



# Ajinomoto Co., Inc.

## Consolidated Results

Third Quarter Ended December 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)

Third quarter results for the year ending March 31, 2006

### Ajinomoto Co., Inc.

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January 31, 2006

### 1. Notes to preparation of these financial statements

Adoption of simplified accounting treatments: Yes

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

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

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

Consolidated subsidiaries	(Newly included)	4 (Excluded)	4
Companies accounted for by the equity method	(Newly included)	-- (Excluded)	1

### 2. Third quarter consolidated financial results (April 1, 2005 to December 31, 2005) for the fiscal year ending March 31, 2006

#### 1) Consolidated Operating Results

*Millions of yen, rounded down*

	Nine months ended December 31, 2005	Nine months ended December 31, 2004	FY ended March 31, 2005
Net sales .....	836,827	819,458	1,073,010
Operating income .....	45,280	57,474	70,916
Ordinary income .....	47,371	60,311	72,199
Net income .....	29,550	38,514	44,817
Net income per share (¥) .....	¥45.62	¥59.41	¥68.79
Fully diluted earnings per share (¥) .....	--	--	--

#### 2) Financial Position

*Millions of yen, rounded down*

	As of December 31, 2005	As of December 31, 2004	As of March 31, 2005
Total assets .....	970,478	906,652	903,542
Shareholders' equity .....	514,324	460,834	467,297
Equity ratio (%) .....	53.0%	50.8%	51.7%
Shareholders' equity per share (¥) .....	¥793.77	¥710.91	¥720.64

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

Number of consolidated subsidiaries .....	97
Number of non-consolidated subsidiaries accounted for by the equity method ....	4
Number of affiliates accounted for by the equity method .....	13

### 4. Forecast for the fiscal year ending March 31, 2006 (April 1, 2005 to March 31, 2006)

*Millions of yen, rounded down*

	FY ending March 31, 2006
Net Sales .....	1,100,000
Ordinary Income .....	61,000
Net Income .....	36,000

(Note) Net income per share forecast for the fiscal year ending March 31, 2006: ¥55.23

Please refer to pages 3, 4 and 5 of this report for qualitative information on these nine-month results.

## 1. CONSOLIDATED OPERATING RESULTS

**Note:** All comparisons are with the first nine months of the previous fiscal year, unless stated otherwise.

Consolidated net sales for the first nine months (April 1, 2005 to December 31, 2005) of the fiscal year ending March 31, 2006 rose 2.1% (¥17.3 billion) to ¥836.8 billion. Profitability was affected by a drop in the price of feed-use Lysine and higher prices for raw materials used in main products in domestic and overseas markets, with consolidated operating income decreasing 21.2% to ¥45.2 billion and consolidated ordinary income decreasing 21.5% to ¥47.3 billion. Consolidated net income for the nine months decreased by 23.3% to ¥29.5 billion.

There are no changes to the full-year forecasts issued on November 11, 2005 for the fiscal year ending March 31, 2006.

### (1) Domestic food products

Domestic food product sales increased by 1.6% (¥7.3 billion) to ¥473.1 billion. Operating income rose by 11.0% (¥2.5 billion) to ¥26.1 billion.

Although there have been some signs of improvement in personal consumption, the difficult operating environment for the domestic food market continued in the period under review. During the period the Ajinomoto Group (Ajinomoto) undertook a number of measures to stimulate demand and increase sales of key products.

**Seasonings and processed foods:** In the retail market, for the Japanese, Western and Chinese dashi product range, an in-store cross merchandising campaign with fresh meat, vegetables and other ingredients was carried out. Although sales of *Hon-Dashi* flavor seasonings were slightly lower than in the previous comparable period, sales of *consommé* and *Ajinomoto KK Marudori Gara Soup* performed well and overall sales in the Japanese, Western and Chinese dashi product range were defended at the same level. Sales of soups increased, supported by good demand for products such as *Knorr Cup Soup*. In mayonnaise and mayonnaise-type dressings, sales of *Pure Select Saralea* trended positively.

In the commercial market, although sales of Western sauces fell substantially, sales of mayonnaise and dressings increased significantly due to stronger demand from major customers. Sales of *ACTIVA*, an enzyme (transglutaminase) that improves food texture, grew strongly, and sales of savory seasoning product to food processing companies also grew steadily.

**Sweeteners and Nutritional foods:** In low-calorie sweeteners for home and restaurant use, sales increased due to good sales of *Pal Sweet* and *Pal Sweet Calorie Zero*. Sales of amino acids supplement *Amino Vital* were lower, reflecting a falloff after the boost in the same period of last fiscal year from advertising and marketing activities related to the Athens Olympics.

**Frozen foods:** In products for the retail market, strengthened promotional activities integrated with advertising led to considerably higher sales of core products *Gyoza*, *Yawaraka Wakadori Kara-Age*, and *Ebi Pilaf*. Sales for restaurant and institutional use increased, due to the introduction of new products and intensive marketing of core product areas of Chinese-style dumplings and dessert products.

**Edible oils:** In July 2004, J-OIL MILLS, INC. merged with and absorbed the operations of companies including Ajinomoto Oil Mills Co., Inc., HONEN Corporation, Yoshihara Oil Mill, Ltd., with Ajinomoto Co., Inc. becoming the distributor of edible oils for home use and J-OIL MILLS, INC. becoming the distributor of products for commercial use, including most Ajinomoto-branded oils and meal products. As a result, sales for home use recorded an increase and commercial sales recorded a decrease. Retail sales of *Canola oil* were strong.

**Coffee, Beverages, Dairy products:** Sales of liquid coffee such as *Blendy* bottled coffee increased substantially, as did sales of instant and regular coffee. Revenue from beverage sales was in line with the previous comparable period, with a large decline in sales of functional health drinks but steady performance from *CALPIS* and sales of gift products.

Chilled dairy product sales remained at a similar level, with lower sales of chilled beverages but positive performance from *Petite Danone* and *Baby Danone*.

## (2) Overseas food products

Net sales in the overseas food product business were up 22.5% (¥13.1 billion) to ¥71.3 billion. Operating income decreased by 3.4% (¥90 million) to ¥2.6 billion, due to higher production cost in major products caused by higher prices for raw materials.

**Seasonings:** In Indonesia, Vietnam, Brazil and Peru sales of umami seasoning *AJI-NO-MOTO* for home and restaurant use were strong, as were sales in Thailand and West African nations. Sales of flavor seasonings for home use also continued to grow significantly, supported by good sales of *RosDee* in Thailand and *AJINOMOTO GINISA* in the Philippines.

**Processed foods:** Sales of instant noodles in Asia increased, and sales of *Birdy* canned coffee drink slightly increased.

## (3) Amino acids

Net sales in the amino acids business decreased by 2.1% (¥3.9 billion) to ¥187.3 billion and operating income decreased 55.5% (¥14.0 billion) to ¥11.2 billion. Although sales of specialty chemicals and sweeteners were favorable, the impact on revenue from a fall in Lysine prices in feed-use amino acids was large, and profit fell considerably.

**Umami seasonings for processed food manufacturers:** Demand for *AJI-NO-MOTO* from the food processing industry in Japan and overseas remained firm, and sales increased. Sales of nucleotides increased, supported by solid demand from major overseas clients.

**Feed-use amino acids:** Sales of Threonine grew substantially, while revenue from Lysine was much lower in all regions, due to a major fall in prices with the rapid increase in supply from Chinese manufacturers. Revenues from Tryptophan remained steady.

**Amino acids for pharmaceuticals and foods:** In Japan, sales of amino acids for pharmaceuticals decreased with the overall infusion market shrinking, and a large decline in demand for amino acids for beverages resulted in a large drop in revenue. In Europe and America, sales of amino acids for pharmaceuticals including infusion applications trended favorably.

**Sweeteners:** Sales to major customers were favorable, leading to a large increase in sales.

**Pharmaceutical fine chemicals:** Sales were lower than in the previous comparable period, influenced by factors such as differences in the timing of shipments to major customers.

**Specialty chemicals:** Sales of cosmetic ingredients increased due to good performance in Japan and overseas. Sales of the amino acid-based cosmetic *Jino* recorded a major increase, as did sales of insulation film for use in computer MPU boards.

## (4) Pharmaceuticals

Net sales in the pharmaceuticals business increased by 2.8% (¥1.6 billion) to ¥60.1 billion, and operating income increased 11.7% (¥0.9 billion) to ¥8.9 billion. Sales of in-house products declined, but as a result of the contribution from sales on consignment relating to the treatment of so-called lifestyle-related diseases, sales and operating income both increased.

Sales of a new products introduced last year, such as low-calorie infusion product *TWINPAL*, contributed to results, but lower sales of existing products such as *LIVACT*, a branched-chain amino acids formula for the treatment of liver cirrhosis, and infusions led to a reduction in revenues. In consignment products, sales of *ATELEC*, an antihypertensive drug, grew strongly, while sales of non-insulin-dependent diabetes treatment *FASTIC* grew steadily, with strong demand for bulk active ingredient nateglinide in overseas markets. Sales of *ACTONEL*, a preparation used in the treatment of osteoporosis, grew steadily with the transfer of sales licensee.

### **(5) Other**

Net sales in this segment declined by 1.7% (¥0.7 billion) to ¥44.8 billion and operating income declined 11.7% (¥0.3 billion) to ¥2.4 billion.

## **2. FINANCIAL POSITION**

Total assets at the end of the nine months under review were ¥970.4 billion. This increase of ¥66.9 billion compared to March 31, 2005 was due mainly to an increase in accounts receivable resulting from seasonal sales of gift products, an increase in capital expenditure, and the effect of the weaker yen on the translated balance sheet value of assets held by overseas subsidiaries. Total shareholders' equity increased ¥47.0 billion from March 31, 2005 to ¥514.3 billion as at December 31, 2005, and as a result the shareholders' equity ratio changed from 51.7% to 53.0% at December 31, 2005.

## **3. DISCLAIMER**

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

## Consolidated Balance Sheets

Millions of yen, rounded down

	As of March 31, 2005		As of December 31, 2005		Increase (Decrease)	As of December 31, 2004	
		%		%			%
<b>ASSETS</b>							
<b>Current assets</b>							
Cash on hand and in banks.....	93,929		64,828		(29,101)	63,048	
Notes & accounts receivable.....	188,010		216,740		28,730	207,705	
Marketable securities .....	1,285		7,075		5,790	6,301	
Inventories.....	97,459		108,659		11,200	96,840	
Deferred tax assets .....	10,313		10,391		78	9,392	
Others .....	24,212		34,127		9,914	23,708	
Allowance for doubtful accounts.....	(795)		(1,534)		(738)	(863)	
<b>Total current assets .....</b>	<b>414,415</b>	<b>45.9</b>	<b>440,288</b>	<b>45.4</b>	<b>25,872</b>	<b>406,134</b>	<b>44.8</b>
<b>Fixed assets</b>							
<b>Tangible fixed assets</b>							
Buildings and structures.....	252,206		266,568		14,362	246,543	
Machinery and vehicles.....	425,227		444,968		19,740	421,856	
Others .....	48,656		51,024		2,367	47,572	
Accumulated depreciation.....	(500,050)		(531,158)		(31,108)	(499,552)	
Land .....	57,861		58,966		1,105	62,492	
Construction in process.....	18,557		38,913		20,356	27,856	
<b>Total tangible fixed assets .....</b>	<b>302,458</b>	<b>33.5</b>	<b>329,283</b>	<b>33.9</b>	<b>26,824</b>	<b>306,768</b>	<b>33.8</b>
<b>Intangible fixed assets</b>							
Adjustment for consolidated account ....	27,152		24,089		(3,062)	28,221	
Others .....	18,268		18,306		37	17,302	
<b>Total intangible fixed assets.....</b>	<b>45,421</b>	<b>5.0</b>	<b>42,396</b>	<b>4.4</b>	<b>(3,024)</b>	<b>45,524</b>	<b>5.0</b>
<b>Investment and other assets</b>							
Investment in securities.....	119,661		144,374		24,713	122,697	
Long-term loans receivable.....	247		200		(47)	286	
Deferred tax assets .....	13,042		6,485		(6,557)	16,516	
Others .....	10,721		9,743		(977)	11,130	
Allowance for doubtful accounts.....	(2,426)		(2,293)		133	(2,405)	
<b>Total investment and other assets .....</b>	<b>141,246</b>	<b>15.6</b>	<b>158,511</b>	<b>16.3</b>	<b>17,264</b>	<b>148,225</b>	<b>16.4</b>
<b>Total fixed assets.....</b>	<b>489,126</b>	<b>54.1</b>	<b>530,190</b>	<b>54.6</b>	<b>41,063</b>	<b>500,518</b>	<b>55.2</b>
<b>Total Assets .....</b>	<b>903,542</b>	<b>100.0</b>	<b>970,478</b>	<b>100.0</b>	<b>66,936</b>	<b>906,652</b>	<b>100.0</b>

## Consolidated Balance Sheets

Millions of yen, rounded down

	As of March 31, 2005		As of December 31, 2005		Increase (Decrease)	As of December 31, 2004	
		%		%			%
<b>LIABILITIES</b>							
Current liabilities							
Notes & accounts payable .....	109,140		127,944		18,803	117,398	
Short-term borrowings .....	24,305		29,689		5,383	35,238	
Commercial paper .....	--		15,000		15,000	--	
Long-term loans due to be repaid within one year .....	764		434		(329)	1,278	
Corporate bonds to be redeemed within one year .....	10,000		--		(10,000)	10,000	
Accrued income taxes .....	16,584		8,905		(7,679)	16,528	
Accrued bonuses .....	3,406		1,773		(1,633)	1,663	
Others .....	66,608		60,811		(5,796)	60,917	
Total current liabilities .....	230,810	25.6	244,558	25.2	13,747	243,025	26.8
Long-term liabilities							
Bonds .....	85,000		85,000		--	85,000	
Long-term debt .....	5,533		8,439		2,905	5,431	
Deferred tax liabilities .....	2,252		4,803		2,550	1,040	
Accrued employees' retirement benefits .....	63,275		59,271		(4,003)	64,958	
Accrued officers' severance benefits .....	1,860		1,474		(385)	1,767	
Others .....	22,804		22,373		(431)	20,784	
Total long-term liabilities .....	180,726	20.0	181,362	18.7	636	178,981	19.8
Total liabilities .....	411,537	45.6	425,921	43.9	14,384	422,006	46.6
<b>MINORITY INTERESTS:</b>							
Minority interests .....	24,707	2.7	30,233	3.1	5,526	23,812	2.6
<b>SHAREHOLDERS' EQUITY:</b>							
Common stock .....	79,863	8.8	79,863	8.2	--	79,863	8.8
Capital surplus .....	111,579	12.3	111,579	11.5	0	111,579	12.3
Retained earnings .....	315,981	35.0	336,175	34.6	20,193	309,671	34.1
Unrealized holding gains on securities ...	9,239	1.0	21,863	2.3	12,623	11,045	1.2
Translation adjustments .....	(47,116)	(5.2)	(32,702)	3.4	14,413	(49,183)	(5.4)
Treasury stock .....	(2,250)	(0.2)	(2,454)	0.3	(204)	(2,142)	(0.2)
Total shareholders' equity .....	467,297	51.7	514,324	53.0	47,026	460,834	50.8
<b>Total Liabilities, Minority Interests And Shareholders' Equity .....</b>	<b>903,542</b>	<b>100.0</b>	<b>970,478</b>	<b>100.0</b>	<b>66,936</b>	<b>906,652</b>	<b>100.0</b>

## Consolidated Statements of Income

*Millions of yen, rounded down*

	Nine months ended December 31, 2004		Nine months ended December 31, 2005		Increase (Decrease)	FY ended March 31, 2005	
		%		%			%
Net sales .....	819,458	100.0	836,827	100.0	17,369	1,073,010	100.0
Cost of sales .....	585,391	71.4	605,438	72.3	20,046	760,554	70.9
Gross profit .....	234,066	28.6	231,389	27.7	(2,676)	312,455	29.1
Selling, general and administrative expenses .....	176,591	21.6	186,108	22.3	9,517	241,538	22.5
Operating income .....	57,474	7.0	45,280	5.4	(12,193)	70,916	6.6
<b>Non-operating income</b>							
Interest received .....	1,340		913		(427)	1,873	
Dividends received .....	440		735		295	664	
Profit from investments income from equity method .....	3,482		3,960		477	3,263	
Miscellaneous income .....	3,585		3,967		381	4,174	
Total non-operating income .....	8,848	1.1	9,576	1.2	727	9,975	0.9
<b>Non-operating expenses</b>							
Interest expense .....	2,235		2,444		208	3,020	
Miscellaneous losses .....	3,775		5,041		1,265	5,672	
Total non-operating expenses .....	6,011	0.7	7,485	0.9	1,474	8,692	0.8
Ordinary income .....	60,311	7.4	47,371	5.7	(12,940)	72,199	6.7
<b>Extraordinary income</b>							
Gain on sale of fixed assets .....	771		4,229		3,458	12,183	
Profit on sale of investment securities sold .....	3,150		1,506		(1,644)	6,860	
Gain on sale of affiliates' stock .....	4,342		--		(4,342)	4,341	
Others .....	844		763		(81)	1,308	
Total extraordinary income .....	9,108	1.1	6,499	0.7	(2,608)	24,694	2.3
<b>Extraordinary losses</b>							
Loss on disposal of fixed assets .....	1,395		1,886		490	2,604	
Settlement payments .....	2,021		--		(2,021)	2,048	
Others .....	2,157		2,420		263	10,502	
Total extraordinary losses .....	5,574	0.7	4,307	0.5	(1,267)	15,155	1.4
Net income before income taxes .....	63,845	7.8	49,563	5.9	(14,282)	81,737	7.6
Income taxes .....	23,200	2.8	17,620	2.1	(5,579)	34,340	3.2
Minority interests .....	2,130	0.3	2,392	0.3	261	2,580	0.2
<b>Net income .....</b>	<b>38,514</b>	<b>4.7</b>	<b>29,550</b>	<b>3.5</b>	<b>(8,964)</b>	<b>44,817</b>	<b>4.2</b>



## **CHANGE IN ACCOUNTING TREATMENTS SINCE PREVIOUS FISCAL YEAR**

Previously, calculations for the income and expenses of overseas subsidiaries and equity method affiliates overseas have applied the exchange rate on the balance sheet date. However, from the interim period of the current fiscal year onwards, such figures have been recorded using the average exchange rate throughout the relevant period. This change has been made to reflect the increasing importance of the production and sales of overseas subsidiaries and affiliates to the parent company. As quarterly financial information disclosure further develops, this change will enable each financial report to show a balanced result for the period despite severe fluctuations of the spot exchange rate that may occur.

For comparison, using the previous calculation method, key figures declined as follows: ¥8,287 million in Net sales, ¥2,437 million in Gross profit, ¥378 million in Operating income, ¥416 million in Ordinary income, ¥408 million in net income before income taxes, and ¥183 million in net income for the nine-month period. Impact on each business segment is stated in 'Segment Information.'

## **SUBSEQUENT EVENT**

On January 12, 2006, Ajinomoto Co., Inc. (the Company) completed the acquisition of Amoy Food Group Companies (Amoy Food Group) from Danone Asia Pte Ltd for approximately HK\$1,845 million (approximately ¥27.3 billion). This transaction included the issued stock of Amoy Food Group, a shareholder loan from Danone Asia to Amoy Food Group, and the intellectual property rights of Amoy Food Group business. Through this transaction Ajinomoto has acquired Chinese soy sauce and frozen food businesses that Amoy Food Group operates in Hong Kong, North America and Europe, along with the Amoy brand which has a significant market presence in Chinese ethnic sauces, including Chinese soy sauce, and in frozen dimsum foods. The Company has also acquired a 60% stake in Chinese soy sauce joint ventures in the principal markets of China—Shanghai Amoy Foods Group—which are owned by Amoy Food Group.

In the fiscal year ended December 2004, Amoy Food Group had net sales of approximately ¥10.0 billion and operating income of approximately ¥1.3 billion. The Company does not expect the acquisition to have a material impact on earnings for the current fiscal year.

## Segment information by business

Nine months of the previous fiscal year ended March 2005 (April 1, 2004 to December 31, 2004)

Millions of yen, rounded down

	Domestic Food Products	Overseas Food Products	Amino Acids	Pharma- ceuticals	Other	Total	Corporate and Eliminations	Consolidated
Sales								
(1) Sales to third parties .....	465,061	118,102	132,230	58,487	45,575	819,458	--	819,458
(2) Intra-group sales and transfers.....	1,793	9,669	14,120	78	40,713	66,375	(66,375)	--
Total sales .....	466,855	127,771	146,351	58,566	86,288	885,833	(66,375)	819,458
Operating expenses.....	441,929	123,460	123,222	50,551	83,468	822,632	(60,648)	761,983
Operating income.....	24,926	4,311	23,129	8,014	2,819	63,201	(5,726)	57,474

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	<i>AJI-NO-MOTO</i> , <i>Hon-Dashi</i> , <i>Cook Do</i> , soups, mayonnaise and mayonnaise-type dressings, <i>Pal Sweet</i> (for domestic market), delicatessen products, bakery products, <i>Amino Vital</i> , frozen foods, edible oils, coffee, domestic beverages, chilled dairy products, etc.
Overseas Food Products	<i>AJI-NO-MOTO</i> , nucleotides, overseas flavor seasonings, overseas instant noodles, overseas beverages, etc.
Amino Acids	Various kinds of amino acids, feed-use amino acids, aspartame, specialty chemicals, etc.
Pharmaceuticals	Pharmaceuticals, medical foods
Other	Distribution, various services, etc.

Nine months of the fiscal year ending March 2006 (April 1, 2005 to December 31, 2005)

Millions of yen, rounded down

	Domestic Food Products	Overseas Food Products	Amino Acids	Pharma- ceuticals	Other	Total	Corporate and Eliminations	Consolidated
Sales								
(1) Sales to third parties .....	473,185	71,367	187,337	60,117	44,819	836,827	--	836,827
(2) Intra-group sales and transfers .....	2,085	1,332	17,527	79	41,397	62,423	(62,423)	--
Total sales .....	475,270	72,700	204,865	60,197	86,217	899,250	(62,423)	836,827
Operating expenses .....	449,142	70,007	193,605	51,245	83,728	847,729	(56,181)	791,547
Operating income .....	26,127	2,692	11,259	8,951	2,489	51,521	(6,241)	45,280

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	<i>AJI-NO-MOTO</i> , <i>Hon-Dashi</i> , <i>Cook Do</i> , soups, mayonnaise and mayonnaise-type dressings, <i>Pal Sweet</i> (for domestic market), delicatessen products, bakery products, <i>Amino Vital</i> , frozen foods, edible oils, coffee, domestic beverages, chilled dairy products, etc.
Overseas Food Products	<i>AJI-NO-MOTO</i> , flavor seasonings, instant noodles, beverages, etc.
Amino Acids	<i>AJI-NO-MOTO</i> for processed food manufacturers, nucleotides, feed-use amino acids, amino acids for pharmaceuticals and foods, pharmaceutical fine chemicals, aspartame, specialty chemicals, etc.
Pharmaceuticals	Pharmaceuticals, medical foods
Other	Distribution, various services, etc.

### 3. Change of product allocations to business segments

From the current fiscal year the Company has reorganized its internal company system as part of measures included in Ajinomoto's new medium- to long-term management plan. Accordingly, product allocations to business segments have been reorganized as follows in order to more appropriately disclose the state of Group operations.

- Food products exported by Ajinomoto Co., Inc. have been shifted from the 'Domestic Food Products' to 'Overseas Foods Products'.
- Certain frozen foods business has been shifted from 'Overseas Food Products' to 'Domestic Food Products'.
- Umami seasonings for processed food manufacturers and overseas *Amino Vital* have been shifted from 'Overseas Food Products' to 'Amino Acids'.
- Certain operations of overseas subsidiaries and part of other businesses have been shifted from 'Overseas Food Products' to 'Amino Acids'.
- Health food projects have reached commercialization as health food businesses, and as such have been shifted from 'Corporate' to 'Domestic Food Products'.

Segment information for the previous comparable period has been restated under the new product allocations to business segments adopted as of the current fiscal year, and is presented in the following page.

#### 4. Change to accounting treatments

Income and expenses of overseas subsidiaries and equity method affiliates overseas have previously been calculated using the exchange rate on the balance sheet date. However, from the interim period of the current fiscal year onwards, such figures have been recorded using the average exchange rate throughout the relevant period. This change has been made to reflect the increasing importance of the production and sales of overseas subsidiaries and affiliates to the parent company. As quarterly financial information disclosure further develops, this change will enable each financial report to show a balanced result for the period despite severe fluctuations of the spot exchange rate that may occur.

For comparison, using the previous calculation method results net sales decreased by ¥168 million for Domestic Food Products, ¥3,664 million for Overseas Food Products, ¥4,382 million for Amino Acids, ¥177 million for Other and ¥105 million for Corporate and Eliminations. Changes to operating income are: Declines of ¥1 million for Domestic Food Products, ¥281 million for Overseas Food Products, ¥76 million for Amino Acids, ¥0 million for Pharmaceuticals, ¥18 million for Other. Increases of ¥0 million for Corporate and Eliminations.

### Restatements under new allocation of products to business segments

Nine months of the fiscal year ended March, 2005 (April 1, 2004 to December 31, 2004)

Millions of yen, rounded down

	Domestic Food Products	Overseas Food Products	Amino Acids	Pharma- ceuticals	Other	Total	Corporate and Eliminations	Consolidated
Sales								
(1) Sales to third parties .....	465,836	58,254	191,304	58,487	45,575	819,458	--	819,458
(2) Intra-group sales and transfers .....	1,061	2,824	20,195	78	40,713	64,873	(64,873)	--
Total sales .....	466,897	61,079	211,500	58,566	86,288	884,331	(64,873)	819,458
Operating expenses .....	443,349	58,291	186,177	50,551	83,468	821,838	(59,854)	761,983
Operating income .....	23,547	2,787	25,322	8,014	2,819	62,492	(5,018)	57,474

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	<i>AJI-NO-MOTO</i> , <i>Hon-Dashi</i> , <i>Cook Do</i> , soups, mayonnaise and mayonnaise-type dressings, <i>Pal Sweet</i> (for domestic market), delicatessen products, bakery products, <i>Amino Vital</i> , frozen foods, edible oils, coffee, beverages, chilled dairy products, etc.
Overseas Food Products	<i>AJI-NO-MOTO</i> , flavor seasonings, instant noodles, beverages, etc.
Amino Acids	<i>AJI-NO-MOTO</i> for processed food manufacturers, nucleotides, feed-use amino acids, amino acids for pharmaceuticals and foods, pharmaceutical fine chemicals, aspartame, specialty chemicals, etc.
Pharmaceuticals	Pharmaceuticals, medical foods
Other	Distribution, various services, etc.