003: 648,558,288 shares March 31, 2004: 648,448,926 shares

3) Cash Flows

Millions of yen

	Interim period ended September 30, 2004	Interim period ended September 30, 2003	FY ended March 31, 2004
Net cash provided by operating activities	39,241	25,925	64,753
Net cash used in investing activities	(25,603)	(40,559)	(35,559)
Net cash (used in) provided by financing activities	(8,682)	6,266	(14,084)
Cash and cash equivalents at end of period	75,739	47,322	69,526

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

Number of consolidated subsidiaries	94
Number of non-consolidated subsidiaries accounted for by the equity method	4
Number of affiliates accounted for by the equity method	15

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

Consolidated subsidiaries	Newly included:	1	Excluded:	2
Companies accounted for by the equity method	Newly included:	0	Excluded:	3

2. Forecast for the Fiscal Year Ending March 31, 2005

Millions of yen

	FY ending March 31, 2005
Net Sales	1,080,000
Ordinary Income	76,000
Net Income	45,000

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

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 the financial year results on page 14.

1. Current State of the Ajinomoto Group

The Ajinomoto Group is made up of Ajinomoto Co., Inc. (the Company), along with 145 subsidiaries and 26 affiliates. The 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, medical foods, and other businesses.

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

Business	Product	Main Companies
Domestic Food Products (40 companies)	Seasonings and Food Products (25 companies)	Knorr Foods Co., Ltd., Ajinomoto Packaging Co., Inc., AJINOMOTO BAKERY PRODUCT CO., LTD., plus 22 additional companies
	Frozen Foods (11 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 7 additional companies
	Edible Oils (1 company)	J-OIL MILLS, INC.
	Beverages, Dairy Products (3 companies)	Ajinomoto General Foods, Inc., Calpis Co., Ltd., Calpis Ajinomoto Danone Co., Ltd.
Overseas Food Products (76 companies)	Seasonings and Processed Foods (76 companies)	Ajinomoto Co., (Thailand) Ltd., Ajinomoto (Malaysia) Berhad, Ajinomoto del Peru S.A., Ajinomoto Interamericana Industria e Comercio Ltda., PT Ajinex International, PT Ajinomoto Indonesia, AJINOMOTO PHILIPPINES CORPORATION, AJINOMOTO FOODS DEUTSCHLAND GMBH, AJINOMOTO FOODS EUROPE S.A.S., plus 67 additional companies
Amino Acids (18 companies)	Amino Acids, Specialty Chemicals (18 companies)	Ajinomoto Takara Corporation, Inc., Ajinomoto Fine-Techno Co., Ltd., Ajinomoto U.S.A., Inc., S.A. Ajinomoto OmniChem N.V., AJINOMOTO EUROLYSINE S.A.S., Ajinomoto Euro-Aspartame S.A.S., Ajinomoto Switzerland AG, plus 11 additional companies
Pharmaceuticals (7 companies)	Pharmaceuticals, Medical Foods (7 companies)	Ajinomoto Pharma Co. Ltd., Shimizu Pharmaceutical Co., Ltd., Ajinomoto Pharmaceuticals U.S.A., Inc., Ajinomoto Pharmaceuticals Europe Ltd., plus 3 additional companies
Other (30 companies)	Packaging Materials (3 companies)	Fuji Ace Co., Ltd., plus 2 additional companies
	Distribution (14 companies)	AJINOMOTO LOGISTICS CORPORATION, plus 13 additional companies
	Service, others (13 companies)	Ajinomoto Communications Inc., Ajinomoto System Techno Corporation, Ajinomoto Engineering Corporation, Ajinomoto-Genetika Research Institute, plus 9 other companies

2. Management Policy

1. Basic Management Policy

In 1909 we began selling *AJI-NO-MOTO*, the world's first umami seasoning, and in the more than 90 years since then we have developed our business as we pursue mankind's fundamental need for nourishment and common desire for well-being. While cultivating ideas in the world of food, we have developed a profound understanding of amino acids, and expanded their applications from foods to include aspects of health and medical treatment. We will continue to build on our achievements to date, using our technical and operational expertise to produce valued products that contribute positively to food, health, and the future of people around the world.

(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. Allocation of profits

Ajinomoto has made a stable dividend payment of 10 yen per share since 1962, but since 2002 has adopted the basic principle of deciding dividend payments based on a policy of making stable and sustainable dividend payments that take into account progress towards achieving medium-term management plan goals and consolidated performance for the period concerned. For the fiscal year that ended March 31, 2003 the annual

dividend was 11 yen per share, and for the year ended March 31, 2004, the total dividend was 12 yen per share, an increase of 1 yen in each previous period.

Based on this principle, it is planned to further increase the dividend by 1 yen to 13 yen per share for the current fiscal year, with an interim dividend payment of 6 yen per share.

Management policy with regard to retained earnings is to consider a range of factors influencing demand for capital, based on an overall stance of selection, concentration, and expansion of Group activities. These factors include domestic and foreign capital expenditure requirements, loans and investments, R&D, and brand strategies. Ajinomoto seeks to manage shareholders' equity efficiently, and in a way that meets the expectations of its shareholders.

3. Share Trading Unit

Since 2001 Ajinomoto has operated a benefit program for shareholders, as part of efforts to increase the attractiveness of Ajinomoto as an investment to both existing and future shareholders. Ajinomoto is continuing to investigate the possibility of reducing its minimum share trading unit, taking into account issues including trends in share prices and shareholder numbers, demand for Ajinomoto shares, and revisions to the Commercial Code of Japan.

4. Management Goals

Ajinomoto has outlined Group numerical targets for the fiscal year ending March 31, 2005 of net sales of 1.08 trillion yen, operating income of 75 billion yen, ordinary income of 76 billion yen, net income of 45 billion yen and return on equity (ROE) of 10% or higher.

5. Our tasks ahead

We seek to maintain our position as a truly global corporation that has products loved by the world, brands that assure reliability and safety, innovative technology, and creative and individual personnel who take an active role in the global arena. Under the themes of selection, concentration and expansion, we intend to pursue the following management strategies across the whole group.

One of our aims is to expand business in growth sectors. In the area of nutritional health, which has shown remarkable growth, we are planning further expansion through introducing scientifically evidence-based products with specified health benefits. In overseas markets, we will continue to develop our seasoning and processed foods businesses in Asia, particularly fast-growing China, with the aim of supplying an increasing number of customers with high value-added products that utilize Japanese technology and knowledge, and that integrate with local dietary cultures.

We will continue efforts to shift toward a high-earnings structure. In domestic food products we will adopt measures to reduce costs and strengthen business foundations. In amino acids, we are taking steps to make full use of technical expertise within the Group to maintain and build on our global number one share. In pharmaceuticals, we will rigorously pursue cost reductions in the areas of product manufacturing and distribution, while concentrating R&D resources in our core strength area of amino acids drug creation.

Since 2003 a number of steps have been taken to reform the management structure of Ajinomoto, including reducing the number of board members, introducing an executive officer system and, at the general shareholders' meeting in 2004, increasing the number of external auditors. In order to increase corporate value across the Group, Ajinomoto is taking further measures to strengthen corporate governance. Moreover, with the aim of generating further growth as a truly global company, Ajinomoto is focusing energy on nurturing personnel

capable of working in the global arena. Construction of the Ajinomoto Group Training Center will soon be completed and this facility will be a focal center for employee training and interchange.

Ajinomoto aims to operate in harmony with society as a good corporate citizen. Core activities carried out under the umbrella of Corporate Social Responsibility (CSR) relate to the environment and contributions to society. A key element of our environmental program is the proprietary Ajinomoto Group Zero Emission. This program applies to all our operational areas, and we will continue efforts to achieve targets aimed at minimizing the environmental impact of our business activities. Through socially responsible activities we aim to contribute to the creation of healthy and productive communities. Our activities include such things as working to improve nutrition in developing countries, and across the Ajinomoto Group we are engaged in finding solutions to problems relating to food, nutrition and the health of people around the world.

6. Basic Approach to Corporate Governance and Related Initiatives

(1) Basic Approach to Corporate Governance

It is a top management priority to reinforce corporate governance so the Company can strengthen its competitiveness while meeting its social responsibilities. The Company has referred to examples and materials in Japan and abroad in building a practical system that retains the positive aspects of Japanese-style management. It is also working to bolster competitiveness through the internal company system. All these endeavors are in line with a drive to enhance the corporate value of all Group businesses.

(2) Initiatives

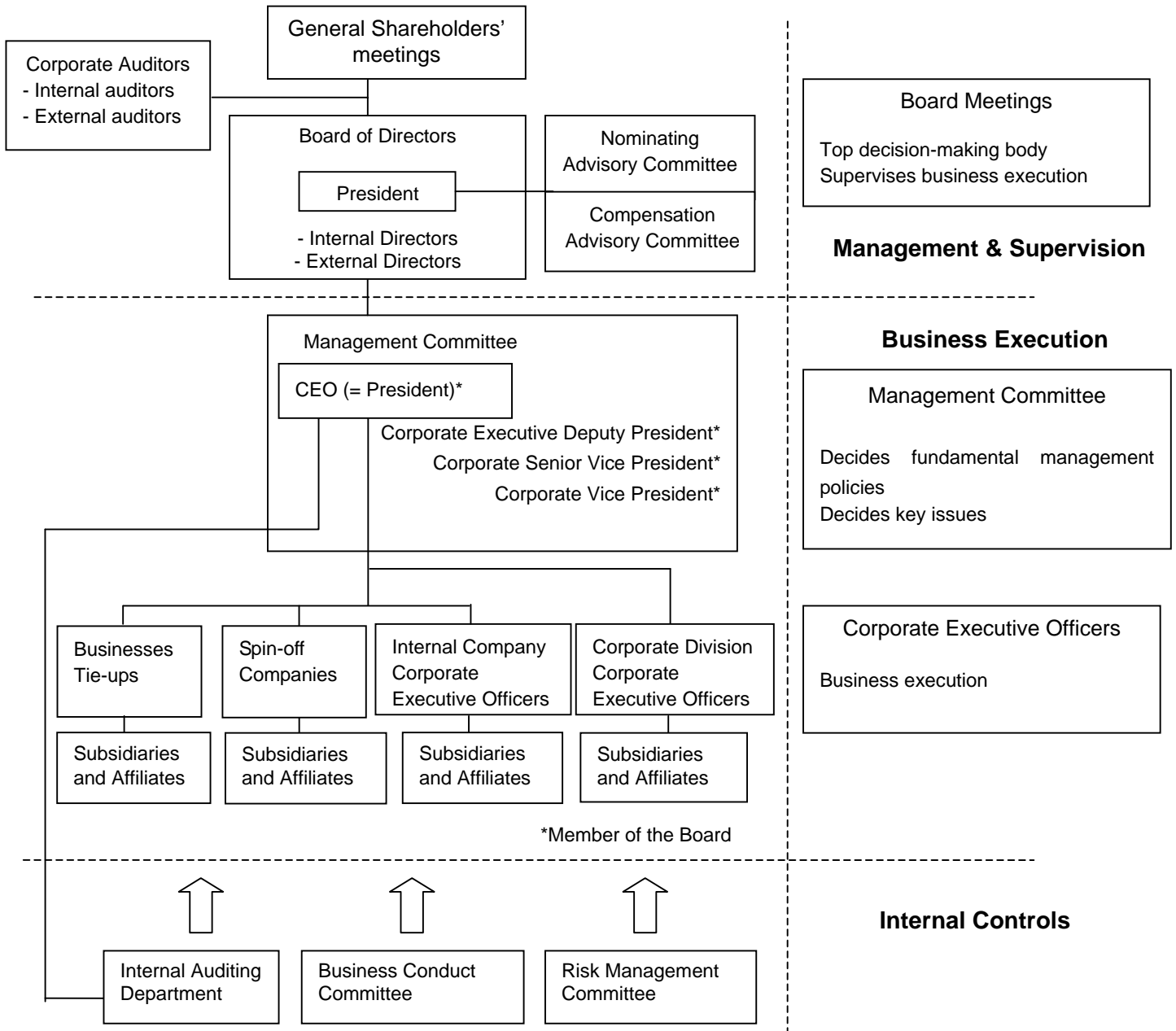
In June 2003 we reformed our management structure, reducing the number of directors, appointing an external director, and implementing a corporate executive officer system. To further strengthen our auditing function, in June 2004 the number of external auditors was increased, which enhanced our corporate governance. The reduced number of directors has made board meetings a more effective forum in which to manage overall Group strategy. The inclusion of an outside member has added an external perspective that enhances the objectivity of the board and makes it more sensitive to the outside operating environment.

Furthermore, we systematically separated execution and supervision, thereby accelerating implementation and improving the monitoring of operations. The board will monitor and appropriately assess operational implementation. In order to make accurate management decisions in response to risks in line with actual business conditions, internal board members also serve as corporate executive officers.

The Company is maintaining its auditor system, but has set up a committee to advise the president on nominating directors and executive officers, and a compensation advisory committee. These advisory committees enhance the transparency of board personnel affairs and help ensure the soundness of the management system.

To help maintain operational health, the Internal Auditing Department oversees the Company and its subsidiaries and affiliates as an internal control system and reports its findings directly to the chief executive officer. Ajinomoto has a Business Conduct Committee that ensures that all domestic and international operations comply with legal requirements and act as good corporate citizens. The committee also checks that all Group operations are fully aware of "Ajinomoto Group Principles" and that all Group companies and employees act accordingly. In addition the Risk Management Committee swiftly and accurately assesses corporate risks, reporting directly to top management and tackling issues in line with instructions.

The Company's business execution, management auditing and internal control structure is as follows.



3. Operating Results and Financial Position

I. Operating Results

1. Consolidated results outline

	<i>Billions of yen</i>			
	Net Sales	Operating Income	Ordinary Income	Net Income
Interim period ended September 30, 2004	545.6	36.2	37.6	22.0
Interim period ended September 30, 2003	516.1	27.5	28.8	12.2
Increase	5.7%	31.5%	30.5%	80.4%

Overview of results for this period

A significant improvement in Japanese corporate profitability was seen in the period under review, with increased export, manufacturing and other activity driven by a steady recovery in the global economy. Personal consumption showed signs of a mildly improving trend, although the employment situation continued to be harsh.

The operating environment for the Japanese food industry remained severe, influenced by factors such as the continued downward pressure on prices and the introduction in April of compulsory tax-inclusive pricing, although certain sectors were boosted by the extremely hot summer. Internationally, the US economy performed well, in spite of uncertainties such as high oil prices, and export activity and consumption in China and the rest of Asia continued to increase. Although European economies showed signs of a mild recovery, continued pressure on employment held back overall demand.

Against this background, in Japan net sales of Ajinomoto's amino acids business showed a large improvement over the previous interim period, and food products and pharmaceuticals sales were also higher. Overseas, sales of amino acids increased significantly, and sales of food products also grew. As a result, consolidated net sales for the interim period ended September 30, 2004 increased 5.7% (29.4 billion yen) to 545.6 billion yen. Operating income increased 31.5% (8.6 billion yen) to 36.2 billion yen, and ordinary income increased 30.5% (8.7 billion yen) to 37.6 billion yen. Consolidated net income increased 80.4% (9.8 billion yen) to 22.0 billion yen.

The interim dividend payment is 6 yen per share, unchanged from the previous interim period.

Changes to main accounting items during the period under review

Note: All comparisons are with the previous interim period, ended September 30, 2003, unless stated otherwise.

(1) Net sales

Net sales rose 29.4 billion yen, or 5.7 percent, to 545.6 billion yen. By region, sales in Japan rose 1.5 percent to 403.6 billion yen, while sales overseas rose 20.0 percent to 142.0 billion yen. Overseas, sales in Asia rose 7.5 percent to 50.3 billion yen, sales in the Americas rose 38.3 percent to 36.8 billion yen, and sales in Europe rose 22.1 percent to 54.8 billion yen.

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

The rise in net sales lifted the cost of sales by 16.0 billion yen, or 4.3 percent, to 392.9 billion yen. The ratio of cost of sales to net sales fell 1.0 percentage point to 72.0 percent.

Selling, general and administrative expenses rose 4.7 billion yen to 116.4 billion yen, a 4.3 percent increase. The main reasons for this rise were higher transportation costs accompanying the higher sales volumes, and an increase in marketing costs such as advertising and sales promotions. Revisions to the retirement benefit system resulted in a reduction in retirement benefit expenses for this period.

(3) Operating income

Operating income rose 8.6 billion yen, or 31.5 percent, to 36.2 billion yen. By region, operating income in Japan rose 26.7 percent to 16.7 billion yen, while operating income from operations overseas climbed 36.0 percent to 19.4 billion yen. The main reasons for this increase in operating income include higher sales in the domestic foods business, particularly of seasonings, and the impact of revisions to the retirement benefit system. Moreover, overseas operating income increased significantly, driven by higher sales of feed-use amino acids. By overseas region, operating income in Asia fell 3.7 percent to 5.8 billion yen, operating income in Europe fell 1.9 percent to 4.8 billion yen, while operating income in the Americas improved greatly, rising 167.4 percent to 8.7 billion yen.

(4) Non-operating income (expenses)

The difference between non-operating income and non-operating expenses was 1.4 billion yen, an improvement of 0.1 billion yen. After deducting interest expense from interest received, the balance of interest was narrowed from minus 1.1 billion to minus 0.4 billion yen in the interim period under review. This was mainly the result of a decrease in interest expenses resulting from efforts to reduce interest-bearing debt.

Equity in earnings of affiliates decreased from 2.4 billion yen to 1.4 billion yen. This decline was principally because in the previous fiscal year the transaction with Unilever PLC/Unilever NV to sell Ajinomoto's stake in seven joint venture operations in Asia was completed.

(5) Ordinary income

Ordinary income rose 8.7 billion yen, or 30.5 percent, to 37.6 billion yen.

(6) Extraordinary income

Extraordinary income for the period under review was 4.4 billion yen, compared to extraordinary income of 3.4 billion yen the year before. The main items of note were profit on sale of investment securities of 3.0 billion yen, compared to immaterial profit under this category in the previous period, and a gain on sales of fixed assets of 0.6 billion yen, compared to 3.0 billion yen in the previous period.

(7) Extraordinary losses

Extraordinary losses were 5.0 billion yen, compared to 7.6 billion yen the year before. Items of note included loss on disposal of fixed assets of 1.1 billion yen, compared to a 5.1 billion yen loss recorded under this category in the previous interim period that followed a relocation of production facilities. In addition, settlement payments relating to nucleotides of 1.9 billion yen were recorded in the period under review.

(8) Net income

Net income for the fiscal year under review rose to 22.0 billion yen, a 80.4 percent increase from net income in the previous interim period of 12.2 billion yen. The effective tax rate declined from 42.9 percent to 36.7 percent. As a result, net income per share for the interim period under review came to 34.05 yen, up from 18.88 yen per share.

(9) Others

1) Impact of foreign exchange fluctuations

Changes in the rates of foreign exchange from the end of the previous interim period and the end of the interim period under review increased net sales by 1.0 billion yen. There was only minimal impact on operating income, ordinary income, and net income. These amounts are the translation differences stemming from changes to the rates of exchange at which the financial statements of consolidated subsidiaries and equity method affiliates overseas were translated into Japanese yen.

2) Revisions to the retirement benefits system

Because of a decline in the investment return on pension assets and other factors, there has been a significant increase in retirement expenses borne by Ajinomoto. In response to this situation Ajinomoto in April 2004 adopted a market interest rate (cash balance-type) pension system and a retirement benefit point system. We believe that these changes mean our retirement benefits system can respond more flexibly to changes in the economic environment and that they make our retirement benefits system stable and secure over the long term. As a result of these revisions to the retirement benefits system, retirement benefit obligations will be reduced by 19.1 billion yen, and the resulting unrecognized prior services costs will be recognized as profit over ten years.

Consolidated operating results by segment

Note: All comparisons are with the previous interim period, ended September 30, 2003, unless stated otherwise.

	Billions of yen					
	Net Sales	YoY Change - amount	YoY Change - percent	Operating Income	YoY Change – amount	YoY Change - percent
Domestic food products	304.8	1.6	0.6%	13.1	2.7	26.4%
Overseas food products	77.8	8.1	11.7%	3.5	(0.7)	(17.0%)
Amino acids	91.5	19.3	26.8%	18.0	8.9	98.7%
Pharmaceuticals	40.2	0.6	1.6%	4.6	(0.9)	(16.5%)
Other	31.2	(0.3)	(1.1%)	2.1	0.1	8.1%

Notes:

1. Details of main products within each segment are outlined in Note 2 on page 27 of this report.
2. Sales of amino acid supplement *Amino Vital* and domestic sales of amino acid-based sweetener *Pal Sweet* are included in domestic food products.
3. Sales of *AJI-NO-MOTO* and nucleotides for use in the food processing business are included in overseas food products.
4. Part of the operating expenses of the administration division and research facilities are included in the Eliminations and All Company segment. (Details are available in part one of Segment Information in this document.)

(1) Domestic food products

Domestic food product sales increased 0.6% (1.6 billion yen) to 304.8 billion yen. Operating income increased 26.4% (2.7 billion yen) to 13.1 billion yen.

Sales in edible oils decreased as a result of changes to the product range accompanying the merger of J-OIL MILLS, INC., however positive factors such as a large increase in sales of *Cook Do* contributed to a slight increase in total net sales for the period. Operating income improved as a result of more concentrated investment in marketing and further progress in reducing costs.

Seasonings: In the retail market, sales of seasoning product *Hon-Dashi* were slightly lower, due to the unusually hot summer and the introduction of tax-inclusive pricing. Sales of the *Cook Do* line grew substantially, supported by advertising and promotional activities for *Minced chicken with TOFU* and *Minced pork with eggplant*. Sales of *Seto no Honjio* progressed well, with good market response to the use of 100% domestically produced ingredients.

In the commercial market, Ajinomoto continued to make good progress at introducing products targeting major customers. Revenue from the sale of savory seasoning products to food processing companies was largely in line with the previous interim period, while sales to the restaurant trade of *Hon-Dashi* decreased. Revenue from *ACTIVA*, an enzyme (transglutaminase) that improves food texture, increased significantly.

Processed foods: Sales of *Knorr Cup Soup* were steady, supported by the introduction of new varieties and revised products. Mayonnaise sales increased substantially, supported by the September introduction of *Pure Select Saralea*, a cholesterol-lowering product designated as a "Food for Specified Health Use", and sales of *Okayusan* retort pouch rice porridge were also strong, led by egg porridge. Sales of *Kellogg's* products were largely unchanged.

Sweeteners and Nutritional foods: In the category of amino acid-based sweeteners for home and restaurant use, *Pal Sweet Calorie Zero* progressed well, but sales of *Slim-up Sugar* were slightly lower. Sales of amino acid supplement *Amino Vital* granulated products were up considerably, driven by advertising and marketing activities related to the Athens Olympics, and sales of the jelly drink version were also higher.

Delicatessen and Bakery products: Revenue from sales of lunchboxes and prepared dish delicatessen products were lower. Bakery product sales increased.

Frozen foods: Frozen food sales increased, supported by continued strong sales of Gyoza and advertising and product improvements relating to the Shumai range. Sales of *Hot! 1 Ebi Pilaf* were substantially higher following successful advertising and marketing activities. Commercial sales of frozen foods decreased due to the significant impact of the avian flu outbreak.

Edible oils: 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. At that point Ajinomoto became the distributor of J-OIL MILLS, INC. edible oil to retailers, and J-OIL MILLS, INC. became the distributor of most of the edible oil, including Ajinomoto brand, to the commercial market and meal products. As a result, retail sales recorded an increase and commercial sales recorded a decrease.

Coffee, Beverages, Dairy products: Sales of liquid coffee such as *Blendy* bottled coffee increased, as did sales of instant and regular coffee even in a shrinking market. Revenue from beverage sales increased, supported by marketing efforts to promote 85 years of *Calpis* and strong sales of *Calpis Water* during the extremely hot summer.

Chilled dairy product sales decreased, with higher sales of *Danone Yogurt* insufficient to offset sales of *Danone Fruits Selection* and *Danone BIO*.

(2) Overseas food products

Overseas food product sales increased 11.7% (8.1 billion yen) to 77.8 billion yen. Operating income decreased 17.0% (0.7 billion yen) to 3.5 billion yen. Revenue from the sale of *AJI-NO-MOTO* and flavor seasonings increased, but marketing costs resulted in lower income.

Seasonings: In Asia, sales of *AJI-NO-MOTO* and flavor seasonings for home and restaurant use were in line with the previous comparable period. Sales of *AJI-NO-MOTO*, flavor seasonings and nucleotides to the food processing industry all increased significantly. In the Americas, sales of nucleotides were largely unchanged, but sales of *AJI-NO-MOTO* for home and restaurant use were higher. Sales of *AJI-NO-MOTO* to the food processing industry increased considerably, as did sales of flavor seasonings in South America. In Europe, sales of *AJI-NO-MOTO* to the food processing industry showed a large increase, due to the consolidation of AJINOMOTO FOODS EUROPE S.A.S. (formerly ORSAN SA). Retail sales of *AJI-NO-MOTO* continued to grow strongly in West African nations. Sales in Japan of *AJI-NO-MOTO* and nucleotides to the food processing industry were lower, as a result of lower unit prices.

Processed foods: Sales of instant noodles in Asia increased strongly, and sales of *Birdy* canned coffee progressed well.

(3) Amino acids

Sales in the amino acids business rose 26.8% (19.3 billion yen) to 91.5 billion yen. Operating income increased 98.7% (8.9 billion yen) to 18.0 billion yen. Sales of feed-use amino acids, pharmaceutical intermediates, specialty chemicals, amino acid-based sweeteners and pharmaceutical and food-use amino acids all increased, resulting in significantly higher revenue and profit.

Feed-use amino acids: Sales of all products increased, centered on higher sales of Lysine, with results in Asia, the Americas and Europe all well in excess of the previous interim period.

Pharmaceutical and food-use amino acids: In Japan, sales of infusion applications increased, and sales to beverage and other manufacturers also increased markedly. In the Americas infusion applications continued to sell strongly, and sales of infusion applications in Europe were also higher.

Sweeteners: Revenue in the Americas increased significantly, and revenue also increased in Europe.

Pharmaceutical intermediates: Sales of key products in Europe grew steadily, and total revenue grew considerably.

Specialty chemicals: In Japan, sales of multilayer insulation film for use in computer MPU boards continued to grow strongly, as did sales of amino acid-based cosmetic *JINO*. In the Americas, sales of cosmetic ingredients were well in excess of the previous interim period.

(4) Pharmaceuticals

Pharmaceutical sales rose 1.6% (0.6 billion yen) to 40.2 billion yen. Operating income decreased 16.5% (0.9 billion yen) to 4.6 billion yen. Sales of infusion applications decreased as a result of intense competition, while sales relating to the treatment of so-called lifestyle-related diseases increased. The decrease in operating income was largely due to impact of price revisions in the National Health Insurance system.

Revenue from *LIVACT*, a branched-chain amino acid formula for the treatment of liver cirrhosis, were impacted by the aforementioned price revision, but increased sales volumes meant that results were in line with the previous interim period. Sales of infusion products such as electrolyte solution *SOLITA-T* and total parenteral nutrition *PNTWIN* decreased in the face of intense competition. Sales of non-insulin-dependent diabetes treatment *FASTIC* remained strong, and sales of *Actonel*, a preparation used in the treatment of osteoporosis, and *ATELEC*, an antihypertensive drug, were higher than in the previous interim period.

(5) Other

Sales in this segment decreased 1.1% (0.3 billion yen) to 31.2 billion yen. Operating income increased 8.1% (0.1 billion yen) to 2.1 billion yen.

2. Outlook for the Fiscal Year Ending March 31, 2005

Billions of yen

	Net Sales	Operating Income	Ordinary Income	Net Income
FY ending March 31, 2005	1,080.0	75.0	76.0	45.0
FY ended March 31, 2004	1,039.5	65.1	68.1	36.2
Increase	3.9%	15.0%	11.6%	24.0%

Although the Japanese economy is showing a recovery trend, led by exports, improved corporate profitability and some recovery in consumer spending, factors such as high oil prices and the effects of unusual weather patterns continue to cause uncertainty. Globally, in spite of good economic performance in the U.S., China and the rest of Asia, the European economy continues to lack strength, and other factors such as uncertainty about a tightening in the U.S. and Chinese economies and oil price trends are a cause for concern.

Given such conditions, in domestic food products Ajinomoto aims to strengthen core products, while improving profitability by reducing production costs. Ajinomoto will also work to maintain a business foundation of 'reliability and safety' by improving product quality assurances. In overseas food products we will continue to seek to expand our presence in the fast-growing Chinese market, while seeking to expand seasoning sales and develop our processed foods operations in each country. In amino acids we intend to meet increasing demand by strengthening our production capabilities, and further boost profitability by leveraging Ajinomoto's technical abilities. In pharmaceuticals we will seek to boost the product strength of our top brands while working to further reduce costs and maximize synergies in production and distribution.

Ajinomoto forecasts consolidated sales for the fiscal year ending March 31, 2005 to increase 3.9% to 1,080.0 billion yen, and operating income to increase 15.0% to 75.0 billion yen. Ordinary income is forecast to increase 11.6% to 76.0 billion yen, with net income for the period increasing 24.0% year on year to 45.0 billion yen.

These forecasts are based on an assumed exchange rate of 108 yen to the U.S. dollar.

The dividend payment for the second half of the fiscal year will be 7 yen per ordinary share, an increase of one yen, for a total dividend payment of 13 yen per share for the full fiscal year.

II. Financial Position

1. Overview of results for this period

Financial position as of September 30, 2004

Total assets as of September 30, 2004 were 890.2 billion yen compared to 871.7 billion yen recorded on March 31, 2004. This increase of 18.4 billion yen was due mainly to factors such as the effect of the weaker yen on the translated balance sheet value of assets held by overseas subsidiaries, an increase in operating assets supporting the company's expanded revenue base, and capital expenditure.

Total interest-bearing debt was 140.3 billion yen, 3.3 billion yen lower than March 31, 2004, following further determined efforts to reduce debt levels.

Total shareholders' equity was 447.6 billion yen, compared to 428.0 billion yen recorded on March 31, 2004. This increase of 19.5 billion yen was primarily attributable to higher operating income.

Summary of consolidated cash flow

Billions of yen

	Interim period ended September 30, 2004	Interim period ended September 30, 2003	FY ended March 31, 2004
Net cash provided by operating activities	39.2	25.9	64.7
Net cash used in investing activities	(25.6)	(40.5)	(35.5)
Net cash provided by financing activities	(8.6)	6.2	(14.0)
Effect of exchange rate changes on cash and cash equivalents	1.2	(0.7)	(1.9)
Increase (decrease) in cash and cash equivalents	6.2	(9.1)	13.1
Increase in initial balance due to change in scope of consolidation	0.0	0.7	0.6
Cash and cash equivalents at end of period	75.7	47.3	69.5

Net cash provided by operating activities

Net cash provided by operating activities increased 13.3 billion yen over the previous comparable period to 39.2 billion yen. The main factor behind this increase was increased profitability from growth in operating and ordinary income.

Net cash used in investing activities

Net cash used in investing activities decreased 14.9 billion yen compared to the previous interim period to 25.6 billion yen. This mainly reflects factors such as the acquisition in the previous interim period of shares in ORSAN SA (currently AJINOMOTO FOODS EUROPE S.A.S.), and the sale in the period under review of investment securities with the aim of improving asset use. In the period under review capital expenditure was directed primarily at overseas subsidiaries.

Net cash provided by financing activities

Net cash provided by financing activities decreased 14.9 billion yen compared to the previous interim period to a net cash usage of 8.6 billion yen. This decrease reflects the fact that in the previous interim period a bond issue was made to provide funds to repay debt, settle commercial paper and maturing bonds, and to secure investment capital, while in the period under review efforts were made to further reduce interest-bearing debt.

As a result of the above, cash and cash equivalents at September 30, 2004 was 75.7 billion yen, 28.4 billion yen higher than at the end of the previous interim period.

2. Trends in Cash Flow-related Indices

	FY ended March 31, 2003		FY ended March 31, 2004		FY ending March 31, 2005
	Interim	Full year	Interim	Full year	Interim
Equity ratio (%)	47.4	45.2	46.4	49.1	50.3
Equity ratio based on market price (%)	105.2	91.5	85.4	92.2	91.8

Notes:

1. All indices are calculated from consolidated financial results figures.
2. Equity ratio = Total shareholders' equity/total assets
3. Equity ratio based on market price = Market capitalization/total assets
[Market capitalization = market price on last trading day of period x total shares outstanding at end of period (excluding treasury stock)]

4. Consolidated Financial Statements

Consolidated Balance Sheets

Millions of yen

	As of September 30, 2004		As of March 31, 2004		Increase (Decrease)	As of September 30, 2003	
ASSETS							
Current assets							
Cash on hand and in banks	69,868		70,170		(302)	48,855	
Notes & accounts receivable	186,919		178,044		8,875	172,232	
Marketable securities	7,840		2,098		5,741	1,979	
Inventories	96,389		97,178		(788)	103,237	
Deferred tax assets	9,166		8,511		654	10,033	
Other current assets	20,888		22,984		(2,096)	23,682	
Allowance for doubtful accounts	(820)		(781)		(39)	(821)	
Total current assets	390,252	43.8	378,207	43.4	12,045	359,199	41.2
Fixed assets							
Tangible fixed assets							
Buildings and structures	243,497		237,635		5,862	232,899	
Machinery and vehicles	417,286		402,491		14,795	404,139	
Others	46,699		45,792		907	44,974	
Accumulated depreciation	(491,261)		(472,393)		(18,867)	(466,436)	
Land	62,564		62,727		(162)	70,519	
Construction in process	25,667		17,558		8,108	19,123	
Total tangible fixed assets	304,454	34.3	293,811	33.7	10,643	305,220	35.0
Intangible fixed assets							
Adjustment for consolidated account	29,417		31,788		(2,370)	33,482	
Other intangible fixed assets	17,946		17,513		432	17,997	
Total intangible fixed assets	47,364	5.3	49,301	5.6	(1,937)	51,479	5.9
Investment and other assets							
Investment in securities	119,001		123,603		(4,601)	117,020	
Long-term loans receivable	417		483		(65)	496	
Deferred tax assets	19,078		17,347		1,730	30,548	
Other investments and other assets	12,110		10,748		1,361	10,136	
Allowance for doubtful accounts	(2,444)		(1,723)		(720)	(1,793)	
Total investment and other assets	148,164	16.6	150,459	17.3	(2,295)	156,407	17.9
Total fixed assets	499,983	56.2	493,572	56.6	6,410	513,107	58.8
Total Assets	890,235	100.0	871,780	100.0	18,455	872,307	100.0

Consolidated Balance Sheets

Millions of yen

	As of September 30, 2004		As of March 31, 2004		Increase (Decrease)	As of September 30, 2003	
LIABILITIES							
Current liabilities							
Notes & accounts payable	108,124		108,291		(167)	112,006	
Short-term borrowings	28,259		29,950		(1,690)	56,946	
Commercial paper	10,000		10,000		--	--	
Long-term loans due to be repaid within one year	1,422		2,162		(740)	3,107	
Corporate bonds to be redeemed within one year	10,000		--		10,000	--	
Accrued income taxes	11,092		7,701		3,391	7,769	
Accrued bonuses	3,657		3,574		83	4,011	
Other current liabilities	64,827		64,537		290	67,222	
Total current liabilities	237,384	26.7	226,217	25.9	11,166	251,063	28.8
Long-term liabilities							
Bonds	85,000		95,000		(10,000)	95,000	
Long-term debt	5,675		6,595		(920)	6,868	
Deferred tax liabilities	1,997		2,016		(19)	2,065	
Accrued employees' retirement benefits	66,580		69,492		(2,912)	68,730	
Accrued officers' severance benefits	1,653		1,584		68	1,360	
Other long-term liabilities	20,741		20,503		238	19,587	
Total long-term liabilities	181,648	20.4	195,193	22.4	(13,545)	193,613	22.2
Total liabilities	419,032	47.1	421,411	48.3	(2,378)	444,677	51.0
MINORITY INTERESTS:							
Minority interests	23,540	2.6	22,291	2.6	1,248	22,895	2.6
SHAREHOLDERS' EQUITY:							
Common stock	79,863	9.0	79,863	9.2	--	79,863	9.2
Capital surplus	111,580	12.5	111,579	12.8	1	111,579	12.8
Retained earnings	297,456	33.4	279,539	32.0	17,917	259,435	29.7
Unrealized holding gains on securities ..	8,919	1.0	13,413	1.5	(4,494)	6,922	0.8
Translation adjustments	(48,139)	(5.4)	(54,436)	(6.2)	6,297	(51,313)	(5.9)
Treasury stock	(2,017)	(0.2)	(1,881)	(0.2)	(135)	(1,753)	(0.2)
Total shareholders' equity	447,663	50.3	428,077	49.1	19,585	404,734	46.4
Total Liabilities, Minority Interests And Shareholders' Equity	890,235	100.0	871,780	100.0	18,455	872,307	100.0

Consolidated Statements of Income

Millions of yen

	Interim period ended September 30, 2004		Interim period ended September 30, 2003		Increase (Decrease)	FY ended March 31, 2004	
Net sales.....	545,633	100.0	516,144	100.0	29,489	1,039,551	100.0
Cost of sales.....	392,999	72.0	376,950	73.0	16,048	743,251	71.5
Gross profit	152,634	28.0	139,194	27.0	13,440	296,299	28.5
Selling, general and administrative expenses	116,418	21.4	111,663	21.7	4,755	231,109	22.2
Operating income.....	36,215	6.6	27,530	5.3	8,685	65,190	6.3
Non-operating income							
Interest received	950		397		552	989	
Dividends received	351		396		(45)	732	
Equity in earnings of affiliates	1,411		2,473		(1,061)	4,467	
Miscellaneous income	2,764		2,414		349	5,354	
Total non-operating income	5,477	1.0	5,681	1.1	(204)	11,543	1.1
Non-operating expenses							
Interest expense	1,424		1,583		(158)	2,960	
Miscellaneous losses.....	2,621		2,779		(158)	5,662	
Total non-operating expenses.....	4,045	0.7	4,363	0.8	(317)	8,622	0.8
Ordinary income.....	37,647	6.9	28,849	5.6	8,798	68,111	6.6
Extraordinary income							
Gain on sales of fixed assets.....	645		3,080		(2,435)	3,822	
Profit on sale of investment securities sold.....	3,046		42		3,003	70	
Others.....	781		336		444	19,565	
Total extraordinary income.....	4,473	0.8	3,460	0.7	1,012	23,457	2.3
Extraordinary losses							
Loss on disposal of fixed assets	1,167		5,134		(3,967)	8,252	
Settlement payments	1,930		577		1,352	1,363	
Others.....	1,940		1,970		(29)	14,936	
Total extraordinary losses	5,038	0.9	7,683	1.5	(2,644)	24,552	2.4
Net income before income taxes	37,081	6.8	24,626	4.8	12,455	67,017	6.5
Income taxes – current.....	12,828	2.4	7,867	1.5	4,961	15,799	1.5
Corporate tax refund.....	--	--	--	--	--	(1,378)	(0.1)
Income taxes – deferred	793	0.1	2,702	0.5	(1,908)	13,232	1.3
Minority interests.....	1,385	0.3	1,822	0.4	(436)	3,086	0.3
Net income	22,073	4.0	12,235	2.4	9,838	36,276	3.5

Consolidated Statements of Surplus

Millions of Yen

	As of September 30, 2004	As of September 30, 2003	As of March 31, 2004
Capital surplus			
Capital surplus at beginning of period	111,579	111,579	111,579
Increase in capital surplus from:			
Profit from sale of treasury stock	1	--	--
Capital surplus at end of period	111,580	111,579	111,579
Retained earnings			
Retained earnings at the beginning of the period	279,539	250,973	250,973
Increase in retained earnings from:			
Net income	22,073	12,235	36,276
Others	38	2,450	2,681
Total increase in retained earnings	22,112	14,685	38,957
Decrease in retained earnings from:			
Dividends	3,890	3,891	7,783
Directors' bonuses.....	243	239	239
Other	60	2,091	2,368
Total decrease in retained earnings	4,194	6,223	10,391
Retained earnings at end of period	297,456	259,435	279,539

Consolidated Statements of Cash Flows

Millions of yen

	Interim period ended September 30, 2004	Interim period ended September 30, 2003	FY ended March 31, 2004
I. Cash flows from operating activities			
Income before income taxes.....	37,081	24,626	67,017
Depreciation and amortization	19,744	19,053	39,925
Loss on impairment of fixed assets	--	--	7,645
Amortization of excess of cost over net assets acquired	2,109	1,804	3,619
Increase (decrease) in allowance for doubtful accounts.....	745	57	(43)
Increase (decrease) in accrued bonuses.....	37	712	283
Increase (decrease) in accrued employees' retirement benefits.....	(2,984)	219	944
Increase (decrease) in accrued officers' severance benefits.....	68	(409)	(184)
Interest and dividend income.....	(1,301)	(794)	(1,721)
Interest expense	1,424	1,583	2,960
Equity in earnings of affiliates	(1,411)	(2,473)	(4,467)
Loss (gain) on sales of investment securities	(3,046)	(30)	(55)
Loss on revaluation of securities	84	189	324
Loss (gain) on sale or disposal of tangible fixed assets.....	522	2,054	4,430
Decrease (increase) in notes and accounts receivable	(6,436)	7,701	655
Decrease (increase) in notes and accounts payable	(1,900)	(3,036)	(7,180)
Decrease (increase) in inventories	2,821	(3,393)	362
Decrease in accrued consumption tax.....	(1,137)	(710)	(63)
Bonus for directors	(243)	(239)	(239)
Settlements payment.....	1,930	577	1,363
Others.....	(1,634)	(666)	(21,610)
Sub-total.....	46,473	46,826	93,966
Interest and dividends received	2,006	1,624	3,913
Interest paid.....	(1,495)	(1,586)	(2,937)
Settlements paid	--	(577)	(1,363)
Income taxes paid	(7,742)	(20,360)	(28,825)
Net cash provided by operating activities.....	39,241	25,925	64,753
II. Cash flows from investing activities			
Acquisition or sale of marketable securities.....	168	(344)	(156)
Acquisition of tangible fixed assets	(25,276)	(27,663)	(47,007)
Proceeds from sale of tangible fixed assets	924	2,114	4,278
Acquisition of intangible assets.....	(2,408)	(3,281)	(6,194)
Acquisition of investment securities.....	(13)	(117)	(229)
Proceeds from sale of investment securities	3,603	51	4,194
Acquisition of shares of subsidiaries due to change in scope of consolidation	--	(7,384)	(7,384)
Acquisition of shares of affiliates	(2,590)	(148)	(2,483)
Others.....	(9)	(3,785)	19,424
Net cash used in investing activities.....	(25,603)	(40,559)	(35,559)

III. Cash flows from financing activities			
Increase (decrease) in short-term borrowings	(2,846)	(8,791)	(34,175)
Decrease in commercial paper	--	(11,000)	(1,000)
Proceeds from long-term debt	1,057	566	2,461
Repayment of long-term debt	(2,625)	(4,912)	(7,744)
Proceeds from bond issuance	--	49,726	49,726
Redemption of bonds	--	(15,000)	(15,000)
Cash dividends paid	(3,886)	(3,893)	(7,783)
Distribution of dividends to minority shareholders	(247)	(314)	(327)
Acquisition of own stock	(164)	(114)	(242)
Others.....	29	--	--
Net cash used in financing activities	(8,682)	6,266	(14,084)
IV. Effect of exchange rate changes on cash and cash equivalents	1,243	(753)	(1,976)
V. (Decrease) Increase in cash and cash equivalents	6,200	(9,119)	13,133
VI. Cash and cash equivalents at the beginning of the period.....	69,526	55,722	55,722
Increase due to change in scope of consolidation	12	718	670
Sub-total.....	69,539	56,441	56,393
VII. Cash and cash equivalents at the end of the period.....	75,739	47,322	69,526

Significant Items for the Preparation of Consolidated Interim Financial Statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries:

94 companies

Names of main consolidated subsidiaries:

Knorr Foods Co., Ltd., Ajinomoto Frozen Foods Co., Inc., Ajinomoto Pharma Co., Ltd., Ajinomoto Co., (Thailand) Ltd., S.A. Ajinomoto OmniChem N.V., AJINOMOTO EUROLYSINE S.A.S.

Shimizu Medical Co., Ltd. was removed from the scope of consolidation after being wound up, and S.A. Ajinomoto Coordination Center N.V. was removed from consolidation following its merger with a consolidated subsidiary. FFA International Co., Ltd. was added to the scope of consolidation in reflection of its importance.

(2) Names of main non-consolidated subsidiaries:

Main non-consolidated subsidiaries:

Bonito Technical Laboratory Co., Inc.

(Reasons for exclusion from scope of consolidation)

Subsidiaries classified as non-consolidated are all small, and none have total assets, sales, current year net income (corresponding to equity share), or surpluses (corresponding to equity share), etc. that impact the consolidated financial statements significantly.

2. Scope of application of the equity method

(1) Number of non-consolidated subsidiaries accounted for by the equity method:

4 companies

Names of main companies:

Si Ayuthaya Realestate Co., Ltd., Erawan Industrial Development Co., Ltd.

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

15 companies

Names of main companies:

Ajinomoto General Foods, Inc., Calpis Co., Ltd., J-OIL MILLS, INC., Nissin-Ajinomoto Alimentos Ltda., GABAN Co., Ltd.

Following the merger with and absorption by J-OIL MILLS, INC., Ajinomoto Oil Mills Co., Inc., HONEN Corporation, and Yoshihara Oil Mill, Ltd. have been removed from the scope of companies accounted for by the equity method.

(3) Net income and surpluses from non-consolidated subsidiaries not accounted for by the equity method (such as Bonito Technical Laboratory Co., Inc.) and affiliated companies not accounted for by the equity method (such as Yaguchi & Company Ltd.) would have negligible impact if included in consolidated interim results on an equity basis, and as these companies have minimal overall importance, they are not included in the scope of application of the equity method.

3. Fiscal year, etc. of consolidated subsidiaries and affiliated companies accounted for by the equity method

Of the consolidated subsidiaries, Ajinomoto del Peru S.A. and 11 other companies have interim period settlement dates of June 30. Of these, 10 companies carry out trial settlements for the period to September 30. In preparing the consolidated interim financial statements for companies that do not carry out trial settlements, the Company has used the interim financial statements for their settlement dates, carrying out adjustments for significant transactions that have occurred in the period leading up to the consolidated settlement date.

Of the companies accounted for by the equity method, Calpis Co., Ltd. and 8 other companies have interim period settlement dates of June 30 and GABAN Co., Ltd. has an interim period settlement date of August 31. Of this total, 7 companies carry out trial settlements up to September 30. In preparing the consolidated interim financial statements for companies that do not carry out trial settlements, the Company has used the interim financial statements for their settlement dates, carrying out adjustments for significant transactions that have occurred in the period leading up to the consolidated settlement date.

4. Accounting treatment standards

(1) Valuation standards and methods

1) Marketable securities:

Other securities:

Other securities for which a price is available are stated at market value at the balance sheet date and the changes in appraisal value, are directly charged or credited to shareholders' equity. The cost of such securities sold is determined by the moving-average method. Other securities for which a price is not available are stated at cost mainly determined by the moving-average method.

2) Derivatives:

Market value method

3) Inventories:

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

(2) Depreciation method for important fixed assets

1) Tangible fixed assets:

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

2) Intangible fixed assets:

The amortization of intangible fixed assets is computed by the straight-line method. Computer software held at the Company and domestic consolidated subsidiaries is amortized by the straight-line method based on their estimated useful life (5 years).

(3) Important reserves

1) Allowance for doubtful accounts:

For the Company and domestic consolidated subsidiaries an allowance for doubtful accounts is provided at the amount estimated based on past bad debt experience for general debtors and for

specific debtors where collection is doubtful based on estimates of the uncollectible amount in each case.

2) Allowance for accrued bonuses:

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

3) Allowance for retirement benefits for employees:

The allowance for accrued retirement benefits for employees is provided for at the Company and its main domestic consolidated subsidiaries in the amount required as at the end of the interim period based on projected benefit obligations and the fair value of pension plan assets at the end of the fiscal year. Prior employment liabilities are amortized by the straight-line method over a period within the average remaining service years for employees (mainly 10 years) at the time of occurrence. Actuarial differences are amortized by the straight-line method over a period within the average remaining service years for employees (mainly 10 years) at the time of occurrence, and allocated proportionately from the consolidated fiscal year following the respective fiscal year of occurrence.

4) Allowance for severance benefits for directors:

At the Company and certain domestic consolidated subsidiaries, in order to provide for payment of severance benefits to directors, corporate auditors and others, required amounts as calculated at the period end are accounted for in accordance with internal rules.

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

Foreign currency-denominated assets and liabilities have been translated into yen at the rates of exchange in effect at the balance sheet date, with translation differences treated as profits or losses. Furthermore, assets, liabilities, revenues, and expenses of foreign subsidiaries have been translated into yen at the rates of exchange in effect at the consolidated 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 certain overseas consolidated subsidiaries, the leased assets of finance lease contracts have been included in 'Tangible fixed assets' based on the accounting regulations of the respective countries.

(6) Consumption tax

Transactions of the Company and consolidated subsidiaries subject to consumption tax and/or regional consumption tax are recorded at amounts exclusive of the consumption tax. Unearned consumption tax is included in 'Current assets – Other', while unpaid consumption tax is included in 'Current liabilities – Other.'

5. Scope of 'Cash' in the Consolidated Statements of Cash Flows

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

Segment Information

1. Segment information by business

Interim period ended September 30, 2004

Millions of yen

	Domestic Food Products	Overseas Food Products	Amino Acids	Pharma- ceuticals	Other	Total	Elimination or All Company	Consolidated
Sales								
(1) Sales to third parties.....	304,821	77,816	91,543	40,208	31,244	545,633	--	545,633
(2) Intra-group sales and transfers.....	1,094	6,030	10,200	43	28,996	46,366	(46,366)	--
Total sales	305,916	83,846	101,744	40,252	60,240	592,000	(46,366)	545,633
Operating expenses ...	292,789	80,344	83,734	35,560	58,136	550,566	(41,148)	509,418
Operating income	13,126	3,501	18,009	4,691	2,104	41,433	(5,218)	36,215

Interim period ended September 30, 2003

Millions of yen

	Domestic Food Products	Overseas Food Products	Amino Acids	Pharma- ceuticals	Other	Total	Elimination or All Company	Consolidated
Sales								
(1) Sales to third parties.....	303,136	69,647	72,200	39,580	31,580	516,144	--	516,144
(2) Intra-group sales and transfers	920	5,843	10,345	23	30,376	47,509	(47,509)	--
Total sales	304,056	75,490	82,545	39,604	61,956	563,653	(47,509)	516,144
Operating expenses ...	293,669	71,271	73,482	33,985	60,009	532,417	(43,803)	488,614
Operating income	10,387	4,219	9,063	5,618	1,946	31,235	(3,705)	27,530

Year ended March 31, 2004

Millions of yen

	Domestic Food Products	Overseas Food Products	Amino Acids	Pharma- ceuticals	Other	Total	Elimination or All Company	Consolidated
Sales								
(1) Sales to third parties.....	598,441	142,307	154,922	78,958	64,921	1,039,551	--	1,039,551
(2) Intra-group sales and transfers	2,379	11,716	19,800	60	61,508	95,466	(95,466)	--
Total sales	600,820	154,024	174,723	79,018	126,430	1,135,017	(95,466)	1,039,551
Operating expenses ...	574,523	146,538	148,057	68,679	122,605	1,060,404	(86,043)	974,361
Operating income	26,297	7,485	26,666	10,339	3,824	74,613	(9,422)	65,190

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

2. Main manufactured goods for each business segment are as follows:

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, chilled dairy products, edible oils, 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.

2. Segment information by geographical areas

Interim period ended September 30, 2004

	<i>Millions of yen</i>						Elimination or All Company	Consolidated
	Japan	Asia	America	Europe	Total			
Sales								
(1) Sales to third parties	403,614	50,313	36,897	54,807	545,633	--	545,633	
(2) Intra-group sales and transfers	20,373	6,616	5,841	3,260	36,091	(36,091)	--	
Total	423,987	56,930	42,739	58,067	581,725	(36,091)	545,633	
Operating expenses	407,240	51,100	33,996	53,172	545,509	(36,091)	509,418	
Operating income	16,746	5,829	8,743	4,895	36,215	--	36,215	

Interim period ended September 30, 2003

	<i>Millions of yen</i>						Elimination or All Company	Consolidated
	Japan	Asia	America	Europe	Total			
Sales								
(1) Sales to third parties	397,765	46,815	26,674	44,889	516,144	--	516,144	
(2) Intra-group sales and transfers	17,376	6,347	5,597	1,667	30,989	(30,989)	--	
Total	415,142	53,163	32,272	46,556	547,133	(30,989)	516,144	
Operating expenses	401,926	47,108	29,001	41,567	519,603	(30,989)	488,614	
Operating income	13,216	6,054	3,270	4,988	27,530	--	27,530	

FY ended March 31, 2004

	<i>Millions of yen</i>						Elimination or All Company	Consolidated
	Japan	Asia	America	Europe	Total			
Sales								
(1) Sales to third parties	790,781	92,760	58,134	97,875	1,039,551	--	1,039,551	
(2) Intra-group sales and transfers	37,180	11,571	10,047	4,396	63,196	(63,196)	--	
Total	827,961	104,331	68,182	102,271	1,102,747	(63,196)	1,039,551	
Operating expenses	797,883	91,960	55,951	91,761	1,037,557	(63,196)	974,361	
Operating income	30,078	12,370	12,230	10,510	65,190	--	65,190	

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

2. Main countries and regions in segments other than Japan:

Asia: Countries of East and Southeast Asia

America: Countries of North and South America

Europe: Countries of Europe and Africa

3. Overseas sales

Interim period ended September 30, 2004

Millions of yen

	Asia	America	Europe	Total
Overseas sales	56,853	39,640	55,676	152,169
Consolidated net sales	--	--	--	545,633
Overseas sales % of consolidated net sales	10.4	7.3	10.2	27.9

Interim period ended September 30, 2003

Millions of yen

	Asia	America	Europe	Total
Overseas sales	52,881	31,472	43,998	128,353
Consolidated net sales	--	--	--	516,144
Overseas sales % of consolidated net sales	10.2	6.1	8.5	24.9

FY ended March 31, 2004

Millions of yen

	Asia	America	Europe	Total
Overseas sales	104,152	66,631	95,435	266,220
Consolidated net sales	--	--	--	1,039,551
Overseas sales % of consolidated net sales	10.0	6.4	9.1	25.6

- Note
1. Country and regional segments are categorized on the basis of geographic proximity.
 2. Main countries and regions in segments other than Japan:
 - Asia: Countries of East and Southeast Asia
 - America: Countries of North and South America
 - Europe: Countries of Europe and Africa
 3. Overseas sales are sales of the Company and its consolidated subsidiaries in countries and regions outside of Japan.

Marketable Securities-Related

As of September 30, 2004

1. 'Other securities' with fair value

Millions of yen

	Acquisition cost	Carrying value as of September 30, 2004	Unrealized gain (loss)
1. Stocks.....	33,573	47,932	14,358
2. Bonds			
(1) Government and municipal bonds.....	--	--	--
(2) Corporate bonds.....	--	--	--
(3) Other.....	--	--	--
3. Other.....	355	350	(4)
Total	33,928	48,283	14,354

2. Main 'Marketable securities' without fair value

Millions of yen

	Carrying value
Other marketable securities	
Unlisted stocks (not including OTC stocks).....	4,479
Unlisted domestic bonds	1
Unlisted foreign bonds.....	300
Investment trusts	5,946
Money management funds etc.	1,937

As of September 30, 2003

1. 'Other securities' with fair value

Millions of yen

	Acquisition cost	Carrying value as of September 30, 2003	Unrealized gain (loss)
1. Stocks.....	34,239	45,839	11,600
2. Bonds			
(1) Government and municipal bonds.....	--	--	--
(2) Corporate bonds.....	--	--	--
(3) Other.....	--	--	--
3. Other.....	403	403	(0)
Total	34,642	46,242	11,599

2. Main 'Marketable securities' without fair value

Millions of yen

	Carrying value
Other marketable securities	
Unlisted stocks (not including OTC stocks).....	4,479
Unlisted domestic bonds	1
Unlisted foreign bonds.....	4,482
Investment trusts	161
Money management funds etc.	1,634

As of March 31, 2004

1. 'Other securities' with fair value

Millions of yen

	Acquisition cost	Carrying value as of March 31, 2004	Unrealized gain (loss)
1. Stocks.....	34,154	56,021	21,867
2. Bonds			
(1) Government and municipal bonds.....	--	--	--
(2) Corporate bonds.....	--	--	--
(3) Other.....	--	--	--
3. Other.....	355	353	(1)
Total	34,509	56,375	21,865

2. Main 'Marketable securities' without fair value

Millions of yen

	Carrying value
Other marketable securities	
Unlisted stocks (not including OTC stocks).....	4,512
Unlisted domestic bonds	1
Unlisted foreign bonds.....	300
Investment trusts	198
Money management funds etc.	1,941

Derivative Transactions

Notional amounts, fair values, and unrealized gains (losses) from derivative transactions

As of September 30, 2004		<i>Millions of yen</i>		
Instrument type	Transaction type	Notional amount	Fair value	Unrealized gain (loss)
Currencies	Forward foreign exchange transactions	14,206	14,329	(69)
Interest rates	Interest rate swaps	723	(18)	(18)
Commodities	Futures contracts	--	--	--
Stocks	Forward contracts	--	--	--
Total		--	--	(88)

As of September 30, 2003		<i>Millions of yen</i>		
Instrument type	Transaction type	Notional amount	Fair value	Unrealized gain (loss)
Currencies	Forward foreign exchange transactions	12,405	12,074	255
Interest rates	Interest rate swaps	1,807	(21)	(21)
Commodities	Futures contracts	57	60	2
Stocks	Forward contracts	21,476	--	--
Total		--	--	237

As of March 31, 2004		<i>Millions of yen</i>		
Instrument type	Transaction type	Notional amount	Fair value	Unrealized gain (loss)
Currencies	Forward foreign exchange transactions	16,025	15,507	470
Interest rates	Interest rate swaps	471	(1)	(1)
Commodities	Futures contracts	--	--	--
Stocks	Forward contracts	--	--	--
Total		--	--	468