

Ajinomoto Co., Inc.

Consolidated Results

Third Quarter Ended December 31, 2003

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

SUMMARY OF FINANCIAL STATEMENTS (Consolidated)

Third quarter results for the year ending March 31, 2004

Ajinomoto Co., Inc.

Stock Code: 2802

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

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

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

	(Newly included)	9 (Excluded)	7
Consolidated subsidiaries			
Companies accounted for by the equity method	(Newly included)	1 (Excluded)	1

1. Third Quarter Consolidated Financial Results (April 1, 2003 to December 31, 2003) for the Fiscal Year ending March 31, 2004

1) Consolidated Operating Results

Millions of yen

	Nine months ended December 31, 2003	FY ended March 31, 2003
Net sales.....	795,834	987,727
Operating income	54,136	54,059
Ordinary income	56,847	56,888
Net income	27,357	33,178
Net income per share (¥).....	¥42.19	¥50.73
Fully diluted earnings per share (¥).....	--	--

2) Financial Position

Millions of yen

	As of December 31, 2003	As of March 31, 2003
Total assets	904,222	864,588
Shareholders' equity.....	415,575	391,154
Equity ratio (%)	45.9	45.2
Shareholders' equity per share (¥).....	¥640.84	¥602.66

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

Number of consolidated subsidiaries	95
Number of non-consolidated subsidiaries accounted for by the equity method	4
Number of affiliates accounted for by the equity method.....	21

3. Forecast for the Fiscal Year Ending March 31, 2004 (April 1, 2003 to March 31, 2004)

Millions of yen

	FY ending March 31, 2004
Net Sales	1,050,000
Ordinary Income	67,000
Net Income	35,000

(Note) Net income per share expected for the fiscal year ending March 31, 2004 (consolidated): ¥53.61

Please refer to pages 2, 3 and 4 of this report for qualitative information on these nine-month results.

1. CONSOLIDATED OPERATING RESULTS

Consolidated net sales for the first nine months (April 1, 2003 to December 31, 2003) of the fiscal year ending March 31, 2004 were ¥795.8 billion. Consolidated operating income and ordinary income were ¥54.1 billion and ¥56.8 billion respectively, and consolidated net income was ¥27.3 billion.

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

Domestic food products

Net sales in the domestic food products segment were ¥466.8 billion, with operating income of ¥22.7 billion.

The operating environment for this segment became even more difficult in the period under review, with outbreaks in certain markets of BSE (Bovine Spongiform Encephalopathy, or mad cow disease) and avian influenza adding to continued weak consumer spending. During the period the Company undertook a number of measures to stimulate demand and increase sales of key products.

Seasonings: Overall seasonings sales were slightly lower than in the previous comparable period. The Company introduced in-store promotions along with television commercial-based marketing for its *Hon-Dashi* products for miso soup and cooked dishes from Fall 2003, with continued focus on raising demand in the fried dish market. Regional marketing efforts for the *Cook Do* line produced good results, with market share increasing over the previous year. Sales of Chinese seasonings also trended well. In the commercial market, domestic and export sales of enzymes performed well, but partly due to slower production by existing domestic customers, sales of savory seasonings were lower compared to the previous year.

Processed foods: Sales of the *Knorr Cup Soup* range grew steadily, and sales of snack soups, based on the *Knorr Soup Pasta* product grew strongly. Mayonnaise sales were lower than in the previous year, in a market for mayonnaise products that did not show any growth. Considering the decline of the overall market compared to last year, sales of our gift products performed well.

Sweeteners and nutritional foods: Sales of amino acid supplement *Amino Vital* again increased significantly, driven by sales of jelly drink items. Revenues from sales of amino acid-based sweeteners for home and restaurant use increased, supported by strong sales of the upgraded *Pal Sweet Calorie Zero* line and of *Pal Sweet* and *Slim-up Sugar*.

Frozen foods: Sales of frozen foods for home-use were higher than in the previous comparable period, aided by improvements to the product range produced at our own factories. *Gyoza* sales again grew strongly, and promotional efforts centered on *Hot! 1 Ebi Pilaf* and *Hot! 1 Kongari Ebi Gratin* contributed to good sales growth. Commercial sales were affected by factors such as adverse market conditions, but sales of *Frec* brand products contributed to a significant increase in commercial sales compared to the previous year.

Edible oils: Sales of edible oils performed steadily, as the Company continued efforts to optimize prices of both commercial and home-use products. In the first half of the next fiscal year J-OIL MILLS, INC. is scheduled to merge with and absorb the operations of Ajinomoto Oil Mills Co., Inc., HONEN Corporation, and Yoshihara Oil Mill, Ltd. The aim of this merger is to increase management efficiency, and strengthen product development and marketing power, while at the same time accelerating the reduction of production, sales, distribution and other costs.

Coffee, Beverages, Dairy products: Sales of instant coffee increased, as the company successfully expanded the market for replacement bags. Sales of liquid coffee also increased over the previous year. Beverage sales were supported by good sales of new products such as *Amino Calpis* and *Kencho*, but overall sales were lower than in the previous year, significantly affected by an unusually cool summer. Although the overall market for chilled dairy products has been lower than in the previous year, results for the first half of the fiscal year were strong. Increasing competition, however, resulted in sales for the October to December quarter being lower than in the previous year.

Overseas food products

Net sales in the overseas food product segment for the nine months to December 31, 2003 were ¥107.5 billion, with operating income of ¥6.7 billion.

Seasonings: In Asean countries including Thailand and Vietnam, sales of *AJI-NO-MOTO* for home use and restaurant use remained strong, while in Indonesia sales recovered to levels seen prior to the halal issue. Strong sales continued in West Africa, and overall performance exceeded the previous year. Sales of flavored and mixed seasonings are continuing to grow significantly in each region. Sales of *AJI-NO-MOTO* to the food processing industry continued to improve in markets including North America, Europe and in Japan, and even though exchange rate changes had a considerable impact overall results were higher than in the previous comparable period. Sales of nucleotides were largely in line with expectations in the Japanese market, but overall results were lower than last year due to tougher competition in overseas markets and the effect of exchange rate movements.

Processed foods: *Birdy*, a canned coffee beverage sold in Thailand, continued to show sales growth. Sales of instant noodles decreased, reflecting a cooling off of the market overall. In November the Company launched a single-serving Western-style soup product in China, its first overseas launch of that product.

Amino acids

Net sales in the amino acid segment were ¥113.4 billion, with operating income of ¥18.8 billion.

Feed-use amino acids: Performance was significantly stronger than last year in all regions, favorably impacted by certain factors such as bumper crops of corn and poor crops of soy bean in North America, and growing demand for soy bean exports to China. Demand for feed-use Threonine recovered, with both volume and sales exceeding the previous comparable period.

Pharmaceutical and food-use amino acids: Domestic sales performance was good. Progress in overseas markets slowed, with the North American health food market being affected by tough competition, and shipping schedule delays with exports to Europe. The strengthening yen also had an impact, and overall sales were lower than in the previous comparable period.

Sweeteners: Revenue decreased because of lower unit prices, but strong sales to major clients and the general market resulted in a significant increase in sales volume.

Pharmaceutical intermediates: Sales of core products in Europe grew strongly.

Specialty chemicals: Sales of amino acid-based cosmetic *JINO* grew considerably, supported by steady and successful advertising and marketing activities. In electronic materials, sales of multilayer insulation film for MPU boards for next-generation computers were good, and performance continued to trend positively. Sales of cosmetic ingredients were good in overseas markets, but were lower than last year in a tough domestic market.

Pharmaceuticals

Net sales in the pharmaceuticals segment were ¥60.4 billion, with operating income of ¥9.2 billion.

Overall revenue increased steadily, boosted by the stronger product line up resulting from the acquisition of Shimizu Pharmaceutical Co., Ltd. in December 2002, and from a coordinated marketing and information delivery approach, working with each of our sales agencies, to support the sale to medical institutions of *FASTIC*, used with diabetes, and *Actonel*, a preparation used in the treatment of osteoporosis.

Other

Net sales in this segment were ¥47.5 billion, with operating income of ¥3.0 billion.

2. FINANCIAL POSITION

Total assets at the end of the nine months under review were ¥904.2 billion. This increase of ¥39.6 billion compared to total assets as of March 31, 2003 was due mainly to an increase in accounts receivable resulting from seasonal sales of gift products, and an increase in tangible fixed assets. Total shareholders' equity increased ¥24.4 billion to ¥415.5 billion on a consolidated basis between March 31, 2003 and December 31 2003, and as a result the shareholders' equity ratio changed from 45.2% to 45.9%.

3. DISCLAIMER

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Consolidated Financial Statements

Consolidated Balance Sheets

Millions of yen

	As of December 31, 2003		As of March 31, 2003	
ASSETS				
Current assets				
Cash on hand and in banks	56,823		55,035	
Notes & accounts receivable	202,569		180,384	
Marketable securities	3,397		687	
Inventories.....	99,756		98,754	
Deferred tax assets	10,157		11,405	
Other current assets.....	24,723		19,409	
Allowance for doubtful accounts	(878)		(740)	
Total current assets	396,549	43.9	364,936	42.2
Fixed assets				
Tangible fixed assets				
Buildings and structures.....	237,496		229,474	
Machinery and vehicles.....	405,818		381,562	
Others.....	45,766		43,134	
Accumulated depreciation.....	(472,366)		(449,886)	
Land	70,323		69,119	
Construction in process.....	15,891		23,175	
Total tangible fixed assets	302,930	33.5	296,579	34.3
Intangible fixed assets				
Adjustment for consolidated account.....	32,427		35,000	
Other intangible fixed assets.....	17,661		16,891	
Total intangible fixed assets.....	50,089	5.5	51,892	6.0
Investment and other assets				
Investment in securities.....	119,313		106,508	
Long-term loans receivable.....	505		242	
Deferred tax assets	25,731		34,940	
Other investments and other assets	10,803		11,301	
Allowance for doubtful accounts	(1,701)		(1,812)	
Total investment and other assets	154,652	17.1	151,180	17.5
Total fixed assets	507,672	56.1	499,652	57.8
Total Assets	904,222	100.0	864,588	100.0

Consolidated Balance Sheets

Millions of yen

		As of December 31, 2003		As of March 31, 2003	
LIABILITIES					
Current liabilities					
Notes & accounts payable	125,062			116,952	
Short-term borrowings.....	44,169			66,118	
Commercial paper	27,000			11,000	
Long-term loans due to be repaid within one year.....	2,012			6,577	
Corporate bonds to be redeemed within one year.....	--			15,000	
Accrued income taxes.....	8,876			19,706	
Accrued bonuses	2,099			3,313	
Other current liabilities	59,702			67,068	
Total current liabilities	268,922	29.8		305,737	35.4
Long-term liabilities					
Bonds	95,000			45,000	
Long-term debt.....	7,389			7,393	
Deferred tax liabilities.....	3,751			2,724	
Accrued employees' retirement benefits.....	68,832			68,560	
Accrued officers' severance benefits	1,488			1,769	
Other long-term liabilities	20,131			19,129	
Total long-term liabilities	196,594	21.7		144,577	16.7
Total liabilities.....	465,516	51.5		450,315	52.1
MINORITY INTERESTS:					
Minority interests	23,130	2.6		23,118	2.7
SHAREHOLDERS' EQUITY:					
Common stock	79,863	8.8		79,863	9.2
Capital surplus	111,579	12.3		111,579	12.9
Retained earnings	270,677	29.9		250,973	29.0
Unrealized holding gains on securities	8,014	0.9		1,727	0.2
Translation adjustments	(52,735)	(5.8)		(51,349)	(5.9)
Treasury stock	(1,824)	(0.2)		(1,639)	(0.2)
Total shareholders' equity.....	415,575	45.9		391,154	45.2
Total Liabilities, Minority Interests and Shareholders' Equity	904,222	100.0		864,588	100.0

Consolidated Statements of Income

Millions of yen

	Nine months ended December 31, 2003		FY ended Mar. 31, 2003	
Net sales	795,834	100.0	987,727	100.0
Cost of sales	568,939	71.5	716,999	72.6
Gross profit	226,894	28.5	270,727	27.4
Selling, general and administrative expenses.....	172,757	21.7	216,668	21.9
Operating income.....	54,136	6.8	54,059	5.5
Non-operating income				
Interest received.....	604		966	
Dividends received.....	501		954	
Profit from investments income from equity method.....	4,228		6,549	
Miscellaneous income.....	3,556		4,539	
Total non-operating income	8,890	1.1	13,010	1.3
Non-operating expenses				
Interest expense.....	2,363		3,377	
Miscellaneous losses	3,817		6,803	
Total non-operating expenses	6,180	0.8	10,180	1.0
Ordinary income.....	56,847	7.1	56,888	5.8
Extraordinary income				
Gain on sales of fixed assets	3,815		2,423	
Profit on sale of investment securities sold.....	46		4,817	
Others.....	298		21,370	
Total extraordinary income	4,160	0.5	28,611	2.8
Extraordinary losses				
Loss on disposal of fixed assets	5,465		2,929	
Loss on reorganization of affiliates	643		1,002	
Loss on valuation of investment securities	189		237	
Settlement payments	1,372		6,894	
Others.....	1,437		8,970	
Total extraordinary losses.....	9,109	1.1	20,033	2.0
Net income before income taxes	51,898	6.5	65,466	6.6
Income taxes – current/deferred	21,822	2.7	--	
Income taxes – current	--		33,834	3.4
Income taxes – deferred	--		(4,685)	(0.5)
Minority interests	2,718	0.3	3,138	0.3
Net income	27,357	3.4	33,178	3.4

Segment information by business

Nine Months Ended December 31, 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.....	466,894	107,575	113,443	60,417	47,503	795,834	--	795,834
(2) Intra-group sales and transfers	1,769	8,901	15,465	43	45,126	71,305	(71,305)	--
Total sales	468,663	116,476	128,908	60,461	92,629	867,140	(71,305)	795,834
Operating expenses	445,959	109,735	110,073	51,249	89,589	806,606	(64,909)	741,697
Operating income	22,704	6,740	18,835	9,212	3,040	60,533	(6,396)	54,136

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

2. Main manufactured goods for each business segment:

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

Previous Fiscal Year Ended March 31, 2003 (April 1, 2002 to March 31, 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.....	583,243	139,236	135,933	62,693	66,621	987,727	--	987,727
(2) Intra-group sales and transfers	2,735	12,749	22,267	7	60,336	98,096	(98,096)	--
Total sales	585,979	151,985	158,200	62,700	126,957	1,085,823	(98,096)	987,727
Operating expenses	559,173	142,735	144,641	53,817	123,108	1,023,476	(89,808)	933,667
Operating income	26,805	9,250	13,558	8,883	3,849	62,346	(8,287)	54,059

Note There have been no changes to business segments and major products in each segment between the fiscal year ended March 31, 2003 and the nine months ended December 31, 2003.