Ajinomoto Co., Inc.

Consolidated Results

Fiscal Year Ended March 31, 2003

AJINOMOTO

SUMMARY OF FINANCIAL STATEMENTS (Consolidated)

For the year ended March 31, 2003

Ajinomoto Co., Inc. **May 14, 2003**

Stock Code:	2802	Listed exchanges:	Tokyo, Osaka, Nagoya, Fukuoka, Sapporo
http://www.ajinomoto.co.jp/		Inquiries:	Director, General manager
President	Kunio Egashira		Finance Department
Date of the meeting of the board of directors:	May 14, 2003		Yasunori Yoshioka
U.S. GAAP Accounting Principles:	Not adopted	Telephone:	813 5250-8161

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2003

1) Consolidated Operating Results

Millions of yen

	FY Ended March 31, 2003		FY Ended March 31, 2002	
		Change (%)		Change (%)
Net sales	987,727	4.7	943,540	3.9
Operating income	54,059	10.3	49,015	29.7
Ordinary income	56,888	1.2	56,217	26.8
Net income	33,178	5.5	31,442	--
Net income per share (¥)	¥50.73		¥48.38	
Fully diluted earnings per share (¥)	--		--	
Return on equity	8.6%		8.5%	
Ratio of ordinary income to total capital	6.7%		6.7%	
Ratio of ordinary income to net sales	5.8%		6.0%	

Notes: (1) Gain from investments in subsidiaries and affiliates accounted for by the equity method:
FY ended March 31, 2003: 6,549 million yen FY ended March 31, 2002: 3,713 million yen
(2) Average number of outstanding shares (consolidated) during the period:
FY ended March 31, 2003: 649,382,067 shares FY ended March 31, 2002: 649,947,682 shares
(3) Changes to accounting principles Some changes were made
(4) Percentages for net sales, operating income, ordinary income and net income represent changes from the previous fiscal year.
(5) By using the calculation method from fiscal 2001 net income per share for FY ended March 2003 would have been 51.09 yen per share

2) Financial Position

Millions of yen

	As of March 31, 2003	As of March 31, 2002
Total assets	864,588	840,152
Shareholders' equity	391,154	381,017
Equity ratio (%)	45.2%	45.4%
Shareholders' equity per share (¥)	¥602.66	¥586.30

Notes (1) Outstanding shares (consolidated) at: FY ended March 31, 2003: 648,655,123 shares
FY ended March 31, 2002 649,873,130 shares

(2) By using the calculation method from fiscal 2001 shareholders` equity per share would have been 603.02 yen

3) Cash Flows

Millions of yen

	FY Ended March 31, 2003	FY Ended March 31, 2002
Net cash provided by operating activities	57,236	58,306
Net cash used in investing activities	(49,516)	(36,812)
Net cash used in financing activities	(6,628)	(26,376)
Cash and cash equivalents at end of year	55,722	56,550

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

Number of consolidated subsidiaries	93
Number of non-consolidated subsidiaries accounted for by the equity method	5
Number of affiliates accounted for by the equity method	20

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

Consolidated subsidiaries	(Newly included)	8	(Excluded)	5
Companies accounted for by the equity method	(Newly included)	4	(Excluded)	8

2. Forecast for the Fiscal Year Ending March 31, 2004

Millions of yen

	6 Months Ending September 30, 2003	FY Ending March 31, 2004
Net Sales	527,000	1,050,000
Ordinary Income	25,000	67,000
Net Income	10,000	35,000

(Note) Net income per share expected for the fiscal year ending March 31, 2004 (consolidated): ¥53.60

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 section entitled `Outlook for the Fiscal Year Ending March 31, 2004`

1. Current State of the Ajinomoto Group

The Ajinomoto Group is made up of Ajinomoto Co., Inc. (the Company), along with 135 subsidiaries and 32 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 (43 companies)	Seasonings and Food Products (28 companies)	Knorr Foods Co., Ltd., Ajinomoto Packaging Inc., Ajinomoto Frozen Bakery Co., Ltd. (see note 1), plus 25 additional companies
	Frozen food (9 companies)	Ajinomoto Frozen Foods Co., Inc., (see note 2), Ajinomoto Frozen Foods (Thailand) Co., Ltd., Ajinomoto Betagro Frozen Foods (Thailand) Co., Ltd., Lianyungang Ajinomoto Ruyi Foods Co., Ltd., plus 5 additional companies
	Edible Oils (3 companies)	HONEN AJINOMOTO OIL MILLS, INC. (see note 3), Ajinomoto Oil Mills Co., Inc. (see note 4), and HONEN Corporation
	Beverages, Dairy Products (3 companies)	Ajinomoto General Foods, Inc., Calpis Co., Ltd., Calpis Ajinomoto Danone Co., Ltd.
Overseas Food Products (69 companies)	Seasonings and Processed Foods (69 companies)	Ajinomoto Co., (Thailand) Ltd., Ajinomoto (Malaysia) Berhad, Ajinomoto del Peru S.A., Ajinomoto Interamericana Industria e Comercio Ltda., P.T. Ajinex International, P.T. Ajinomoto Indonesia, AJINOMOTO PHILIPPINES CORPORATION, Ajinomoto (Singapore) Pte. Ltd., plus 61 additional companies
Amino Acids (19 companies)	Amino acids, Specialty Chemicals (19 companies)	Ajinomoto Takara Corporation, Inc., Ajinomoto Fine-Techno Co., Inc., Ajinomoto U.S.A., Inc. (see note 5), S.A. OmniChem N.V., AJINOMOTO EUROLYSINE S.A.S., Ajinomoto Heartland, Inc. (see note 5), Ajinomoto Euro-Aspartame S.A.S., Ajinomoto Europe Sales G.m.b.H., Ajinomoto Switzerland AG, plus 10 additional companies
Pharmaceuticals (8 companies)	Pharmaceuticals, Medical Foods (8 companies)	Ajinomoto Pharma Co. Ltd., Shimizu Pharmaceutical Co., Ltd. (see note 6), Ajinomoto Pharmaceuticals U.S.A., Inc., Ajinomoto Pharmaceuticals Europe Ltd., plus 4 additional companies
Others (28 companies)	Packaging Materials (3 companies)	Fuji Ace Co., Ltd., plus 2 additional companies
	Distribution (12 companies)	AJINOMOTO LOGISTICS CORPORATION, plus 11 additional companies
	Service, others (13 companies)	Ajinomoto Communications Inc., Ajinomoto System Techno Corporation, Ajinomoto Engineering Co., Ltd., Ajinomoto-Genetika Research Institute (AGRI), plus 9 other companies

Notes:

1. On April 1, 2003 Ajinomoto spun off its bakery business and combined it with Ajinomoto Frozen Bakery Co., Ltd., whose name was then changed to Ajinomoto Bakery Product Co., Ltd.

2. On April 1, 2003, Ajinomoto Frozen Foods Co., Inc. merged with Frec Corporation, after buying the outstanding shares in Frec from Nippon Sanso Corporation in February 2003 and making it a wholly-owned subsidiary.

3. Following a share swap on April 1, 2003, HONEN AJINOMOTO OIL MILLS, INC. made Yoshihara Oil Mill, Ltd., a wholly-owned subsidiary, and changed its name to J-OIL MILLS, INC.

4. Following a transfer of shares on April 1, 2002, Ajinomoto Oil Mills Co., Inc. together with HONEN Corporation established a joint holding company, HONEN AJINOMOTO OIL MILLS, INC., and became a wholly-owned subsidiary.

5. On April 1, 2003, Ajinomoto U.S.A., Inc. merged with a separate company that it had established through a 100 percent capital injection. On the same date Ajinomoto Heartland Inc. was merged with Ajinomoto Heartland, LLC, a wholly-owned subsidiary of newly established Ajinomoto U.S.A., Inc.

6. Shimizu Pharmaceutical Co., Ltd. was made into a wholly-owned subsidiary after Ajinomoto purchased all the shares in the company from Suzuyo & Co., Ltd. and Suzuyo Group companies in December 2002.

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. We plan to make future decisions on 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.

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

In 2001 Ajinomoto introduced 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

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

5. Our tasks ahead

The entire Ajinomoto Group is engaged in implementing forward-looking business strategies that are securing our position as a truly global company with products loved by people worldwide, brands assuring reliability and safety, innovative technologies, and creative and individual personnel. By successfully carrying out the following strategies Ajinomoto believes it can achieve the goals of the 02/04 Three-Year Management Plan described on this page.

Ajinomoto will continue to expand business in growth sectors, developing and commercializing new ingredients in the area of nutritional health, as typified by the growing demand for *Amino Vital*. The Company aims to further strengthen, expand, and increase profitability in our No.1 global bulk ingredient businesses such as seasonings, feed-use amino acids, and sweeteners. In global retail markets the Company is working to expand our processed foods business by developing original, proprietary products. The Company is strengthening its pharmaceuticals operations under the concept of Total Nutritional Care, and leveraging the enhanced pharmaceutical product line-up, including infusions, secured through the December 2002 acquisition of Shimizu Pharmaceutical.

Ajinomoto is taking a number of steps to shift toward a high earnings structure. The Company has strengthened its frozen foods business through the acquisition of Frec Corporation, which is strong in the commercial market, and the subsequent April 2003 merger of Frec Corporation with Ajinomoto Frozen Foods Co., Inc. In edible oils, Ajinomoto restructured and strengthened HONEN AJINOMOTO OIL MILLS, INC. and Yoshihara Oil Mill, Ltd. as J-OIL MILLS, INC. Through these and other measures, such as the capital participation in GABAN ASAOKA Co., Ltd., Ajinomoto is continuing its policy of selection and concentration and of expansion. The Company aims to further strengthen its domestic food products business and to expand business in growth areas, and to that end will continue to undertake mergers and acquisitions and form business alliances.

In order to more rapidly carry out development initiatives and increase Group corporate value, Ajinomoto is taking steps to strengthen corporate governance through measures such as reducing the number of board members, introducing an executive officer system, and electing outside directors. Moreover, as competition becomes more global in nature, Ajinomoto is pursuing further growth by nurturing personnel capable of working in the global arena. As one part of the human resources program the Company is establishing a training center in Tokyo to support the development and interchange of its 30,000 Group employees around the world.

Finally, in order to uphold the product safety and quality that underpins the Group's operations, Ajinomoto is further developing its proprietary quality assurance system, implementing quality audits across the Group, and establishing a traceability system. The Company is taking a proactive approach to environmental issues and policies Group-wide, and through its corporate approach, philosophy and philanthropic activities Ajinomoto will continue to operate in harmony with society as a good corporate citizen.

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 has also bolstered competitiveness through the internal company system introduced in 2002. All these endeavors are in line with a drive to enhance the corporate value of all Group businesses.

(2) Initiatives

At the ordinary general meeting of shareholders scheduled for June this year and the subsequent meeting of the board of directors, Ajinomoto plans to improve corporate governance by reducing the number of directors, appointing an outside director, and instituting an executive officer system.

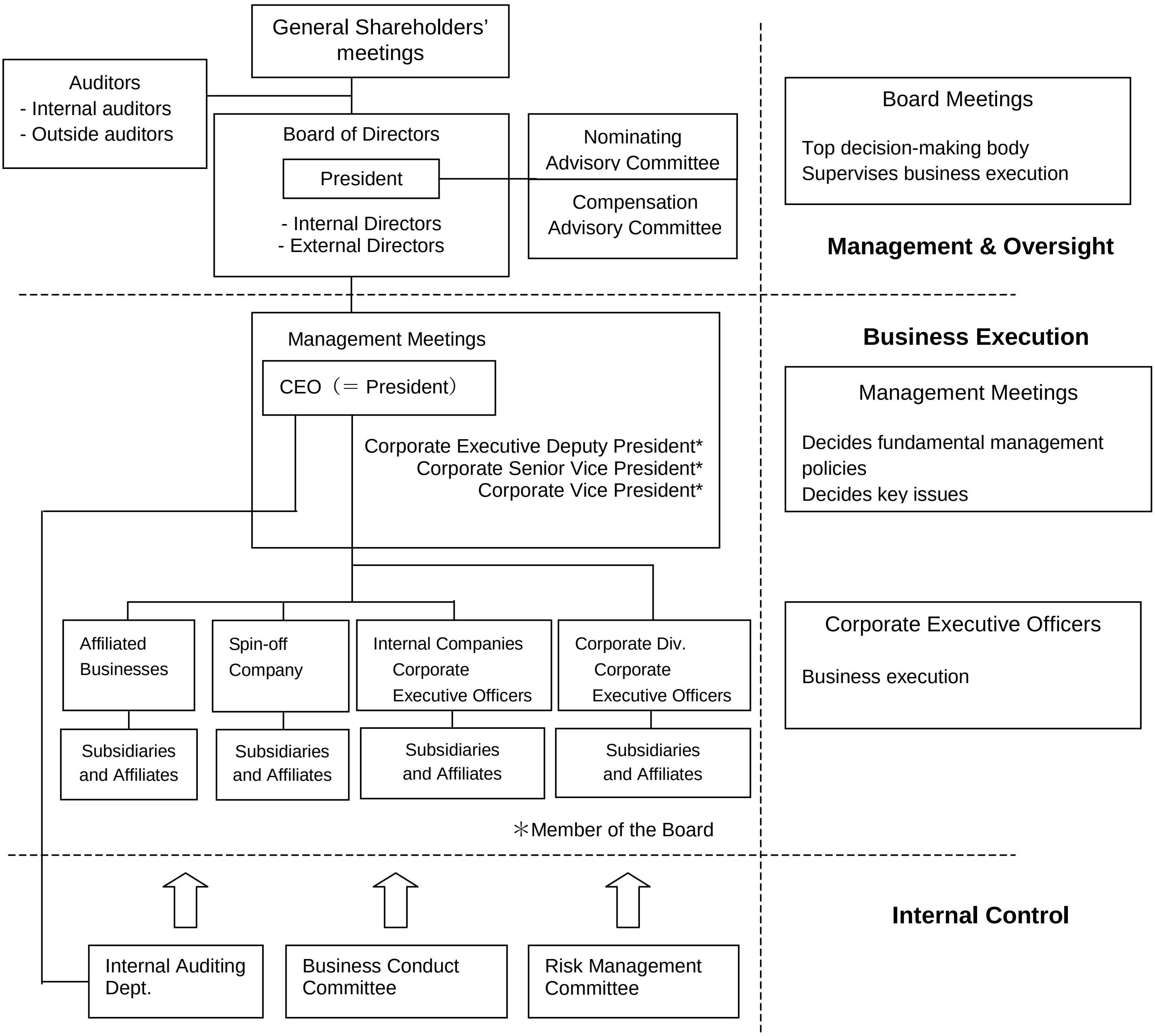
The Company will cut the number of directors from 30 to 12. One of these people will be an outside director who will monitor management from an outside perspective aiming to identify issues that are difficult to identify from an internal perspective, and have those issues addressed. That director will actively offer opinions to the board on how the Company should best respond to changes in the operating environment. The candidate for consideration as outside board member at the June shareholder gathering is Shozo Hashimoto, chairman of the Nomura Research Institute, Ltd.

The Company will also inaugurate an executive officer system to systematically separate execution and oversight, thereby accelerating implementation and improving the monitoring of operations. Executive officers will have the authority traditionally accorded directors. The goal here is for these officers to specialize in implementation, thus speeding up decision-making. The board will monitor and appropriately assess operational implementation, and internal board members will also be executive officers.

The Company will maintain its current auditor system, but will set up a committee to advise the president on the appointment of directors and executive officers, and a remunerations committee. These committees will enhance the transparency of board personnel affairs and ensure sound management. The Internal Auditing Department will report directly to the chief executive officer, overseeing the Company and its subsidiaries and affiliates as an internal control system that helps maintain operational health.

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 our Risk Management Committee swiftly and accurately assesses corporate risks, reporting directly to top management and tackling issues in line with instructions.

On completion of the ordinary general shareholders' meeting scheduled for June 2003, the Company's business execution, management auditing and internal control structure will be as follows.



3. Operating Results and Financial Position

I. Operating Results

1. Consolidated results outline

Billions of yen

	Net Sales	Operating Income	Ordinary Income	Net Income
FY ended March 31, 2003	987.7	54.0	56.8	33.1
FY ended March 31, 2002	943.5	49.0	56.2	31.4
Increase (decrease)	4.7%	10.3%	1.2%	5.5%

Overview of results for this period

Although there were selected signs of improved corporate profitability toward the end of the period, generally poor domestic economic conditions became further entrenched during the financial year under review, with continued weak personal consumption, ongoing deflationary pressure, and uncertainty in the financial sector. The Japanese food industry was characterized by intensifying competition and persistent deflationary pricing pressure, and issues relating to the use of unapproved ingredients and concerns about chemical residues on imported vegetables served to undermine consumer confidence. Globally, the weak U.S. economy was impacted by the deepening conflict in Iraq, and European economies also showed no signs of a return to buoyancy.

Against this background, in Japan Ajinomoto's food products and amino acids businesses performed well and pharmaceuticals sales also increased. Overseas, sales of food products were at similar levels to last year, while amino acids sales were higher. As a result, consolidated net sales for the fiscal year ended March 31, 2003 increased 4.7% (44.1 billion yen) to 987.7 billion yen. Operating income increased 10.3% (5.0 billion yen) to 54.0 billion yen, and ordinary income increased 1.2% (0.6 billion yen) to 56.8 billion yen. Consolidated net income increased 5.5% (1.7 billion yen) to 33.1 billion yen.

The total dividend payment proposed for the year has been increased one yen to 11 yen per share, including the interim dividend payment of 5 yen per share.

Consolidated operating results by segment

Billions of yen

	Net Sales	YoY Change - amount	YoY Change - percent	Operating Income	YoY Change – amount	YoY Change - percent
Domestic food products	583.2	20.1	3.6%	26.8	1.6	6.8%
Overseas food products	139.2	0.6	0.5%	9.2	2.2	32.2%
Amino acids	135.9	5.9	4.6%	13.5	(0.6)	(4.4%)
Pharmaceuticals	62.6	9.1	17.2%	8.8	2.3	35.8%
Other	66.6	8.2	14.2%	3.8	(0.5)	(11.5%)

Notes:

1. Details of main products within each segment are outlined in Note 2 on page 26 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. Formerly, the operating expenses of the administration division and research facilities were allocated to each business segment. However from the period under review the operating expenses of the administration division and part of the operating expenses of research facilities are included in the Eliminations and All Company segment. (Details are available in part one of Segment Information in this document.) These changes reflect the introduction of an internal company system during the fiscal year and the concomitant need to manage operating expenses more clearly on a segmental basis. Compared to the previous system these changes have resulted in operating income increase as follows: Domestic food products: 4,323 million yen; Overseas food products: 1,732 million yen; Amino acids: 1,892 million yen; Pharmaceuticals: 1,536 million yen; and Other: 668 million yen.
5. Net sales in Pharmaceuticals were affected by new accounting treatments adopted during the period under review. This resulted in a one-time addition of 236.4 million yen recorded in net sales in relation to payments received for transfers of pharmaceutical sales rights, patent licenses, joint development activities and such like on execution of contracts with counter parties. Calculated under previous accounting treatments, net pharmaceuticals sales would have been recorded as 60.3 billion yen (a year on year increase of 12.7%) and operating income would have been recorded as 6.5 billion yen (a year on year decrease of 0.3%).

(1) Domestic food products

Domestic food product sales increased 3.6% (20.1 billion yen) over the previous year to 583.2 billion yen. Operating income increased 6.8% (1.6 billion yen) to 26.8 billion yen. Sales of coffee, beverages, and dairy products grew strongly. Sales of processed foods – particularly soups – increased over the previous year, as did sales of amino acid supplement *Amino Vital*.

Seasonings: In the retail market, sales of seasoning product *Hon-Dashi* increased slightly over the previous year, while sales of the *Cook Do* line grew strongly, supported by the introduction of seasonal products and promotional activities such as Chinese cooking fairs jointly promoting the materials. Sales of *Gohan Ga Susumu-kun* were lower than last year. In the commercial market, Ajinomoto continued to introduce products targeting major convenience store chains. Sales of savory seasoning products to food processing companies were affected by BSE-related issues, and as a result remained largely in line with the previous comparable period. Sales of *ACTIVA*, an enzyme (transglutaminase) that improves food texture, increased as the range of applications for this product expanded.

Processed foods: Soup sales increased steadily. *Knorr Cup Soup* sales continued to grow, benefiting from strong growth in the *Knorr Soup Pasta* line, which is now in its second year. Mayonnaise sales were maintained at similar levels to the previous year, with marketing efforts directed to promoting the ingredient quality, fresh taste and reliability of the *Pure Select* line. The *Ajinomoto KK Ajiamen (Asian noodles)* introduced in August 2002 proved popular, and is steadily taking its place in the market. Sales of *Kellogg's* products increased steadily.

Sweeteners and Nutritional foods: Revenue from sales of amino acid-based sweeteners for home and restaurant use increased on the back of strong sales of *Slim-up Sugar* and *Pal Sweet Calorie Zero*. Sales of amino acid supplement *Amino Vital* continued to increase significantly, boosted by marketing efforts to increase awareness of amino acids and by an increase in the number of outlets, particularly drugstores, stocking the product.

Delicatessen and Bakery products: Sales of lunchboxes and prepared dish delicatessen products increased. Bakery product sales were in line with the previous year.

Frozen foods: Frozen food sales increased, supported by continued strong sales of key retail product *Shumai* and *Gyoza*, and the contribution from new products such as *Jidori no Chicken Rice*. Commercial sales of frozen foods were slightly lower than for the previous fiscal year, affected by adverse conditions in the restaurant industry.

Edible oils: Overall sales of edible oils increased. Commercial sales of oils were slightly down year on year, but retail sales increased, supported by premium oil product sales of *Kenko Sarara,* a product that is approved for Specified Health Uses. Sales of basic oils also increased. Meal product sales decreased.

Coffee, Beverages, Dairy products: Overall coffee sales were strong. Sales of liquid coffee such as *Blendy* bottled coffee increased significantly, as did sales of regular coffee. Instant coffee sales grew strongly, boosted by marketing campaigns and the introduction of new products. Beverage sales for the year increased, with a significant rise in sales of *Evian* and continued good performance from *Calpis Water*. The new product *Kenchao*, approved as a food for Specified Health Use, also contributed to the increase in overall sales. Chilled dairy product sales increased considerably, boosted by further strong sales of key products *Danone Fruits Selection* and *Danone Yoghurt*, as well as by new products *Danone BIO* and *Danette*.

2. Overseas food products

Overseas food product sales increased 0.5% (0.6 billion yen) over the previous year to 139.2 billion yen. Operating income increased 32.2% (2.2 billion yen) to 9.2 billion yen. Sales of flavored and mixed seasonings increased steadily, while revenue from the sale of *AJI-NO-MOTO* and nucleotides to the food processing industry grew considerably.

Seasonings: In Asia, sales of *AJI-NO-MOTO* for home use and restaurant use were strong, but currency effects resulted in decreased revenue. Flavored and mixed seasoning sales were higher than in the previous comparable period, and sales of *AJI-NO-MOTO* and nucleotides to the food processing industry grew steadily. In the Americas revenue from sales of *AJI-NO-MOTO* to the food processing industry decreased year on year, but sales of nucleotides increased. In Europe sales of *AJI-NO-MOTO* to the food processing industry slightly decreased, but nucleotide sales increased. Sales of retail- and restaurant-use *AJI-NO-MOTO* grew, supported by strong sales growth in West African nations. Sales in Japan of *AJI-NO-MOTO* and nucleotides to the food processing industry were higher than in the previous comparable period.

Processed foods: Sales of instant noodles in Asia were affected by stiffer competition and were lower than last year, but sales of *Birdy*, a canned coffee beverage, increased steadily and exceeded last year's result.

(3) Amino Acids

Sales in the amino acids business rose 4.6% (5.9 billion yen) to 135.9 billion yen although operating income decreased 4.4% (0.6 billion yen) to 13.5 billion yen as Ajinomoto worked to expand the market for feed-use amino acids by lowering unit prices for Threonine. Sales of Lysine, and Tryptophan increased and overall revenue from feed-use amino acids increased from the year before. Sales of sweeteners were lower than for the previous fiscal year.

Feed-use amino acids: Revenue in Asia was lower than last year, affected partly by production decreases in Thailand during construction of an enlarged manufacturing facility. Revenue in the Americas was impacted by currency effects in South America, but sales in North America grew steadily and overall revenue from the region increased year on year. Revenues in European markets increased.

Pharmaceutical and food-use amino acids: In Japan, although infusion applications grew steadily in the Japanese market, production of some products for export was transferred overseas, with the result that revenue decreased. In the Americas, lower unit prices resulted in revenue decreasing year on year. Sales in European markets increased, supported by growing sales of infusion applications.

Sweeteners: Sales volumes were maintained at last year's levels, but revenue decreased significantly due to lower unit prices and currency effects.

Pharmaceutical intermediates: Sales of key products in European countries grew steadily, and revenue was significantly higher than in the previous fiscal year.

Specialty chemicals: Sales increased considerably year on year, driven by steady growth in sales of facial wash materials and aggressive marketing of the amino acid-based cosmetic *JINO*. Sales of multilayer insulation film for use with computing equipment and electronic materials for liquid crystal displays continued to expand steadily, resulting in increased revenue compared to the previous year.

(4) Pharmaceuticals

Pharmaceutical sales rose 17.2% (9.1 billion yen) to 62.6 billion yen. Operating income increased 35.8% (2.3 billion yen) to 8.8 billion yen. As pointed out in Note 5 above, these net sales and operating income figures include the impact of a change in accounting treatment. Moreover, Shimizu Pharmaceutical's sales after Ajinomoto's acquisition of the company are included in this year's net pharmaceutical sales. Export sales of nateglinide, an active ingredient for the treatment of diabetes, were affected by inventory adjustments at our overseas licensee, with the result that revenue fell. However *Actonel*, a preparation used in the treatment of osteoporosis that was launched in May 2002, was adopted by an increasing number of medical institutions and sales increased, as did sales of *ATELEC*, an antihypertensive cardiovascular agent, and *LIVACT*, a branched-chain amino acid formula for the treatment of liver cirrhosis.

(5) Other

Sales in this category increased 14.2% (8.2 billion yen) to 66.6 billion yen. Operating income decreased 11.5% (0.5 billion yen) to 3.8 billion yen.

(2) Outlook for the Fiscal Year Ending March 31, 2004

Billions of yen

	Net Sales	Operating Income	Ordinary Income	Net Income
FY ending March 31, 2004	1,050.0	65.0	67.0	35.0
FY ended March 31, 2003	987.7	54.0	56.8	33.1
Increase (decrease)	6.3%	20.2%	17.8%	5.5%

The operating environment for Ajinomoto is expected to remain harsh. The Japanese economy is expected to continue to be affected by weak consumer spending and increasing price competition, and additional factors such as falling share prices and possible power supply shortfalls have created a further sense of unease. Globally the outlook is also unclear, impacted by weak US and European economic performance and by other issues such as the SARS (Severe Acute Respiratory Syndrome) epidemic.

Under these conditions Ajinomoto plans to continue our policy of 'selection and concentration' and 'expansion'. In domestic food products Ajinomoto aims to expand operations and improve profitability, while in overseas food products we are working to grow our businesses, mainly focusing on the Southeast Asia and Latin America regions. In amino acids Ajinomoto intends to further boost profitability in feed-use amino acids by leveraging its global cost competitiveness, while in pharmaceuticals it expects to increase sales through the synergies and product line-up made available by the acquisition of Shimizu Pharmaceutical.

Ajinomoto forecasts consolidated sales for the fiscal year ending March 31, 2004 to increase 6.3% to 1,050.0 billion yen, and operating income to increase 20.2% to 65.0 billion yen. Ordinary income is forecast to increase 17.8% to 67.0 billion yen, with net income for the period increasing 5.5% year on year to 35.0 billion yen.

These forecasts are based on an assumed exchange rate of 120 yen to the U.S. dollar.

A total dividend payment of 12 yen per ordinary share is planned for the period, an increase of one yen, with an interim dividend payment of six yen per share.

II. Financial Position

1. Summary of consolidated cash flow

	Billions of yen		
	FY ended March 31, 2003	FY ended March 31, 2002	Change
Net cash provided by operating activities	57.2	58.3	(1.0)
Net cash used in investing activities	(49.5)	(36.8)	(12.7)
Net cash used in financing activities	(6.6)	(26.3)	19.7
Effect of exchange rate changes on cash and cash equivalents	(1.7)	1.8	(3.6)
Increase (decrease) in cash and cash equivalents	(0.6)	(2.9)	2.3
Cash and cash equivalents at end of period	55.7	56.5	(0.8)

Net cash provided by operating activities

Net cash provided by operating activities decreased 1.0 billion yen over the previous comparable period to 57.2 billion yen. The main factor behind this reduction was an increase in extraordinary losses, although operating income and ordinary income both grew year on year. Growth in working capital was limited, remaining at a similar level to the year before.

Net cash used in investing activities

Net cash used in investing activities increased 12.7 billion yen compared to the previous financial year to 49.5 billion yen. This reflects the fact that while Ajinomoto sold affiliates and other stock, the Company also acquired Shimizu Pharmaceutical Co., Ltd. and Frec Corporation, and actively implemented capital expenditure mainly at overseas subsidiaries.

Net cash used in financing activities

Although Ajinomoto raised funds for mergers and acquisitions etc., net cash used in financing activities decreased 19.7 billion yen to 6.6 billion yen due to continued efforts to reduce interesting-bearing debt.

As a result of the foregoing, cash and cash equivalents at March 31, 2003 was 55.7 billion yen, a similar level to the previous fiscal year.

2. Four-year Trends in Cash Flow-related Indices

	FY ended March 31, 2003	FY ended March 31, 2002	FY ended March 31, 2001	FY ended March 31, 2000
Equity ratio (%)	45.2	45.4	43.6	50.2
Equity ratio based on market price (%)	91.5	91.4	102.5	100.5
Debt service coverage (years)	2.9	2.9	4.9	2.7
Interest coverage ratio (times)	17.0	11.7	6.9	13.2

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 March 2003 x total shares outstanding at end of period (excluding treasury stock)]
4. Debt service coverage = Interest-bearing debt/operating cash flow
5. Interest coverage ratio = Operating cash flow/interest paid
   [Operating cash flow is the Net Cash Provided From Operating Activities figure in the consolidated statements of cash flows]
   [Interest paid is the Interest Paid figure in the consolidated statements of cash flows

4. Consolidated Financial Statements

Consolidated Balance Sheets

	Millions of yen				
	As of March 31, 2003		As of March 31, 2002		Increase (Decrease)
ASSETS					
Current assets					
Cash on hand and in banks	55,035		54,511		524
Notes & accounts receivable – trade	180,384		168,681		11,703
Marketable securities	687		2,473		(1,786)
Inventories	98,754		104,008		(5,253)
Deferred tax assets	11,405		8,302		3,103
Other current assets	19,409		20,123		(714)
Allowance for doubtful accounts	(740)		(663)		(76)
Total current assets	364,936	42.2	357,436	42.5	7,499
Fixed assets					
Tangible fixed assets					
Buildings and structures	229,474		234,314		(4,840)
Machinery and vehicles	381,562		386,663		(5,101)
Others	43,134		40,098		3,035
Accumulated depreciation	(449,886)		(451,594)		1,707
Land	69,119		65,717		3,402
Construction in process	23,175		18,215		4,960
Total tangible fixed assets	296,579	34.3	293,414	34.9	3,165
Intangible fixed assets					
Adjustment for consolidated account	35,000		17,201		17,799
Other intangible fixed assets	16,891		17,979		(1,087)
Total intangible fixed assets	51,892	6.0	35,180	4.2	16,712
Investment and other assets					
Investment in securities	106,508		113,938		(7,429)
Long-term loans receivable	242		477		(234)
Deferred tax assets	34,940		28,438		6,501
Other investments and other assets	11,301		13,235		(1,934)
Allowance for doubtful accounts	(1,812)		(1,968)		156
Total investment and other assets	151,180	17.5	154,121	18.4	(2,941)
Total fixed assets	499,652	57.8	482,715	57.5	16,937
Total Assets	**864,588**	**100.0**	**840,152**	**100.0**	**24,436**

Consolidated Balance Sheets

	Millions of yen				
	As of March 31, 2003		As of March 31, 2002		Increase (Decrease)
LIABILITIES					
Current liabilities					
Notes & accounts payable – trade	116,952		105,410		11,541
Short-term borrowings	66,118		53,348		12,770
Commercial paper	11,000		18,000		(7,000)
Long-term loans due to be repaid within one year	6,577		8,925		(2,348)
Corporate bonds to be redeemed within one year	15,000		-		15,000
Accrued income taxes	19,706		14,105		5,601
Accrued bonuses	3,313		3,133		180
Other current liabilities	67,068		63,335		3,733
Total current liabilities	305,737	35.4	266,258	31.7	39,478
Long-term liabilities					
Bonds	45,000		60,000		(15,000)
Long-term debt	7,393		15,238		(7,844)
Deferred tax liabilities	2,724		3,158		(433)
Accrued employees' retirement benefits	68,560		70,672		(2,112)
Accrued officers' severance benefits	1,769		1,449		320
Other long-term liabilities	19,129		19,196		(66)
Total long-term liabilities	144,577	16.7	169,715	20.2	(25,137)
Total liabilities	450,315	52.1	435,974	51.9	14,341
MINORITY INTERESTS:					
Minority interests	23,118	2.7	23,160	2.7	(41)
SHAREHOLDERS` EQUITY:					
Common stock	--		79,863	9.5	(79,863)
Capital surplus	--		111,579	13.3	(111,579)
Retained earnings	--		222,565	26.5	(222,565)
Unrealized holding gains on securities	--		9,583	1.1	(9,583)
Translation adjustments	--		(42,441)	(5.0)	42,441
Treasury stock	--		(132)	(0.0)	132
Common stock	79,863	9.2	--		79,863
Capital surplus	111,579	12.9	--		111,579
Retained earnings	250,973	29.0	--		250,973
Unrealized holding gains on securities	1,727	0.2	--		1,727
Translation adjustments	(51,349)	(5.9)	--		(51,349)
Treasury stock	(1,639)	(0.2)	--		(1,639)
Total shareholders' equity	391,154	45.2	381,017	45.4	10,137
Total Liabilities, Minority Interests And Shareholders' Equity	**864,588**	**100.0**	**840,152**	**100.0**	**24,436**

Consolidated Statements of Income

	FY Ended Mar. 31, 2003		FY Ended Mar. 31, 2002		Increase (Decrease)
	Millions of yen				
Net sales	987,727	100.0	943,540	100.0	44,186
Cost of sales	716,999	72.6	680,003	72.1	36,995
Gross profit	270,727	27.4	263,536	27.9	7,191
Selling, general and administrative expenses	216,668	21.9	214,521	22.7	2,147
Operating income	54,059	5.5	49,015	5.2	5,044
Non-operating income					
Interest received	966		1,478		(512)
Dividends received	954		626		328
Profit from investments income from equity method	6,549		3,713		2,835
Miscellaneous income	4,539		11,605		(7,065)
Total non-operating income	13,010	1.3	17,423	1.8	(4,413)
Non-operating expenses					
Interest expense	3,377		4,675		(1,297)
Miscellaneous losses	6,803		5,545		1,257
Total non-operating expenses	10,180	1.0	10,220	1.1	(40)
Ordinary income	56,888	5.8	56,217	6.0	670
Extraordinary income					
Gain on sales of fixed assets	2,423		2,433		(10)
Profit on sale of investment securities sold	4,817		694		4,122
Gain on sale of affiliates' stock	20,286		71		20,215
Compensation received for expropriated amount	—		3,176		(3,176)
Others	1,083		1,495		(411)
Total extraordinary income	28,611	2.8	7,871	0.8	20,739
Extraordinary losses					
Loss on disposal of fixed assets	2,929		2,949		(20)
Loss on sale of investment securities	4,204		452		3,751
Loss on valuation of investment securities	237		232		5
Penalties	1,977		728		1,249
Settlement payments	6,894		--		6,894
Others	3,791		1,262		2,528
Total extraordinary losses	20,033	2.0	5,625	0.6	14,408
Net income before income taxes	65,466	6.6	58,464	6.2	7,002
Income taxes – current	33,834	3.4	26,448	2.8	7,386
Income taxes – deferred	(4,685)	(0.5)	(3,089)	(0.3)	(1,596)
Minority interests	3,138	0.3	3,662	0.4	(523)
Net income	**33,178**	**3.4**	**31,442**	**3.3**	**1,735**

Consolidated Statements of Surplus

	Millions of Yen	
	As of March 31, 2003	As of March 31, 2002
Consolidated surplus at the beginning of the year	--	**198,282**
Increase in surplus from:		
Increase in consolidated subsidiaries	--	15
Decrease in consolidated subsidiaries	--	0
Mergers among consolidated companies	--	19
Others	--	3
Decrease in surplus from:		
Increase in consolidated subsidiaries	--	373
Mergers among consolidated companies	--	80
Others	--	6,743
Net income	--	31,442
Consolidated surplus at the end of the year	**--**	**222,565**
Capital surplus		--
Capital surplus at the beginning of the year	**111,579**	**--**
Capital surplus at the end of the year	**111,579**	**--**
Retained earnings		
Retained earnings at the beginning of the year	**222,565**	**--**
Increase in retained earnings from:		--
Net income	33,178	--
Increase in companies accounted for by the equity method	4,171	--
Others	846	--
Total increase in retained earnings	38,196	--
Decrease in retained earnings from:		
Increase in consolidated subsidiaries	29	--
Decrease in consolidated subsidiaries	1,998	--
Decrease in companies accounted for by the equity method	1,023	--
Others	6,738	
Total decrease in retained earnings	9,789	
Retained earnings at the end of the year	**250,973**	

Consolidated Statements of Cash Flows

	Millions of Yen	
	FY Ended Mar. 31, 2003	FY Ended Mar. 31, 2002
I. Cash flows from operating activities		
Income before income taxes	65,466	58,464
Depreciation and amortization	38,969	37,222
Amortization of consolidated adjustments	3,257	2,790
Increase (decrease) in allowance for doubtful accounts	275	(733)
Decrease in accrued bonuses	(26)	3,133
Provision for loss on guarantees	—	(830)
Accrued employees' retirement benefits	(1,608)	(68)
Accrued officers` severance benefits	154	(305)
Interest and dividend income	(1,921)	(2,105)
Interest expense	3,377	4,675
Equity in earnings of affiliates	(6,549)	(3,713)
Loss on sales of investment securities	(613)	(242)
Gain on revaluation of securities	237	232
(Loss) gain on sale and disposal of tangible fixed assets	(506)	515
Loss on sale of shares	(20,286)	–
Notes and accounts receivable – trade	(1,585)	(6,655)
Notes and accounts payable – trade	1,983	(1,951)
Decrease in inventories	(263)	(4,965)
Decrease in accrued consumption tax	(1,081)	(431)
Bonus for directors	(241)	(228)
Compensation received for damages	—	(3,176)
Settlements payment	6,894	—
Penalties	1,977	728
Others	432	(923)
Sub-total	**89,355**	**81,433**
Interest and dividends received	6,536	5,986
Interest paid	(3,367)	(4,981)
Compensation received for damages	—	3,176
Settlements paid	(6,816)	--
Penalties paid	(1,977)	(728)
Income taxes paid	(26,494)	(26,579)
Net cash provided by operating activities	**57,236**	**58,306**
II. Cash flows from investing activities		
Proceeds from sale of marketable securities	—	1,017
Acquisition of tangible fixed assets	(54,753)	(45,821)
Proceeds from sale of tangible fixed assets	9,473	8,135
Acquisition of intangible assets	(3,812)	(3,564)
Proceeds from compensation expropriation	2,628	3,589
Acquisition of investment securities	(14,986)	(607)
Proceeds from sale of investment securities	25,054	2,157
Acquisition of shares of affiliates	(35,807)	(418)
Proceeds from sale of shares of affiliates	23,186	–
Others	(499)	(1,298)
Net cash used in investing activities	**(49,516)**	**(36,812)**
III. Cash flows from financing activities		
Increase in short-term borrowings	8,719	21,667
Proceeds from long-term debt	3,503	3,336
Repayment of long-term debt	(10,493)	(16,572)
Redemption of bonds	—	(28,303)
Cash dividends paid	(6,500)	(6,500)

Distribution of dividends to minority shareholders	(351)	(654)
Acquisition of own stock	(1,506)	—
Others	—	650
Net cash used in financing activities	**(6,628)**	**(26,376)**
IV. Effect of exchange rate changes on cash and cash equivalents	**(1,750)**	**1,888**
V. (Decrease) increase in cash and cash equivalents	**(659)**	**(2,992)**
VI. Cash and cash equivalents at the beginning of the year	**56,550**	**59,389**
Increase due to change in scope of consolidation	718	154
Decrease due to change in scope of consolidation	(887)	–
Sub-total	56,382	59,543
VII. Cash and cash equivalents at the end of the year	**55,722**	**56,550**

Significant Items for the Preparation of Consolidated Financial Statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries:

93 companies

Names of main consolidated subsidiaries:

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

As a result of a transfer of shares following the establishment of a joint holding company, HONEN AJINOMOTO OIL MILLS, INC., between Ajinomoto Oil Mills Co., Inc. and HONEN Corporation, the classification of Ajinomoto Oil Mills Co., Inc. has been changed from consolidated subsidiary to affiliate accounted for by the equity method. As a consequence of further share acquisitions Komec Co., Ltd. has been changed from an affiliate accounted for by the equity method to a consolidated subsidiary and as a result of new acquisitions of shares, Shimizu Pharmaceutical Co., Ltd, Frec Corporation and two other companies have been newly consolidated. As a result of share disposals etc. Acepackage Co., Ltd. and one other company have been excluded from consolidation. As a result of a change in equity share Yokohama Pack Co., Ltd. and one other company have been excluded from consolidation. Furthermore, in view of their importance SHANGHAI HOUSE AJINOMOTO FOODS CO., LTD. and two other companies have been included in consolidation.

(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:

5 companies

Names of main companies:

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

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

20 companies

Names of main companies:

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

As a result of new acquisition of shares GABAN ASAOKA Co., Ltd. is now accounted for by the equity method. Following the establishment of a joint holding company HONEN AJINOMOTO OIL MILLS, INC. and two other companies are now accounted for by the equity method. Mainly due to changes in equity share Ohta Oil Co., Ltd. and one other company have been removed from the scope of application of the equity method. As a consequence of further share acquisitions Komec has been changed from an affiliate accounted for by the equity method to a consolidated subsidiary. In addition due to disposal of shares CPC/AJI (Thailand) Ltd. and four other companies have been removed from the scope of application of the equity method.

(3) The main non-consolidated subsidiary not accounted for by the equity method is Bonito Technical Laboratory Co., Inc. Also, the main affiliated company not accounted for by the equity method is Yaguchi & Company Ltd. Since these companies each have negligible impact on consolidated net income and surpluses, and have minimal overall importance, they have been removed from 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 Perú S.A. and ten other companies have settlement dates of December 31st. Of these, nine companies carry out trial settlements up to March 31st. In preparing the consolidated financial statements for companies that do not carry out trial settlements, the Company has used the 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 11 other companies have settlement dates of December 31st and GABAN ASAOKA Co., Ltd. has a settlement date of end of February. Of this total, 10 companies carry out trial settlements up to March 31st. In preparing the consolidated financial statements for companies that do not carry out trial settlements, the Company has used the 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 fiscal year 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 retirement benefits for directors:

At the Company and certain domestic consolidated subsidiaries, in order to provide for payment of retirement benefits to directors and corporate auditors 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 domestic consolidated subsidiaries subject to consumption tax and/or regional consumption tax are recorded at amounts exclusive of the consumption tax. Unpaid consumption tax is included in ' Current liabilities – Other'

(7) Accounting treatment of treasury stock and utilization of legal reserves

From the fiscal year under review the accounting standard for treatment of treasury stock and utilization of legal reserves (Business Accounting Standard 1) is being applied. The effect of application of this standard on profits for the fiscal year is not significant.

Furthermore regulations on consolidated financial statements have been revised and `Shareholders' equity' of the consolidated balance sheet and the consolidated statements of surplus have been produced to reflect these revisions.

(8) Per share amounts

From the fiscal year under review accounting regulations regarding net income per share (Business Accounting Standard 2) and the respective application guidelines (Business Accounting Standard Application Guidelines 4) have been applied. By using the calculation method from fiscal 2001 consolidated net income per share and shareholders' equity per share for the fiscal year under review would have been those shown on the front page of this document.

5. Valuation of assets and liabilities of consolidated subsidiaries

In respect of the valuation of all assets and liabilities of consolidated subsidiaries the market value method has been used.

6. Amortization of consolidated adjustment accounts

As a general rule, consolidated adjustment accounts are equally amortized over a 5-year period. Amortization of the consolidated adjustment accounts between Knorr Foods Co., Ltd. S.A. OmniChem N.V., Frec Corporation and Shimizu Pharmaceutical Co., Ltd. is carried out equally over 25, 20, 15 and 10 years respectively. Also, consolidated adjustment accounts with extremely small amounts have been treated as profits or losses in the year incurred.

7. Items concerning the handling of profit distribution categories

The Consolidated Statement of Surplus is based on consolidated profit distributions settled during the consolidated fiscal year.

8. Scope of 'Cash' in the Consolidated Statement 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.

Change in accounting methods

Formerly the company has accounted for one-off payments received on transfer of pharmaceutical products sales rights, and those received at the time of patent licensing, signing joint development contracts etc as non-operating income. However income from these sources is increasingly important and in order to reflect income from operating activities more accurately these amounts are included in net sales revenue from the fiscal year under review. As a result consolidated net sales as well as operating income for the fiscal year under review was 2.364 billion yen higher than if the former accounting treatment had been applied. Ordinary income and pre-tax income are not affected. The effect on segmental information is shown in the relevant section of this report.

Additional information

1. On February 18, 2003, we reached an agreement with Unilever PLC/Unilever NV to terminate joint venture operations involving seven companies in six Asian countries/regions, and to sell our stake in those companies to Unilever Group. Ajinomoto's holdings are being sold to Unilever Group in two tranches, in March 2003 and March 2004.

In March 2003 Ajinomoto sold to Unilever Group its 50% stakes in CPC/AJI (Asia) Ltd., CPC/AJI (Malaysia) Sdn. Bhd., CPC/AJI (Singapore) Pte. Ltd., and CPC/AJI (Thailand) Ltd., along with respective 30% and 25% stakes in CPC/AJI (Hong Kong) Ltd. and CPC/AJI (Taiwan) Ltd.

In the following fiscal year Ajinomoto will sell to Unilever Group its 50% stake in California Manufacturing Co. Inc., and also its remaining 20% and 25% respective stakes in CPC/AJI (Hong Kong) and CPC/AJI (Taiwan).

The impact of these sales on consolidated results is as follows:

	FY ended March 31, 2003	**FY ended March 31, 2004**
Transaction price	22,278 million yen (186 million US dollars)	23,220 million yen (194 million US dollars)
Transaction profit	19,865 million yen	19,987 million yen

Figures relating to the March 2004 transaction are current projections; the actual transaction figures may change. Further details are available in the Derivative Transactions section on page 35 of this document.

2. On November 21, 2002, Ajinomoto reached an agreement with Amylum France SAS to acquire all the shares in French company Orsan SA. The proposed acquisition is currently under consideration by authorities for regulatory approval. Ajinomoto recently got approval from the main German regulators. Ajinomoto will continue to pursue formalities related to this matter, and, upon final approval, will acquire the shares. The acquisition is expected to be completed by the end of July.

Outline of company to be acquired

Company name	Orsan SA
Main business	Manufacture and sale of MSG and other seasonings
Capital	49.6 million euros (approximately 6.4 billion yen) as of March 31, 2003
Net sales	67.3 million euros (approximately 8.7 billion yen) est. FY ended March 31, 2003
Number of shares to be acquired	4,538,000 (planned)
Transaction value	60 million euros (approximately 7.7 billion yen) est.
Ajinomoto`s holding post transaction	100% (planned)

Segment Information

1. Segment information by business

Fiscal Year Ended March 31, 2003

Millions of yen

	Domestic Food Products	Overseas Food Products	Amino Acids	Pharmaceuticals	Other	Total	Elimination or All Company	Consolidated
I. Sales and operating income and loss								
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
II. Assets, depreciation and amortization and capital expenses								
Assets	261,720	119,903	152,142	95,725	67,910	697,402	167,186	864,588
Depreciation and amortization......................	7,358	7,172	12,497	3,625	2,514	33,167	5,801	38,969
Capital expenses.............	6,993	11,778	18,404	7,733	2,322	47,232	10,170	57,403

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.

Note 3. Major items in all company assets included under Elimination or All company are parent company surplus operating funds (cash and marketable securities), long-term investment funds (investment securities), land not used for business purposes, assets of the administration division, and some research facilities. For the fiscal year under review, these items totaled 232,375 million yen.

4. Changes in the classification of business segments

Formerly the Company separated its business into Foods, Fine Chemicals and Other. However, following the introduction of the internal company system from fiscal 2002, in order to clarify the status of the Group’s businesses, the Company has changed the segment information to: Domestic Food Products, Overseas Food Products, Amino Acids, Pharmaceuticals, and Other. Domestic food wholesales and overseas services, which were formerly included in the Other segment, have been moved, respectively, to Domestic Food Products and Overseas Food Products. In addition, segment information from fiscal 2001, which was classified using the business classification method utilized during fiscal 2002, is given after the segment information for fiscal 2001.

5. Changes in the allocation of operating expenses
   Formerly the operating expenses of the administration division and research facilities were allocated to each business segment. However from fiscal 2002 the operating expenses of the administration division and part of the operating expenses of the research facilities are included in Elimination or All Company. These changes reflect the introduction of an internal company system during the fiscal year and the concomitant need to manage operating expenses more clearly on a segmental basis. Compared to the previous system these changes have resulted in reductions in operating expenses as follows: Domestic Food Products 4.323 billion yen; Overseas Food Products 1.732 billion yen; Amino Acids 1.892 billion yen; Pharmaceuticals 1.536 billion yen; Other 668 million yen. Operating expenses of Eliminations or All Company have increased by 10.154 billion yen. Operating income has increased as follows: Domestic Food Products 4.323 billion yen; Overseas Food Products 1.732 billion yen; Amino Acids 1.892 billion yen; Pharmaceuticals 1.536 billion yen; Other Business 668 million yen. The reduction of operating income of the Eliminations or All Company segment was 10.154 billion yen.
6. Changes in accounting treatment of income
   Formerly the Company has accounted for one-off payments received on transfer of pharmaceutical products sales rights and those received at the time of patent licensing, signing joint development contracts etc. as non-operating income. However income from these sources is increasingly important and in order to reflect income from operating activities more accurately these amounts are included in net sales from the fiscal year under review. As a result consolidated net sales of the pharmaceutical segment for fiscal 2002 was 2.364 billion yen higher than if the former accounting treatment had been applied and similarly operating income was higher by the same amount.
7. Change in All Company Assets
   Formerly the assets of the Company's administration division and research facilities were allocated to each business segment. However, from fiscal 2002 the assets of the administration division and part of the assets of research facilities are included in Elimination or All Company. Furthermore surplus funds (cash and marketable securities) and long term investment funds (investment securities) of some subsidiaries were included in Eliminations or All Company but from fiscal 2002 are included in their respective segments. These changes reflect the introduction of an internal company system during the fiscal year and the concomitant need to manage assets more clearly on a segmental basis. Compared to the previous system these changes have resulted in reductions in assets as follows: Domestic Food Products 24.945 billion yen; Overseas Food Products 5.151 billion yen; Amino Acids 13.416 billion yen; Pharmaceuticals 10.607 billion yen; Other 2.153 billion yen. Assets of Eliminations or All Company have increased by 56.273 billion yen. Compared to the previous system these changes have resulted in lower depreciation expenses as follows: Domestic Food Products 2.032 billion yen; Overseas Food Products 921 million yen; Amino Acids 1.894 billion yen; Pharmaceuticals 809 million yen; Other 66 million yen. Depreciation expenses of the Eliminations or All Company segment have increased by 5.724 billion yen. Compared to the previous system these changes have resulted in lower capital expenses as follows: Domestic Food Products 3.601 billion yen; Overseas Food Products 1.357 billion yen; Amino Acids 3.336 billion yen; Pharmaceuticals Business 1.925 billion yen; Other 70 million yen. Capital expenses of Eliminations or All Company have increased by 10.291 billion yen.

Fiscal Year Ended March 31, 2002

Millions of yen – rounded down

	Foods	Fine Chemicals	Other	Total	Elimination or All Company	Consolidated
I. Sales and operating income and loss						
Sales						
(1) Sales to third parties	636,201	215,708	91,629	943,540	–	943,540
(2) Intra-group sales and transfers	10,677	2,786	69,325	82,789	(82,789)	–
Total sales	646,879	218,495	160,955	1,026,330	(82,789)	943,540
Operating expenses	625,393	196,004	156,128	977,525	(83,000)	894,525
Operating income	21,485	22,491	4,827	48,804	210	49,015
II. Assets, depreciation and amortization and capital expenses						
Assets	378,674	229,472	114,709	722,855	117,296	840,152
Depreciation and amortization	19,748	15,759	2,705	38,213	(990)	37,222
Capital expenses	22,856	20,208	2,724	45,788	(511)	45,277

Note 1. Business segments are grouped according to the similarity of the types of goods manufactured

2. Main manufactured goods for each business segment

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

Note 3. Major items in all company assets included under Elimination or All Company are parent company surplus operating funds (cash and marketable securities), long-term investment funds (investment securities) and land not used for business purposes. For the fiscal year ended March 31, 2002, these items totaled 165,245 million yen.

Business segments after adopting the changes to the allocation of operating expenses and the scope of company assets

Fiscal Year Ended March 31, 2002

Millions of yen

	Domestic Food Products	Overseas Food Products	Amino Acids	Pharmaceuticals	Other	Total	Elimination or All Company	Consolidated
I. Sales and operating income and loss								
Sales								
(1) Sales to third parties.....	563,096	138,607	129,991	53,509	58,334	943,540	--	943,540
(2) Intra-group sales and transfers	2,494	11,654	20,632	1	65,057	99,841	(99,841)	--
Total sales	565,591	150,262	150,624	53,510	123,391	1,043,381	(99,841)	943,540
Operating expenses	540,485	143,262	136,438	46,970	119,042	986,199	(91,674)	894,525
Operating income	25,106	6,999	14,186	6,540	4,349	57,181	(8,166)	49,015
II. Assets, depreciation and amortization and capital expenses								
Assets	258,354	134,421	156,405	52,791	82,355	684,328	155,823	840,152
Depreciation and amortization.....................	11,611	6,207	11,535	2,938	1,801	34,903	3,128	37,222
Capital expenses.............	10,064	8,790	15,115	2,439	1,567	37,976	7,301	45,277

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.

Note 3. Major items in all company assets included under Elimination or All Company are parent company surplus operating funds (cash and marketable securities), long-term investment funds (investment securities), land not used for business purposes, assets of the administration division and part of the assets of research facilities. For the fiscal year ended March 2002, these items totaled 229,607 million yen.

2. Segment information by geographical area

Fiscal Year Ended March 31, 2003

Millions of yen

	Japan	Asia	America	Europe	Total	Elimination or All Company	Consolidated
I. Sales and operating income and loss							
Sales							
(1) Sales to third parties	758,337	88,661	52,150	88,577	987,727	—	987,727
(2) Intra-group sales and transfers	34,502	9,605	10,320	3,051	57,480	(57,480)	—
Total	792,839	98,267	62,471	91,629	1,045,207	(57,480)	987,727
Operating expenses	761,509	88,879	55,098	85,660	991,148	(57,480)	933,667
Operating income	31,330	9,387	7,372	5,969	54,059	—	54,059
II. Assets	431,182	97,513	51,413	67,950	648,060	216,528	864,588

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. Major items in all company assets included under elimination or all company (232,375 million yen) are parent company surplus operating funds (cash and marketable securities), long-term investment funds (investment securities) and land not used for business purposes, assets associated with management, and some research facilities.

4. Changes in accounting treatment of income
Formerly the Company has accounted for one-off payments received on transfer of pharmaceutical products sales rights and those received at the time of patent licensing, signing joint development contracts etc. as non-operating income. However income from these sources is increasingly important and in order to reflect income from operating activities more accurately these amounts are included in net sales revenue from the fiscal year under review. As a result consolidated net sales in Japan for fiscal 2002 was 2.364 billion yen higher than if the former accounting treatment had been applied and similarly operating income was higher by the same amount.

5. Formerly the assets of the Company's administration division and research facilities were allocated to each business segment. However, from fiscal 2002 the assets of the administration division and part of the assets of research facilities are included in Elimination or All Company. Furthermore surplus funds (cash and marketable securities) and long term investment funds (investment securities) of some subsidiaries were included in Elimination or All Company but from fiscal 2002 are included in their respective segments. These changes reflect the introduction of an internal company system during the fiscal year and the concomitant need to manage assets more clearly on a segmental basis. Compared to the previous system these changes have resulted in reductions in assets in Japan of 69.566 billion yen. At the same time these changes have led to an increase in assets in Asia of 10.986 billion yen, in America of 2.947 billion yen, in Europe of 943 million yen. Assets of the Elimination or All Company have increased by 54.688 billion yen.

Fiscal Year Ended March 31, 2002

	Millions of yen						
	Japan	Asia	America	Europe	Total	Elimination or All Company	Consolidated
I. Sales and operating income and loss							
Sales							
(1) Sales to third parties	716,774	87,836	56,598	82,329	943,540	—	943,540
(2) Intra-group sales and transfers	33,567	11,498	9,785	4,217	59,068	(59,068)	—
Total	750,342	99,335	66,384	86,546	1,002,608	(59,068)	943,540
Operating expenses	723,735	88,125	63,306	78,426	953,593	(59,068)	894,525
Operating income	26,606	11,209	3,077	8,120	49,015	—	49,015
II. Assets	508,701	72,034	58,645	61,753	701,135	139,017	840,152

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. Major items in all company assets included under Elimination or All company (165,245 million yen) are parent company surplus operating funds (cash and marketable securities), long-term investment funds (investment securities) and land not used for business purposes.

3. Overseas sales

Fiscal Year Ended March 31, 2003

	Millions of yen			
	Asia	America	Europe	Total
Overseas sales	99,395	57,835	87,762	244,993
Consolidated net sales	—	—	—	987,727
Overseas sales % of consolidated net sales	10.0	5.9	8.9	24.8

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.

4. Changes in accounting treatment of income

Formerly the Company has accounted for one-off payments received on transfer of pharmaceutical products sales rights and those received at the time of patent licensing, signing joint development contracts etc. as non-operating income. However income from these sources is increasingly important and in order to reflect income from operating activities more accurately these amounts are included in net sales from the fiscal year under review. As a result consolidated net sales for the fiscal year under review overseas from sales in Asia rose 30 million yen, rose 7 million yen in America, and 624 million yen in Europe. Consolidated net sales rose 2.364 billion yen.

Fiscal Year Ended March 31, 2002

	Millions of yen			
	Asia	America	Europe	Total
Overseas sales	97,863	63,161	82,744	243,769
Consolidated net sales	—	—	—	943,540
Overseas sales % of consolidated net sales	10.4	6.7	8.8	25.8

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

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 March 31, 2003

1. 'Other securities' with fair value

		Acquisition cost (Millions of yen)	Carrying value (Millions of yen)	Unrealized gain (loss) (Millions of yen)
Securities with carrying value greater than acquisition cost	1. Stocks	11,687	21,933	10,245
	2. Bonds			
	(1) Government and municipal bonds	—	—	—
	(2) Corporate bonds	—	—	—
	(3) Other	—	—	—
	3. Other	—	—	—
	Sub-total	11,687	21,933	10,245
Securities with carrying value less than acquisition cost	1. Stocks	22,482	15,414	(7,068)
	2. Bonds			
	(1) Government and municipal bonds	—	—	—
	(2) Corporate bonds	—	—	—
	(3) Other	—	—	—
	3. Other	355	336	(18)
	Sub-total	22,837	15,751	(7,086)
	Total	**34,525**	**37,684**	**3,158**

2. 'Other securities' sold during the fiscal year ended March 31, 2003

Millions of yen

Sale amount	Total gains on sale	Total losses on sale
25,054	4,817	4,204

3. Main 'Marketable securities' without fair value

	Carrying value (*Millions of yen*)
Other marketable securities	
Unlisted stocks (not including OTC stocks)	4,852
Unlisted domestic bonds	2
Unlisted foreign bonds	4,300
Investment trusts	131
Money management funds etc.	687
Total	**9,973**

4. Of 'Other securities', bonds with maturity dates and repayment schedules for bonds to be held to maturity

Millions of yen

Type	Within 1 year	Between 1 and 5 years
1. Bonds		
(1) Government and municipal bonds	0	1
(2) Corporate bonds	—	—
(3) Other	—	—
2. Other		
Investment trusts	—	309
Total	**0**	**311**

As of March 31, 2002

1. 'Other securities' with fair value

		Acquisition cost (Millions of yen)	Carrying value (Millions of yen)	Unrealized gain (loss) (Millions of yen)
Securities with carrying value greater than acquisition cost	1. Stocks	33,048	52,615	19,567
	2. Bonds			
	(1) Government and municipal bonds	—	—	—
	(2) Corporate bonds	1	1	—
	(3) Other	—	—	—
	3. Other	—	—	—
	Sub-total	33,049	52,616	19,567
Securities with carrying value less than acquisition cost	1. Stocks	15,157	11,818	(3,338)
	2. Bonds			
	(1) Government and municipal bonds	—	—	—
	(2) Corporate bonds	3	2	(0)
	(3) Other	—	—	—
	3. Other	355	335	(19)
	Sub-total	15,515	12,156	(3,358)
	Total	**48,564**	**64,773**	**16,208**

2. 'Other securities' sold during the fiscal year ended March 31, 2002

Millions of yen

Sale amount	Total gains on sale	Total losses on sale
2,157	694	452

3. Main 'Marketable securities' without fair value

	Carrying value (Millions of yen)
Other marketable securities	
Unlisted stocks (not including OTC stocks)	3,436
Unlisted domestic bonds	103
Unlisted foreign bonds	4,300
Investment trusts	139
Medium-term bond funds	525
Discount bonds	—
Total	**8,504**

4. Of 'Other securities', bonds with maturity dates and repayment schedules for bonds to be held to maturity

Type	Within 1 year (Millions of yen)	Between 1 and 5 years (Millions of yen)
1. Bonds		
(1) Government and municipal bonds	0	103
(2) Corporate bonds	2	—
(3) Other	—	—
2. Other		
Investment trusts	—	298
Total	**3**	**401**

Derivative Transactions

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

As of March 31, 2003

1. Currency-related transactions

Millions of yen

Category	Type	Notional amounts	Over 1 year	Fair value	Unrealized gain (loss)
Non-market transactions	Forward foreign exchange transactions				
	Sell				
	U.S. dollar	7,432	—	7,417	14
	Euro	4,228	—	4,327	(98)
	Yen	17	—	17	(0)
	Buy				
	U.S. dollar	1,438	—	1,462	23
	Euro	—	—	—	—
	Yen	49	—	47	(2)
	Total	—	—	—	**(62)**

Notes 1. Fair value calculation methods: Based on forward foreign exchange rates

2. Interest rate-related transactions

Millions of yen

Category	Type	Notional amounts	Over 1 year	Fair value	Unrealized gain (loss)
Non-market transactions	Interest rate swaps:				
	Receive floating/ pay fixed	760	70	(8)	(8)
	Receive fixed/pay floating	—	—	—	—
	Currency swap transactions				
	Receive Thai Bahts/ pay yen	1,057	—	14	14
	Total	—	—	—	6

Notes 1. Fair value calculation methods: based on prices displayed at transaction financial institutions

3. Stock-related transactions

Millions of yen

Category	Type	Notional amounts	Over 1 year	Fair value	Unrealized gain (loss)
Non-market transactions	Forward delivery transactions				
	Sell	23,220 $194 million			
	Total	23,220 $194 million			

Notes 1. Notional amount calculation methods: Amounts denominated in U.S. dollars were converted into yen using the exchange rate (TTB) as of the end of March 2003.

2. The above stock-related transaction is the transfer of shares to the Unilever Group. Further information about this transaction can be found in the `Additional Information` Section on page 25 of this document.

As of March 31, 2002

1. Currency-related transactions

Millions of yen

Category	Type	Notional amounts	Over 1 year	Fair value	Unrealized gain (loss)
Non-market transactions	Forward foreign exchange transactions				
	Sell				
	U.S. dollar	879	–	885	(5)
	Euro	0	–	0	(0)
	Yen	235	–	235	(0)
	Buy				
	U.S. dollar	913	–	950	36
	Euro	11	–	11	0
	Yen	32	–	32	(0)
	Options:				
	Purchased:				
	Call				
	U.S. dollar	926 15*	–	24	8
	Total		**–**	**–**	**38**

Notes 1. The figure denoted by * in `Options` was the cost of the transaction
2. Fair value calculation methods:
(1) Forward foreign exchange transactions: Based on forward foreign exchange rates
(2) Currency option transactions: Based on prices displayed at major transaction banks

2. Interest rate-related transactions

Millions of yen

Category	Type	Notional amounts	Over 1 year	Fair value	Unrealized gain (loss)
Non-market transactions	Interest rate swaps:				
	Receive floating/pay fixed	900	900	(16)	(16)
	Receive fixed/pay floating	--	--	--	--
	Currency swap transactions	--	--	--	--
	Total	**--**	**--**	**--**	**(16)**

Notes 1. Fair value calculation methods: based on prices displayed at transaction financial institutions

3. Commodity-related transactions

Millions of yen

Category	Type	Notional amounts	Over 1 year	Fair value	Unrealized gain (loss)
Market transactions	Commodity futures transactions				
	Purchased	17	--	17	(0)
	Total	--	--	--	(0)

Notes 1. Fair value calculation methods: Based on commodity futures transactions

Material Subsequent Events

1. At a meeting on April 25, 2003, the board of directors resolved to issue straight bonds in Japan, as detailed below, to meet long-term demand for funding and to maintain liquidity. The president will be responsible, within the framework described below, for decisions related to the bonds, including the issue amount, yield, maturity, and issue timing.

(1) Corporate bond type: Unsecured straight bonds
(2) Issue amount: Up to 50 billion yen; this may be through several bond issues whose total is less than this amount
(3) Issue price: At least 99 yen with a face value of 100 yen
(4) Yield: 0.5% (or less) per annum above the rate on existing Japanese government bonds whose remaining maturities are the same as those of the bond issue
(5) Maturities: More than five years and less than 20 years
(6) Redemption method: Full redemption upon maturity, however bonds may be purchased and canceled from the day after issue
(7) Issue timing: Between April 25, 2003, and the board of directors meeting in July 2003
(8) Security and guarantee: Unsecured and unguaranteed
(9) Special terms: Negative pledge clause can be stipulated
(10) Application of funds: To redeem corporate bonds, settle commercial paper issues, repay loans, and fund capital expenditure and investments

2.

On February 19, 2002, HONEN Corporation, Ajinomoto Oil Mills Co., Inc., and Yoshihara Oil Mill, Ltd. signed a memorandum of understanding in regard to a business integration of the companies. In line with this, the boards of directors of the companies approved this agreement on November 15, 2002 and on that day a share exchange contract was concluded. At shareholder meetings of the companies held on December 20, 2002, the agreement was approved and shares were exchanged on April 1, 2003. HONEN AJINOMOTO OIL MILLS became the full parent of HONEN Corporation, Ajinomoto Oil Mills, and Yoshihara Oil Mill and was renamed J-OIL MILLS, INC. As a result of the share exchange, Ajinomoto's stake in HONEN AJINOMOTO OIL MILLS became 27.02%.

Five year trends in consolidated financial results and key indicators

Millions of yen

	FY Ending March 31, 2004 (est.)	FY Ended March 31, 2003	FY Ended March 31, 2002	FY Ended March 31, 2001	FY Ended March 31, 2000
Net sales	1,050,000	987,727	943,540	908,528	829,422
Growth rate	6.3%	4.7%	3.9%	9.5%	1.8%
Operating income	65,000	54,059	49,015	37,805	33,050
Growth rate	20.2%	10.3%	29.7%	14.4%	14.9%
Operating margin	6.2%	5.5%	5.2%	4.2%	4.0%
Ordinary income	67,000	56,888	56,217	44,322	41,209
Ordinary margin	6.4%	5.8%	6.0%	4.9%	5.0%
Net income (loss)	35,000	33,178	31,442	(11,547)	17,658
Return on sales	3.3%	3.4%	3.3%	(1.3%)	2.1%
Net income (loss) per share (yen)		¥50.73	¥48.38	(¥17.77)	¥27.19
Fully diluted earnings per share (yen)		--	--	--	--
Return on equity		8.6%	8.5%	(3.0%)	4.4%
Ratio of net income to total assets		3.9%	3.8%	(1.4%)	2.2%
Total assets		864,588	840,152	828,945	808,045
Total shareholders' equity		391,154	381,017	361,771	405,622
Interest-bearing debt		151,090	155,512	172,285	183,336
Equity ratio		45.2%	45.4%	43.6%	50.2%
Equity per share (yen)		¥602.66	¥586.30	¥556.59	¥624.57
Share price at end of period (yen)		¥1,219	¥1,182	¥1,307	¥1,250
P/E ratio		24.0 times	24.4 times	(73.6)times	46.0 times
Dividend per share (yen)		¥11.0	¥10.0	¥10.0	¥10.0
Dividend payout ratio		21.7%	20.7%	(56.3%)	36.8%
Net cash provided by operating activities		57,236	58,306	37,955	72,130
Net cash used in investment activities		(49,516)	(36,812)	(23,360)	(29,219)
Net cash used in financing activities		(6,628)	(26,376)	(20,205)	(37,156)
Free cash flow		7,720	21,494	14,595	42,911
Number of consolidated subsidiaries		93	90	90	88
Number of affiliated companies accounted for by the equity method		25	29	31	36

Note: 1. Net sales is exclusive of consumption tax
2. Figures are based mainly on consolidated results ("kessan tanshin") for each period
3. Free cash flow = net cash provided by operating activities – cash flow used in investing activities