Ajinomoto Co., Inc.

Consolidated Results

Fiscal Year Ended March 31, 2005

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

AJINOMOTO®

SUMMARY OF FINANCIAL STATEMENTS (Consolidated)

For the year ended March 31, 2005

Ajinomoto Co., Inc. **May 13, 2005**

Stock Code:	2802	Listed exchanges:	Tokyo, Osaka, Nagoya, Fukuoka, Sapporo
URL: http://www.ajinomoto.com		Inquiries:	General Manager
President:	Kunio Egashira		Finance Department
Date of the meeting of the board of directors:	May 13, 2005		Hiromichi Ono
U.S. GAAP Accounting Principles:	Not adopted	Telephone:	813 5250-8161

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2005

1) Consolidated Operating Results *Millions of yen*

	FY Ended March 31, 2005		FY Ended March 31, 2004	
		Change (%)		Change (%)
Net sales	1,073,010	3.2	1,039,551	5.2
Operating income	70,916	8.8	65,190	20.6
Ordinary income	72,199	6.0	68,111	19.7
Net income	44,817	23.5	36,276	9.3
Net income per share (¥)	¥68.79		¥55.55	
Fully diluted earnings per share (¥)	--		--	
Return on equity	10.0%		8.9%	
Ratio of ordinary income to total capital	8.1%		7.8%	
Ratio of ordinary income to net sales	6.7%		6.6%	

Notes: (1) Gain from investments in subsidiaries and affiliates accounted for by the equity method:
FY ended March 31, 2005: 3,263 million yen FY ended March 31, 2004: 4,467 million yen
(2) Average number of outstanding shares (consolidated) during the period:
FY ended March 31, 2005: 648,319,989 shares FY ended March 31, 2004: 648,557,309 shares
(3) Changes to accounting principles: None.
(4) Percentages for net sales, operating income, ordinary income and net income represent changes from the previous fiscal year.

2) Financial Position *Millions of yen*

	As of March 31, 2005	As of March 31, 2004
Total assets	903,542	871,780
Shareholders' equity	467,297	428,077
Equity ratio	51.7%	49.1%
Shareholders' equity per share (¥)	¥720.64	¥659.78

Note: Outstanding shares (consolidated) at: FY ended March 31, 2005: 648,146,670 shares
FY ended March 31, 2004: 648,448,926 shares

3) Cash Flows *Millions of yen*

	FY Ended March 31, 2005	FY Ended March 31, 2004
Net cash provided by operating activities	82,895	64,753
Net cash used in investing activities	(33,692)	(35,559)
Net cash used in financing activities	(27,486)	(14,084)
Cash and cash equivalents at end of year	92,980	69,526

4) 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	14

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

Consolidated subsidiaries	(Newly included)	4	(Excluded)	2
Companies accounted for by the equity method	(Newly included)	0	(Excluded)	4

2. Forecast for the Fiscal Year Ending March 31, 2006

Millions of yen

	6 Months Ending September 30, 2005	FY Ending March 31, 2006
Net Sales	550,000	1,120,000
Ordinary Income	28,000	75,000
Net Income	15,000	45,000

(Note) Net income per share expected for the fiscal year ending March 31, 2006 (consolidated): ¥69.11

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, 2006' on page 16.

AJINOMOTO

1. Current State of the Ajinomoto Group

The Ajinomoto Group is made up of Ajinomoto Co., Inc. (the Company), along with 145 subsidiaries and 25 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 (41 companies)	Seasonings and Food Products (25 companies)	Knorr Foods Co., Ltd., Ajinomoto Packaging Co., Inc., AJINOMOTO BAKERY PRODUCT CO., LTD., and 22 other companies
	Frozen Foods (12 companies)	Ajinomoto Frozen Foods Co., Inc., Ajinomoto Frozen Foods (Thailand) Co., Ltd., Ajinomoto Betagro Frozen Foods (Thailand) Co., Ltd., Lianyungang Ajinomoto Ruyi Foods Co., Ltd., and 8 other companies
	Edible Oils (1 companies)	J-OIL MILLS, INC.
	Beverages, Dairy Products (3 companies)	Ajinomoto General Foods, Inc., Calpis Co., Ltd., Calpis Ajinomoto Danone Co., Ltd.
Overseas Food Products (74 companies)	Seasonings and Processed Foods (74 companies)	Ajinomoto Co., (Thailand) Ltd., Ajinomoto (Malaysia) Berhad, Ajinomoto del Peru S.A., Ajinomoto Interamericana Industria e Comercio Ltda., PT Ajinex International, PT Ajinomoto Indonesia, AJINOMOTO PHILIPPINES CORPORATION, AJINOMOTO FOODS DEUTSCHLAND GMBH, AJINOMOTO FOODS EUROPE S.A.S., and 65 other companies
Amino Acids (19 companies)	Amino Acids, Specialty Chemicals (19 companies)	Ajinomoto Takara Corporation, Inc.[2], Ajinomoto Fine-Techno Co., Ltd., Ajinomoto U.S.A., Inc., S.A. Ajinomoto OmniChem N.V., AJINOMOTO EUROLYSINE S.A.S., Ajinomoto Euro-Aspartame S.A.S., Ajinomoto Switzerland AG, and 12 other companies
Pharmaceuticals (6 companies)	Pharmaceuticals, Medical Foods (6 companies)	Ajinomoto Pharma Co. Ltd., Shimizu Pharmaceutical Co., Ltd.[3], Ajinomoto Pharmaceuticals U.S.A., Inc., Ajinomoto Pharmaceuticals Europe Ltd., and 2 other companies
Other (30 companies)	Packaging Materials (3 companies)	Fuji Ace Co., Ltd., and 2 other companies
	Distribution (14 companies)	AJINOMOTO LOGISTICS CORPORATION, and 13 other companies
	Service, others (13 companies)	Ajinomoto Communications Inc., Ajinomoto System Techno Corporation, Ajinomoto Engineering Corporation, Ajinomoto-Genetika Research Institute, and 9 other companies

Notes: 1. Ajinomoto Group subsidiaries listed on securities exchanges within Japan are: J-OIL MILLS, INC. and Calpis Co., Ltd. (first section of Tokyo and Osaka exchanges); and GABAN Co., Ltd (JASDAQ).

2. The name of Ajinomoto Takara Corporation, Inc. was changed in April 2005 to AJINOMOTO HEALTHYSUPPLY, INC.

3. The name of Shimizu Pharmaceutical Co., Ltd. was changed in April 2005 to Ajinomoto Medica Co., Ltd.

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

With a global perspective we aim to contribute to significant advances in food and health 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 made a stable dividend payment of 10 yen per share for 40 years since 1962, but since fiscal 2002 has adopted the basic principle of deciding dividend payments based on a policy of making stable and sustainable dividend payments that take into account progress towards achieving medium-term management plan goals and consolidated performance for the period concerned. For the fiscal year ended March 31, 2003 the annual dividend was increased by 1 yen over the previous year to a total of 11 yen per share, and for the year ended March 31, 2004, the annual dividend was increased by 1 yen over the previous year to a total of 12 yen per share. For the fiscal year ended March 31, 2005 a dividend of 13 yen per share is planned, including the interim dividend of 6 yen per share, and for the current fiscal year it is planned to further increase the dividend by 1 yen to 14 yen per share, with an interim dividend payment of 7 yen per share.

In the fiscal 2005-2010 medium- to long-term management plan that started in the current fiscal year, Ajinomoto is pursuing sustainable growth with the aim of attaining an operating profit margin higher than 10% by fiscal 2010. During the first half of the plan, however, Ajinomoto's policy is to invest actively to expand the Group's operations. Under this policy, retained earnings will be managed with respect to Group demand for capital relating to matters such as domestic and foreign capital expenditure, loans and investments, and R&D. Ajinomoto seeks to manage shareholders' equity efficiently, and in a way that meets the expectations of its shareholders.

3. Share Trading Unit

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

4. Management Goals

In the three-year management plan that ended on March 31, 2005, Ajinomoto pursued a policy of "selection, concentration and expansion" to produce growth. The business environment during the period of the plan was difficult, but although slightly short of its target, Ajinomoto's net sales exceeded one trillion yen, the level targeted to become a truly global corporation. Net income targets were also substantially achieved, and Ajinomoto achieved its target of generating ROE of higher than 10%. Ajinomoto has increased net sales and operating income for six consecutive fiscal years. In the new fiscal 2005-2010 medium- to long-term management plan, Ajinomoto has outlined Group numerical targets for the end of the fiscal year ending March 31, 2011 of net sales of 1.5 trillion yen, operating income of 150 billion yen, and an operating profit margin higher than 10%, as outlined above.

5. Our tasks ahead

Our corporate vision is encapsulated in the slogan "Advancing from Japan to the global arena as a leader in foods and amino acids" and bearing a global perspective we aim to contribute to significant advances in food and health and ultimately to create a better life for all.

Our management plan for fiscal 2005-2010 lays out our "A-dvance 10 strategy - Laying the foundations for the next 100 years", with the aim of achieving an operating profit margin of 10% + in fiscal 2010.

In pursuit of this management plan we have established four basic strategic guidelines: Global Management; Innovative Management; Group Management; and CSR management (management in accord with our social responsibilities as a corporation).

In terms of Global Management we will concentrate business resources in our core businesses and accelerate growth globally. Through unified management of our domestic and overseas foods businesses, and their appraisal by a common standard, we aim to improve their growth characteristics and competitiveness while achieving continued cost reduction through the relentless pursuit of technological innovation and by restructuring production systems. Furthermore, through leveraging information technology (IT) we aim to integrate and raise the efficiency of group management, while in China we will unify our business administration and management to establish our business foundations there.

In terms of Innovative Management we aim to deliver new value in foods and amino acids with innovative technology. We aim to promote the development and commercialization of original health and nutrition materials, while injecting R&D resources to research the pharmacological effects of amino acids and create next-generation pharmaceuticals. We will also use our proprietary information on amino acids to rapidly establish statistical techniques to analyze information on the human body.

In terms of Group Management we aim to develop group employees and foster a shared corporate culture. To nurture and retain global group executives we will improve education and training, and introduce a horizontal personnel system for critical personnel. We will also promote a dynamic allocation of staff, including Group companies, that puts the right people in the right place, introduce a recognized system of qualifications for professional staff and review the pay and benefits system as we aim to strengthen group management.

Finally, in terms of CSR management we will create a product quality assurance system at the world's highest level to ensure safety and reliability, continue to operate with consideration for the environment and sustain our social contribution activities as a global food company. Furthermore, to establish 'Ajinomoto' as a trusted brand we will promote communications with a diverse range of stakeholders and aim to become a respected corporate citizen, worldwide.

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 of business execution and supervision that retains the positive aspects of Japanese-style management. It has also worked to bolster competitiveness through the internal company system. All these endeavors are in line with a drive to enhance the corporate value of all Group businesses.

(2) Initiatives

Since the year before last, Ajinomoto has reduced the number of directors, elected one outside director, and adopted a system of corporate executive officers. In line with the more in-depth discussion conducted by a smaller number of directors, it has also become possible for the Company to operate board meetings with a stronger awareness of the external environment as business activities are supervised from the standpoint of the third party viewpoint of the outside director. The Company judged that it is best to exercise oversight functions with the board having firm control of operations, and as a result, internal directors also serve as corporate executive officers. In order to further strengthen corporate governance, however, from June this year, the Company will separate the duties of the moderator of the board, who will serve also as chairman of the board of directors, and the chairman of the management committee, who will serve as CEO (president). Also, the chairman of the board of directors and one other director shall act as directors concentrating on overseeing the execution of business affairs, while having no responsibility for the execution of those business affairs. As a result, by separating the execution of operations and oversight responsibilities, the Company is in a position to implement the rapid execution of operations along while conducting more effective supervision of those activities.

Also from June, In order to increase the transparency of operations related to director personnel and compensation issues and promote the further rejuvenation of the management organization, the Company will appoint an outside director as a committee member to the Nominating Advisory Committee and the Compensation Advisory Committee for directors and executive officers that currently serve as advisory boards to the company president, and will reorganize them as subordinate bodies to the board of directors. The Company maintains its current auditor system, however, and in order to enhance auditing the number of outside auditors was increased to three last year.

While the Company has allocated no full time staff to work with outside directors and auditors, the Company covers duties for both outside and internal directors with staff from the Secretarial Office, and outside auditors and internal auditors with Secretarial Office staff who are attached to the corporate auditors.

As far as internal control systems and risk management systems are concerned; in order to maintain healthy operations, the Internal Auditing Dept. conducts audits of the Company proper and affiliated companies, and reports the results of those audits directly to the CEO. Also, in order to maintain compliance of corporate activities both in Japan and overseas, the Company has established a Business Conduct Committee, and apart from the implied obligation to abide by the law, from the ethical standpoint of being a good corporate citizen Ajinomoto has also thoroughly publicized the Ajinomoto Group Principles throughout the entire Company, and is monitoring whether the Company and its staff are conducting corporate activities in line with these principles. In order to deal rapidly and efficiently with potential business risks, the Company has established a Risk Management Committee, and at the same time as configuring a mechanism to ensure information is immediately transmitted to senior management, has a system in place to allow high-level corporate officers to take command and move to resolve any issues once they have arisen.

As mentioned above, the Internal Auditing Dept. undertakes internal auditing, and in addition to contributing reports to the Corporate Auditors liaises with them through four meetings each year. Moreover, the department liaises with the independent auditors and conducts internal audits as necessary. Auditing reviews are conducted by three standing auditors (of which one is an outside auditor) and two Corporate Auditors, both of which are outside auditors, in accordance with auditing policies and plans set by the Board of Corporate Auditors. The Corporate Auditors receive reports and explanations from the independent auditors at six regular meetings per year, along with one or two irregular meetings, and undertake on-site accounting audits as necessary.

The Company engages certified public accountants Shin Nihon & Co. to carry out auditing services under the Law for Special Exceptions to the Commercial Code Concerning Audits, etc. of Joint Stock Corporations and under the Securities and Exchange Law, and in the fiscal year under review such services were carried out by Eisei Kaneda, Masato Tsukahara and Yasuharu Nakajima of Shin Nihon & Co. Of these, Eisei Kaneda has conducted accounting services on a continuous basis for 25 years, and Masato Tsukahara for 14 continuous years. A team composed of 11 CPAs and 15 assistant CPAs assisted in those accounting services.

Remuneration paid to Directors and Corporate Auditors and accountant's fees for the independent auditors during the fiscal year ended March 2005 are listed below.

Remuneration, etc. paid to Directors and Corporate Auditors:

	Number of recipients	Total amount paid in fiscal year ended March 31, 2005 [million yen]
Directors	13	415
Corporate Auditors	8	103
Total	21	519

Note 1: In addition to the amount listed above, a total of 201 million yen was paid in Directors' bonuses as a result of the profit appropriation for the previous year, of which 168 million yen was paid to 11 Directors and 33 million yen was paid to 4 Corporate Auditors.

Note 2: In addition to the amount listed above, a total of 106 million yen was paid as retirement allowances to 1 Director, and a total of 71 million yen was paid as retirement allowances to 3 Corporate Auditors, in accordance with a resolution by the 126th Ordinary General Meeting of Shareholders.

Note 3: The number of recipients listed above includes Directors and Corporate Auditors who retired during the fiscal year. As of March 31, 2005 there were 12 directors and 5 Corporate Auditors, for a total of 17.

Note 4: At the 117th Ordinary General Meeting of Shareholders held on June 29, 1995, it was resolved that total monthly remuneration to Directors shall not exceed 52 million yen (excluding salaries paid as employees to directors that are also employees of the Company).

Note 5: At the 126th Ordinary General Meeting of Shareholders held on June 29, 2004, it was resolved that total monthly remuneration to Corporate Auditors shall not exceed 11 million yen.

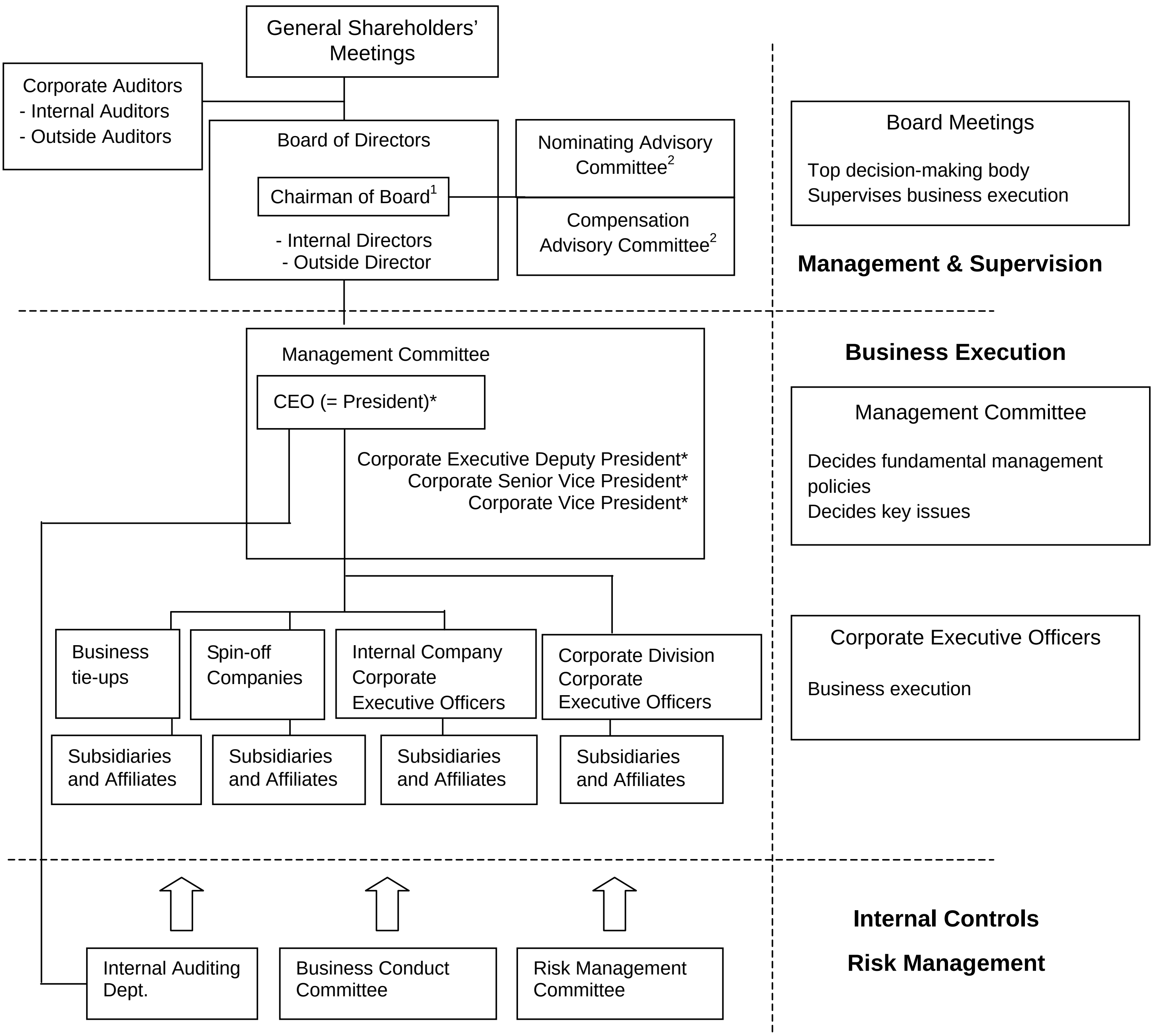
Remuneration and fees payable to independent auditors:

	Total amount payable for fiscal year ended March 31, 2005 [million yen]
(1) Total remuneration, etc. payable by the Company and consolidated subsidiaries	144
(2) Portion of (1) above payable for audit certification as required under Article 2, Paragraph 1 of the Certified Public Accountants Law	137
(3) Portion of (2) above payable by the Company to independent auditors	81

Note: In the auditing contract between the Company and independent auditors, no distinction is made between compensation paid to auditors for activities undertaken under the Law for Special Exceptions to the Commercial Code Concerning Audits, etc. of Joint Stock Corporations and activities undertaken under the Securities and Exchange Law. As this distinction cannot practicably be made, a combined figure is recorded in (3) above.

Shozo Hashimoto, an outside director of the company, is Chairman of Nomura Research Institute, Ltd. Outside director Mr. Kazuhide Kondo is an outside director of Sumida Corporation, while Rieko Sato is a registered attorney with the Ishii Law Office, an advisory office to the company. The Company has no transactions with any company or office that has any direct interest with its outside director or outside auditors.

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



* Also member of the board

Note: This corporate governance chart represents the planned structure after approval at an extraordinary meeting of the Board of Directors to be held after the General Shareholders' Meeting scheduled for June 29, 2005. At the board meeting, the board chairman ([1]) will be elected and a governance structure created as shown in which the Nominating Advisory Committee and the Compensation Advisory Committee operate under the Board of Directors ([2]).

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, 2005	1,073.0	70.9	72.1	44.8
FY ended March 31, 2004	1,039.5	65.1	68.1	36.2
Increase	3.2%	8.8%	6.0%	23.5%

Overview of results for this period

Although corporate profitability showed improvement in the fiscal year under review supported by steady improvement in the global economy, domestic economic recovery stalled in the second half of the year as capital expenditure, manufacturing, and personal consumption leveled off.

Certain sectors of the Japanese food industry benefited from the unusually hot summer, but the overall environment remained severe, impacted by factors including the April 2004 introduction of compulsory tax-inclusive pricing, the ongoing trend toward low pricing, spiraling commodity markets, and natural disasters such as typhoons and earthquakes. Internationally, the US economy showed growth in spite of high oil prices and other areas of uncertainty, and economic performance in Asia—and particularly China—continued to produce strong personal consumption and export activity. The economies in Europe showed continued mild recovery.

Within this environment, and in the last year of the three-year management plan for fiscal 2002 to 2004, Ajinomoto continued efforts to expand business in growth areas, rigorously reduce costs, and strengthen brands in existing business areas. Consolidated net sales for the fiscal year ended March 31, 2005 increased 3.2% (33.4 billion yen) to 1,073.0 billion yen. Operating income increased 8.8% (5.7 billion yen) to 70.9 billion yen. Ordinary income rose 6.0% (4.0 billion yen) to 72.1 billion yen. Consolidated net income rose 23.5% (8.5 billion yen) to 44.8 billion yen.

Changes to main accounting items during the period under review

(1) Net sales

Net sales rose 33.4 billion yen, or 3.2 percent, year on year to 1,073.0 billion yen. By region, sales in Japan rose 0.4 percent to 793.6 billion yen, while sales overseas rose 12.3 percent to 279.3 billion yen. Overseas, sales in Asia rose 10.0 percent to 102.0 billion yen, sales in the Americas rose 19.5 percent to 69.4 billion yen, and sales in Europe rose 10.1 percent to 107.7 billion yen.

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

The rise in net sales lifted the cost of sales by 17.3 billion yen, or 2.3 percent, to 760.5 billion yen. The ratio of cost of sales to net sales fell 0.6 percentage points to 70.9 percent.

Selling, general and administrative expenses rose 10.4 billion yen from the year before to 241.5 billion yen, a 4.5 percent increase. The main reason for this rise was an increase in marketing costs such as advertising and sales promotions, and in transportation costs associated with higher sales volumes. Retirement benefit expenses were lower than in the previous fiscal year, due to revisions to the Company’s retirement benefit system.

(3) Operating income

Operating income rose 5.7 billion yen, or 8.8 percent, from the year before to 70.9 billion yen. By region, operating income in Japan increased 40.1 percent to 42.1 billion yen, while operating income from operations overseas decreased 18.0 percent to 28.7 billion yen. The main reason for the domestic increase in operating income was increased earnings in the seasonings, frozen foods and other areas of the foods business, while sweeteners and electrochemicals also performed well. Revisions to the Company's retirement benefit system also contributed to the higher income in Japan. The fall in operating income overseas was primarily because of significant declines in prices for feed-use Lysine along with active marketing investment in the foods business particularly in Asia and North America. Overseas, operating income in Asia decreased 24.1 percent to 9.3 billion yen, operating income in the Americas decreased 4.9 percent to 11.6 billion yen, and operating income in Europe decreased 26.0 percent to 7.7 billion yen.

(4) Non-operating income (expenses)

The difference between non-operating income and non-operating expenses was 1.2 billion yen, 1.6 billion yen lower than in the previous year. After deducting interest expense from interest received, the balance of interest was narrowed from minus 1.9 billion yen the year before to minus 1.1 billion yen for the fiscal year under review. This was mainly the result of continued efforts to decrease interest-bearing debt.

Equity in earnings of affiliates fell to 3.2 billion yen from 4.4 billion yen the year before. This decline was principally because in the previous period the Company completed the sale of its stake in seven joint venture operations in Asia with Unilever PLC/Unilever NV to Unilever Group companies.

(5) Ordinary income

Ordinary income rose 4.0 billion yen, or 6.0 percent, year on year to 72.1 billion yen.

(6) Extraordinary income

Extraordinary income for the period under review was 24.6 billion yen, compared to extraordinary income of 23.4 billion yen the year before. In the previous year Ajinomoto recorded 18.3 billion yen in profit on the sale of equity in affiliates with the sale to Unilever Group of shares held in seven joint ventures in Asia with Unilever PLC/Unilever NV. In the fiscal year under review, 4.3 billion yen was recorded from the sale of shares in Showa Yakuhin Kako Co., Ltd. and other companies. Among other items of note, further progress was made during the year in selling land and investment securities, with a gain on sales of fixed assets of 12.1 billion yen compared to 3.8 billion yen the year before, and profit on sale of investment securities of 6.8 billion yen, compared to only minimal such profit recorded in the previous year.

(7) Extraordinary losses

Extraordinary losses were 15.1 billion yen, compared to 24.5 billion yen the year before. In order to help revitalize assets, during the previous fiscal year Ajinomoto undertook the early adoption of 'accounting standards relating to the impairment of fixed assets', and in the year under review Ajinomoto again recorded impairment losses relating to fixed assets for which return on investment cannot be expected and unused land with a market price significantly lower than book value. The amounts recorded in the previous fiscal year and the year under review are 7.6 billion yen and 6.0 billion yen respectively. Other significant items of note recorded during the fiscal year under review included a loss on disposal of fixed assets of 2.6 billion yen, compared to 8.2 billion yen in the previous year, following a review of production facilities. Settlement payments relating to nucleotides and other of 2.0 billion yen were recorded, following the 1.3 billion yen in penalties and settlement payments recorded in the previous year.

(8) Net income

Net income for the fiscal year under review rose 8.5 billion yen, or 23.5 percent, to 44.8 billion yen. The effective tax rate increased from 41.3 percent last year to 42.0 percent in the fiscal year under review. Net income per share for the fiscal year under review was 68.79 yen, up from 55.55 yen per share the year before.

(9) Others

1) Impact of foreign exchange fluctuations

Changes in the rates of foreign exchange from the end of the previous fiscal year and the end of the fiscal year under review increased net sales by 10.4 billion yen, operating income by 1.1 billion yen, ordinary income by 1.2 billion yen, and net income by 0.8 billion yen. These amounts are the translation differences stemming from changes to the rates of exchange at which the financial statements of consolidated subsidiaries and equity method affiliates overseas were translated into Japanese yen.

2) Revisions to the retirement benefits system

Because of a decline in the investment return on pension assets and other factors, there has been a significant increase in retirement expenses borne by the Company. In response to this, the Company in April 2004 adopted a market interest rate (cash balance-type) pension system and a retirement benefit point system. The Company believes that these changes mean that the Company's retirement benefits system can respond more flexibly to changes in the economic environment and that they will make the Company's retirement benefits system stable and secure over the long term. As a result of these revisions to the retirement system, retirement benefit obligations and unrecognized prior service cost will each be reduced by 19.1 billion yen. Prior service cost will be amortized over 10 years.

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	597.7	(0.6)	(0.1)	32.2	5.9	22.5
Overseas food products	160.4	18.0	12.7	4.4	(2.9)	(40.0)
Amino acids	173.1	18.2	11.8	26.6	0	0.1
Pharmaceuticals	80.7	1.7	2.3	11.3	1.0	10.3
Other	60.9	(4.0)	(6.2)	3.6	(0.1)	(4.9)

Notes:

1. Details of main products within each segment are outlined in Note 2 on page 32 of this report.
2. Domestic sales of amino acid supplement *Amino Vital* and domestic sales of amino acid-based sweetener *Pal Sweet* are included in domestic food products.
3. Domestic sales of *AJI-NO-MOTO* and nucleotides for use in the food processing industry are included in overseas food products.
4. Part of the operating expenses of the administration division and research facilities are included in the Eliminations and All Company segment. (Details are available in part one of Segment Information in this document.)

(1) Domestic food products

Domestic food product sales decreased 0.1% (0.6 billion yen) over the previous year to 597.7 billion yen. Operating income increased 22.5% (5.9 billion yen) to 32.2 billion yen. Although sales decreased because of product lineup changes associated with the merger of J-OIL MILLS, sales of *Cook Do* were strong, and net sales were maintained at similar levels to the previous year. Operating income increased significantly, however, due to cost reduction efforts and the focusing of marketing activities.

Seasonings: In the retail market, sales of seasoning product *Hon-Dashi* were in line with the previous year, due to product renewal focused on aroma and other activities that largely offset the negative impacts of the unusually hot summer and introduction of tax-inclusive pricing. Sales of *Minced chicken with TOFU* and *Stir-fry sauce for minced pork with eggplant* in the *Cook Do* line grew strongly with a marketing strategy that integrated advertising and sales promotion activities. Sales of *Ajinomoto KK Marudori Gara Soup*, *Ajinomoto KK Chuka Aji* trended well. Sales of *AJI-NO-MOTO* were lower than in the previous year.

Sales of *Hon-Dashi* and liquid Japanese-style dashi for the restaurant trade decreased. Sales of savory seasoning products to food processing companies increased steadily. Sales of *ACTIVA*, an enzyme (transglutaminase) that improves food texture, increased significantly.

Processed foods: Sales of the *Knorr Cup Soup* and *Knorr Soup Pasta* lines grew steadily, supported by new varieties and product renewals. Mayonnaise sales were significantly higher than in the previous year, contributed to by the September 2004 introduction of cholesterol-reducing *Pure Select Saralear*, a food approved for specified health use. Sales of *Okayusan* (rice porridge) retort pouches grew steadily, boosted by the popularity of plain type and egg porridge. Sales of *Kellogg's* products were in line with the previous year.

Sweeteners and Nutritional foods: In amino acid-based sweeteners for home and restaurant use, sales of *Pal Sweet Calorie Zero* grew steadily, and sales of *Slim-Up Sugar* were in line with last year. Sales of amino acid supplement *Amino Vital* in jelly drink and granulated product format continued to grow steadily, aided by in-store promotions and activities linked with the Athena Olympics.

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

Frozen foods: Sales of products for home use performed well. While sales of *Gyoza* continued to show strong growth, sales of *Ebi shumai* and *Ebiyose Fry* in particular were significantly higher than in the previous year supported by product improvements and promotional activities integrated with advertising. Sales for restaurant and institutional use were lower year on year due to the large impact of avian flu.

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 and Yoshihara Oil Mill, Ltd., with Ajinomoto 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. Accordingly, Ajinomoto's sales of products for home use increased, while sales of products for commercial use decreased.

Coffee, Beverages, Dairy products: Sales of *Blendy* bottled coffee and other liquid products, instant coffee and regular coffee all increased significantly, even in the midst of a coffee market that is shrinking overall. Sales of beverages increased, with sales of *Calpis* growing on the support of active promotion to mark the 85th year since its release. Sales of *Calpis Water* exceeded the previous year, and sales of other products such as *Hot Lemon* in the winter season were also good. Revenue from chilled dairy products decreased year on year, with sales of *Danone* yogurt falling in a very competitive market, and lower sales of *Danone BIO.*

(2) Overseas food products

Overseas food product sales increased 12.7% (18.0 billion yen) over the previous year to 160.4 billion yen. Operating income decreased 40.0% (2.9 billion yen) to 4.4 billion yen. Sales of *AJI-NO-MOTO* and flavor seasonings increased, but profitability declined due to factors such as higher costs in the production of *AJI-NO-MOTO* and active investment in marketing.

Seasonings: In Asia, sales of *AJI-NO-MOTO* for home use and restaurant use were strong, while sales of flavor seasonings for home use and *AJI-NO-MOTO* for the food processing industry increased substantially year on year. In the Americas, sales of *AJI-NO-MOTO* to the food processing industry, and sales of flavor seasonings for home use and *AJI-NO-MOTO* for home and commercial use in South America were considerably higher than in the previous year. In Europe, sales of *AJI-NO-MOTO* to the food processing industry were significantly higher year on year, boosted by the addition of AJINOMOTO FOODS EUROPE S.A.S. to the scope of consolidation in the previous year. Sales of *AJI-NO-MOTO* for home use in West African nations continued to grow strongly. In Japan, sales of *AJI-NO-MOTO* to the food processing industry were maintained at similar levels to the previous year, but sales of nucleotides decreased due to a fall in unit prices.

Processed foods: Sales of instant noodles in Asia increased substantially, and sales of *Birdy*, a canned coffee beverage, were also strong.

(3) Amino Acids

Sales in the amino acids business rose 11.8% (18.2 billion yen) to 173.1 billion yen. Operating income increased 0.1% (14.0 million yen) to 26.6 billion yen. Sales increased substantially in sales of specialty chemicals, sweeteners and pharmaceutical intermediates. However, a large impact from a drop in the unit price of Lysine in feed-use amino acids meant that operating income was only slightly higher than in the previous year.

Feed-use amino acids: In Asia, sales declined due to a drop in prices of Lysine. In both north and South America, production was increased in response to heavy demand and performance was strong. In Europe, sales progressed favorably.

Pharmaceutical- and food-use amino acids: In Japan, sales of pharmaceutical-use amino acids declined, however, sales to beverage manufacturers performed well. Sales of pharmaceutical-use amino acids strongly grew in the Americas, and also increased in European markets.

Sweeteners: Supported by higher demand arising from obesity issues in Europe and North America, sales to major customers grew strongly.

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

Specialty chemicals: Sales of cosmetic ingredients were lower than in the previous year due to tough competition domestically and in Europe. Supported by new product launches, sales of the amino acid-based cosmetic *JINO* continued to record strong growth. Sales of insulation film for use in MPU boards also grew strongly.

(4) Pharmaceuticals

Pharmaceutical sales rose 2.3% (1.7 billion yen) to 80.7 billion yen. Operating income increased 10.3% (1.0 billion yen) to 11.3 billion yen. Contributing to the increase in both revenue and profit were good sales of *LIVACT* and pharmaceuticals for so-called lifestyle-related diseases, which offset the effects factors such as strong competition in the infusions market and price revisions in the National Health Insurance system.

Sales of *LIVACT*, a branched-chain amino acid formula for the treatment of liver cirrhosis, grew in volume, despite the impact of the National Health Insurance price revisions. Sales of infusion products such as electrolyte solution *SOLITA-T* and total parenteral nutrition *PNTWIN* decreased year on year in the face of intense competition. Sales of non-insulin-dependent diabetes treatment *FASTIC* trended well, while significant increases were recorded in sales of *Actonel*, a preparation used in the treatment of osteoporosis, and ATELEC, an anti-hypertensive drug.

(5) Other

Sales in this category decreased 6.2% (4.0 billion yen) to 60.9 billion yen. Operating income decreased 4.9% (0.1 billion yen) to 3.6 billion yen.

2. Outlook for the Fiscal Year Ending March 31, 2006

Billions of yen

	Net Sales	Operating Income	Ordinary Income	Net Income
FY ending March 31, 2006	1,120.0	75.0	75.0	45.0
FY ended March 31, 2005	1,073.0	70.9	72.1	44.8
Increase	4.4%	5.8%	4.0%	0.4%

Certain sectors of the Japanese economy continue to show weakness, and uncertainties are developing as the recovery levels off. The global situation is similar, in that although certain regions are recovering, causes for concern are apparent in factors such as the slowing down of the US economy, pressure within the economy in China, and continued high oil prices.

Given such conditions, in domestic food products Ajinomoto aims to boost sales of core products at the same time as improving profitability through reducing costs. In overseas food products we will continue to seek to expand our seasoning sales and develop our processed foods operations. In amino acids Ajinomoto intends to enhance production capabilities in response to demand and leverage the Company's technical expertise to further boost profitability. In pharmaceuticals the Company will seek to boost the product strength of top brands while working to further reduce costs and maximize efficiencies in production and distribution.

Ajinomoto forecasts consolidated sales for the fiscal year ending March 31, 2006 to increase 4.4% to 1,120.0 billion yen, and operating income to increase 5.8% to 75.0 billion yen. Ordinary income is forecast to increase 4.0% to 75.0 billion yen, with net income for the period increasing 0.4% year on year to 45.0 billion yen.

These forecasts are based on an assumed exchange rate of 105 yen to the U.S. dollar.

A total dividend payment of 14 yen per ordinary share is planned for the period, an increase of one yen, with an interim dividend payment of seven yen per share.

II. Financial Position

1. Overview of results for this period

Financial position as of March 31, 2005

Total assets as of March 31, 2005 were 903.5 billion yen, 31.7 billion yen more than the 871.7 billion yen recorded one year earlier. Key factors contributing to this increase include the higher value recorded from the assets of overseas subsidiaries due to the weakening of the yen, an increase in operating assets arising from the expanded revenue foundation, increases in capital investment, and cash retained to maintain liquidity.

Total interest-bearing debt was 125.6 billion yen, 18.1 billion yen lower than one year ago, resulting from determined efforts to reduce debt levels.

Total shareholders' equity was 467.2 billion yen, compared to 428.0 billion yen recorded on March 31, 2004. This increase of 39.2 billion yen was primarily attributable to higher operating income.

ROE increased 1.1 points to 10.0%.

Summary of consolidated cash flow

	Billions of yen		
	FY ended March 31, 2005	FY ended March 31, 2004	Change
Net cash provided by operating activities	82.8	64.7	18.1
Net cash used in investing activities	(33.6)	(35.5)	1.8
Net cash used in financing activities	(27.4)	(14.0)	(13.4)
Effect of exchange rate changes on cash and cash equivalents	1.4	(1.9)	3.4
Increase (decrease) in cash and cash equivalents	23.1	13.1	10.0
Increase (decrease) in initial balance due to change in scope of consolidation	0.2	0.6	(0.4)
Cash and cash equivalents at end of period	92.9	69.5	23.4

Net cash provided by operating activities

Net cash provided by operating activities increased 18.1 billion yen over the previous year to 82.2 billion yen. The main factor behind this increase was growth in operating and ordinary income, along with lower income taxes paid.

Net cash used in investing activities

Net cash used in investing activities increased 1.8 billion yen compared to the previous financial year to 33.6 billion yen. This primarily reflects the sale during the year under review of unused land and investment securities. The Company continued to implement capital expenditure at overseas subsidiaries during the period under review.

Net cash used in financing activities

Net cash used in financing activities increased 13.4 billion yen to 27.4 billion yen due to continued efforts to reduce interest-bearing debt.

As a result of the foregoing, cash and cash equivalents at March 31, 2005 was 92.9 billion yen, an increase of 23.4 billion yen compared to March 31, 2004.

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

	FY ended March 31, 2005	FY ended March 31, 2004	FY ended March 31, 2003	FY ended March 31, 2002
Equity ratio (%)	51.7	49.1	45.2	45.4
Equity ratio based on market price (%)	93.8	92.2	91.5	91.4
Debt service coverage (years)	1.7	2.4	2.9	2.9
Interest coverage ratio (times)	28.7	22.0	17.0	11.7

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 each year 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

III. Operational Risk

Operational risks faced by Ajinomoto that could affect its performance and financial position, including the market price of Ajinomoto shares, are outlined as follows. Future risks outlined in this document are as judged by Group as of May 13, 2005, the date of publication of these financial results.

(1) Exchange rate risk

The Ajinomoto Group, including Ajinomoto Co., Inc. and related companies, is further establishing and strengthening its global manufacturing and supply structure. The Group operates in 23 countries and regions including Japan, with manufacturing plants at 102 sites in 16 of these countries and regions. The relative importance of international operations is therefore very high. In the fiscal years to March 31, 2004 and March 31, 2005 sales to outside parties in countries other than Japan (i.e. Asia, the Americas and Europe) were 248.7 billion yen and 279.3 billion yen respectively, comprising 23.9% and 26.0% of consolidated sales. Operating income derived from these regions in the same periods was 35.1 billion yen and 28.7 billion yen, comprising 53.9% and 40.6% of consolidated operating income. Ajinomoto hedges these associated exchange risks with forward exchange contracts and other mechanisms, but there remains the potential for exchange rate fluctuations impacting on business results from international regions.

(2) Changes in Market Conditions

In the amino acids business Ajinomoto handles feed-use amino acids. The unit price for products in this market tends to be affected by changes in the grain market and by demand trends for feed-use amino acids. Ajinomoto seeks to reduce and diversify such risks by handling a variety of amino acids (Lysine, Threonine and Tryptophan) while also working to stabilize and improve profitability by reducing production costs. However, the possibility remains of Group financial performance being affected by fluctuations in the grain market.

(3) Natural disasters, social disruption, political changes

Building on business foundations in Japan, Ajinomoto is actively pursuing development in international markets. Some of the risks accompanying this development are as follows, and each of the foreseeable risks outlined could impact on Group performance if they occur.

- Unforeseen implementation of or changes to regulations, such as unfavorable taxation
- Unforeseen and unfavorable economic or political situations
- Social disruption brought about by events such as terrorism, war, or epidemics
- Natural disasters such as earthquakes
- IT-related problems such as computer viruses or the leaking of information.

(4) Laws and regulations

Within Japan Ajinomoto endeavors to comply with all laws and regulations relating to food, pharmaceuticals, the environment and recycling and so on. At the same time, in each of the other countries Ajinomoto operates in the Group seeks to meet all legal obligations, such as those relating to permission to operate or invest, tariffs and duties, import and export rules, and foreign exchange and foreign trade control laws. The Group also makes every possible effort through legal means to secure its intellectual, product and other rights. The possibility exists, however, that legal changes may be introduced that cannot currently be foreseen, and complying with any such changes may restrict the Group’s operations and adversely affect financial performance.

(5) Food safety issues

In recent years various food safety issues have arisen in the foods industry, relating to matters such as BSE, avian flu, and product safety and quality. Ajinomoto has in place strict internal procedures and policies to maintain the highest standards of product quality, including Group-wide product quality audits and a product tracing system that tracks product information at each stage from production through to distribution. The Group makes extensive efforts to maintain the ‘reliability and safety’ on which its business foundations are built. The possibility remains, however, that universal issues affecting product quality may arise, or that problems may arise outside of those areas controlled by the processes outlined above, and in such cases an adverse impact on Group performance may occur.

(6) Litigation

In the United States, two cases claiming compensation for damages relating to breaches of the anti-trust law and the consumer protection act in the sale of nucleotides and MSG are being brought against the Company and its subsidiaries Ajinomoto U.S.A., Inc. and AJINOMOTO FOODS EUROPE S.A.S. by groups claiming to have purchased nucleotides and MSG outside the U.S. These cases are in the earliest stages of being heard at the Minnesota Regional Court, and specific compensatory claims and other details have yet to emerge.

4. Consolidated Financial Statements

Consolidated Balance Sheets

	Millions of yen				
	As of March 31, 2005		As of March 31, 2004		Increase (Decrease)
ASSETS					
Current assets					
Cash on hand and in banks	93,929		70,170		23,759
Notes & accounts receivable	188,010		178,044		9,966
Marketable securities	1,285		2,098		(813)
Inventories	97,459		97,178		280
Deferred tax assets	10,313		8,511		1,801
Others	24,212		22,984		1,227
Allowance for doubtful accounts	(795)		(781)		(14)
Total current assets	414,415	45.9	378,207	43.4	36,208
Fixed assets					
Tangible fixed assets					
Buildings and structures	252,206		237,635		14,570
Machinery and vehicles	425,227		402,491		22,735
Others	48,656		45,792		2,864
Accumulated depreciation	(500,050)		(472,393)		(27,657)
Land	57,861		62,727		(4,865)
Construction in process	18,557		17,558		998
Total tangible fixed assets	302,458	33.5	293,811	33.7	8,647
Intangible fixed assets					
Adjustment for consolidated account	27,152		31,788		(4,636)
Others	18,268		17,513		755
Total intangible fixed assets	45,421	5.0	49,301	5.6	(3,880)
Investment and other assets					
Investment in securities	119,661		123,603		(3,941)
Long-term loans receivable	247		483		(235)
Deferred tax assets	13,042		17,347		(4,304)
Others	10,721		10,748		(27)
Allowance for doubtful accounts	(2,426)		(1,723)		(703)
Total investment and other assets	141,246	15.6	150,459	17.3	(9,212)
Total fixed assets	489,126	54.1	493,572	56.6	(4,446)
Total Assets	**903,542**	**100.0**	**871,780**	**100.0**	31,761

Consolidated Balance Sheets

	Millions of yen				
	As of March 31, 2005		As of March 31, 2004		Increase (Decrease)
LIABILITIES					
Current liabilities					
Notes & accounts payable	109,140		108,291		848
Short-term borrowings	24,305		29,950		(5,644)
Commercial paper	--		10,000		(10,000)
Long-term loans due to be repaid within one year	764		2,162		(1,398)
Corporate bonds to be redeemed within one year	10,000		--		10,000
Accrued income taxes	16,584		7,701		8,883
Accrued bonuses	3,406		3,574		(167)
Others	66,608		64,537		2,071
Total current liabilities	230,810	25.6	226,217	25.9	4,593
Long-term liabilities					
Bonds	85,000		95,000		(10,000)
Long-term debt	5,533		6,595		(1,061)
Deferred tax liabilities	2,252		2,016		235
Accrued employees' retirement benefits	63,275		69,492		(6,217)
Accrued officers' severance benefits	1,860		1,584		275
Others	22,804		20,503		2,301
Total long-term liabilities	180,726	20.0	195,193	22.4	(14,467)
Total liabilities	411,537	45.6	421,411	48.3	(9,874)
MINORITY INTERESTS					
Minority interests	24,707	2.7	22,291	2.6	2,415
SHAREHOLDERS' EQUITY					
Common stock	79,863	8.8	79,863	9.2	--
Capital surplus	111,579	12.3	111,579	12.8	0
Retained earnings	315,981	35.0	279,539	32.0	36,442
Unrealized holding gains on securities	9,239	1.0	13,413	1.5	(4,173)
Translation adjustments	(47,116)	(5.2)	(54,436)	(6.2)	7,320
Treasury stock	(2,250)	(0.2)	(1,881)	(0.2)	(369)
Total shareholders' equity	467,297	51.7	428,077	49.1	39,220
Total Liabilities, Minority Interests And Shareholders' Equity	**903,542**	**100.0**	**871,780**	**100.0**	31,761

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Consolidated Statements of Income

Millions of yen

	FY Ended Mar. 31, 2005		FY Ended Mar. 31, 2004		Increase (Decrease)
Net sales	1,073,010	100.0	1,039,551	100.0	33,458
Cost of sales	760,554	70.9	743,251	71.5	17,303
Gross profit	312,455	29.1	296,299	28.5	16,155
Selling, general and administrative expenses	241,538	22.5	231,109	22.2	10,429
Operating income	70,916	6.6	65,190	6.3	5,726
Non-operating income					
Interest received	1,873		989		883
Dividends received	664		732		(68)
Equity in earnings of affiliates	3,263		4,467		(1,203)
Miscellaneous income	4,174		5,354		(1,180)
Total non-operating income	9,975	0.9	11,543	1.1	(1,568)
Non-operating expenses					
Interest expense	3,020		2,960		60
Miscellaneous losses	5,672		5,662		9
Total non-operating expenses	8,692	0.8	8,622	0.8	70
Ordinary income	72,199	6.7	68,111	6.6	4,087
Extraordinary income					
Gain on sales of fixed assets	12,183		3,822		8,361
Profit on sale of investment securities sold	6,860		70		6,790
Gain on sale of affiliates' stock	4,341		18,388		(14,046)
Others	1,308		1,177		131
Total extraordinary income	24,694	2.3	23,457	2.3	1,236
Extraordinary losses					
Loss on disposal of fixed assets	2,604		8,252		(5,647)
Loss on impairment of fixed assets	6,075		7,645		(1,570)
Loss on valuation of investment securities	104		324		(220)
Settlement payments	2,048		1,363		685
Retirement benefit expenses	312		2,075		(1,763)
Others	4,010		4,890		(880)
Total extraordinary losses	15,155	1.4	24,552	2.4	(9,396)
Net income before income taxes	81,737	7.6	67,017	6.5	14,720
Income taxes – current	28,513	2.7	15,799	1.5	12,713
Corporate tax refund	--	--	(1,378)	(0.1)	1,378
Income taxes – deferred	5,826	0.5	13,232	1.3	(7,405)
Minority interests	2,580	0.2	3,086	0.3	(505)
Net income	**44,817**	**4.2**	**36,276**	**3.5**	**8,540**

Consolidated Statements of Surplus

	Millions of Yen	
	As of March 31, 2005	As of March 31, 2004
Capital surplus		
Capital surplus at the beginning of the year	**111,579**	**111,579**
Increase in capital surplus from:		
Profit from sale of treasury stock	0	--
Capital surplus at the end of the year	**111,579**	**111,579**
Retained earnings		
Retained earnings at the beginning of the year	**279,539**	**250,973**
Increase in retained earnings from:		
Net income	44,817	36,276
Increase in companies accounted for by the equity method	15	--
Increase in holdings in consolidated subsidiaries	--	1,730
Merger of consolidated subsidiaries accounted for by the equity method	38	231
Others	--	718
Total increase in retained earnings	44,871	38,957
Decrease in retained earnings from:		
Increase in consolidated subsidiaries	10	2
Merger of non-consolidated subsidiaries with consolidated subsidiaries	339	--
Decrease in holdings in companies accounted for by the equity method	--	2,017
Others	8,078	8,371
Total decrease in retained earnings	8,428	10,391
Retained earnings at the end of the year	**315,981**	**279,539**

Consolidated Statements of Cash Flows

	Millions of Yen	
	FY Ended Mar. 31, 2005	FY Ended Mar. 31, 2004
I. Cash flows from operating activities		
Income before income taxes	81,737	67,017
Depreciation and amortization	39,854	39,925
Loss on impairment of fixed assets	6,075	7,645
Amortization of consolidated adjustments	4,219	3,619
Increase (decrease) in allowance for doubtful accounts	698	(43)
Increase (decrease) in accrued bonuses	(272)	283
Increase (decrease) in accrued employees' retirement benefits	(6,365)	944
Increase (decrease) in accrued officers' severance benefits	273	(184)
Interest and dividend income	(2,537)	(1,721)
Interest expense	3,020	2,960
Equity in earnings of affiliates	(3,263)	(4,467)
Loss on sales of investment securities	(6,860)	(55)
Loss on revaluation of securities	104	324
Loss (gain) on sale and disposal of tangible fixed assets	(9,579)	4,430
Loss (gain) on sale of shares	(4,341)	(18,388)
Decrease (increase) in notes and accounts receivable	(7,435)	655
Increase (decrease) in notes and accounts payable	(738)	(7,180)
Decrease (increase) in inventories	1,054	362
Increase (decrease) in accrued consumption tax	(245)	(63)
Bonus for directors	(243)	(239)
Settlements payment	2,048	1,363
Others	2,643	(3,221)
Sub-total	**100,746**	**93,966**
Interest and dividends received	4,041	3,913
Interest paid	(2,887)	(2,937)
Settlements paid	(150)	(1,363)
Income taxes paid	(18,855)	(28,825)
Net cash provided by operating activities	**82,895**	**64,753**
II. Cash flows from investing activities		
Acquisition or sale of marketable securities	156	(156)
Acquisition of tangible fixed assets	(52,691)	(47,007)
Proceeds from sale of tangible fixed assets	13,883	4,278
Acquisition of intangible assets	(4,969)	(6,194)
Acquisition of investment securities	(6,088)	(229)
Proceeds from sale of investment securities	12,713	4,194
Acquisitions of subsidiaries' stocks resulting from changes in the scope of consolidation	--	(7,384)
Proceeds from sales of subsidiaries' stock resulting from changes in the scope of consolidation	--	--
Acquisition of shares of affiliates	(2,972)	(2,483)
Proceeds from sale of shares of affiliates	--	20,844
Others	323	(1,420)
Net cash used in investing activities	**(33,642)**	**(35,559)**

(Continued)

	Millions of Yen	
	FY Ended Mar. 31, 2005	FY Ended Mar. 31, 2004
III. Cash flows from financing activities		
Net change in short-term borrowings	(6,163)	(34,175)
Net change in commercial paper	(10,000)	(1,000)
Proceeds from long-term debt	1,073	2,461
Repayment of long-term debt	(4,003)	(7,744)
Proceeds from bond issuance	--	49,726
Redemption of bonds	--	(15,000)
Cash dividends paid	(7,776)	(7,783)
Distribution of dividends to minority shareholders	(247)	(327)
Acquisition of own stock	(450)	(242)
Others	81	--
Net cash used in financing activities	**(27,486)**	**(14,084)**
IV. Effect of exchange rate changes on cash and cash equivalents	**1,474**	**(1,976)**
V. (Decrease) increase in cash and cash equivalents	**23,191**	**13,133**
VI. Cash and cash equivalents at the beginning of the year	**69,526**	**55,722**
Increase due to change in scope of consolidation	262	670
Sub-total	69,788	56,393
VII. Cash and cash equivalents at the end of the year	**92,980**	**69,526**

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Significant Items for the Preparation of Consolidated Interim Financial Statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries:

97 companies

Names of main companies:

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

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

(2) Names of main non-consolidated subsidiaries:

Names of main companies:

Bonito Technical Laboratory Co., Inc.

(Reasons for exclusion from scope of consolidation)

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

2. Scope of application of the equity method

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

4 companies

Names of main companies:

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

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

14 companies

Names of main companies:

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

Following the merger with and absorption by J-OIL MILLS, INC., Ajinomoto Oil Mills Co., Inc., HONEN Corporation, and Yoshihara Oil Mill, Ltd. have been removed from the scope of companies accounted for by the equity method. In addition, Showa Yakuhin Kako Co., Ltd. was removed from the scope of companies accounted for by the equity method following the sale of shares.

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

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

Of the consolidated subsidiaries, Ajinomoto del Peru S.A. and 11 other companies have fiscal year ends of December 31. Of these, 10 companies carry out trial settlements for the period to March 31. In preparing the consolidated financial statements for companies that do not carry out trial settlements, the Company has used the financial statements for their fiscal year end dates, carrying out adjustments for significant transactions that have occurred in the period leading up to the consolidated fiscal year end date.

Of the companies accounted for by the equity method, Calpis Co., Ltd. and 7 other companies have fiscal year ends of December 31, and GABAN Co., Ltd. has a fiscal year end of the last day of February. Of this total, 6 companies carry out trial settlements up to March 31. In preparing the consolidated financial statements for companies that do not carry out trial settlements, the Company has used the financial statements for their fiscal year end dates, carrying out adjustments for significant transactions that have occurred in the period leading up to the consolidated fiscal year end 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 fiscal year end 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:

The 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 based on projected benefit obligations and the fair value of pension plan assets at the end of the fiscal year. Prior employment liabilities are amortized by the straight-line method over a period within the average remaining service years for employees (mainly 10 years) at the time of occurrence. Actuarial differences are amortized by the straight-line method over a period within the average remaining service years for employees (mainly 10 years) at the time of occurrence, and allocated proportionately from the consolidated fiscal year following the respective fiscal year of occurrence.

4) Allowance for severance benefits for directors:

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

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

Foreign currency-denominated assets and liabilities have been translated into yen at the rates of exchange in effect at the fiscal year end 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 fiscal year end date, with translation differences included in minority interests and the foreign exchange translation adjustment account of shareholders' equity.

(5) Accounting for leases

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

(6) Consumption tax

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

5. Valuation of assets and liabilities of consolidated subsidiaries

Total assets and liabilities of consolidated subsidiaries are evaluated by the market value method.

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. Ajinomoto OmniChem N.V., Ajinomoto Frozen Foods Co., Inc. 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.

Segment Information

1. Segment information by business

Fiscal Year Ended March 31, 2005

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	597,758	160,406	173,195	80,736	60,913	1,073,010	--	1,073,010
(2) Intra-group sales and transfers	2,428	12,195	18,397	120	57,159	90,301	(90,301)	--
Total sales	600,187	172,601	191,592	80,857	118,073	1,163,311	(90,301)	1,073,010
Operating expenses..........	567,983	168,111	164,911	69,457	114,437	1,084,901	(82,807)	1,002,093
Operating income.............	32,203	4,490	26,681	11,399	3,635	78,410	(7,493)	70,916
II. Assets, depreciation and amortization, impairment losses on fixed assets and capital expenses								
Assets	255,856	146,200	182,084	90,692	64,411	739,246	164,296	903,542
Depreciation and amortization	7,231	8,503	12,135	4,323	2,062	34,257	5,597	39,854
Impairment losses on fixed assets	1,602	--	--	--	--	1,602	4,472	6,075
Capital expenses	6,189	16,016	22,103	3,473	1,483	49,267	8,815	58,082

Fiscal Year Ended March 31, 2004

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	598,441	142,307	154,922	78,958	64,921	1,039,551	--	1,039,551
(2) Intra-group sales and transfers	2,379	11,716	19,800	60	61,508	95,466	(95,466)	--
Total sales	600,820	154,024	174,723	79,018	126,430	1,135,017	(95,466)	1,039,551
Operating expenses..........	574,523	146,538	148,057	68,679	122,605	1,060,404	(86,043)	974,361
Operating income.............	26,297	7,485	26,666	10,339	3,824	74,613	(9,422)	65,190
II. Assets, depreciation and amortization, impairment losses on fixed assets and capital expenses								
Assets	253,989	133,493	161,396	96,380	65,798	711,058	160,721	871,780
Depreciation and amortization	7,836	6,914	12,303	5,268	2,527	34,850	5,075	39,925
Impairment losses on fixed assets	--	--	--	--	--	--	7,645	7,645
Capital expenses	8,920	9,858	11,839	8,428	1,510	40,557	10,359	50,916

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

2. Main products for each business segment

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

3. Major unallocated items in operating expenses included under Elimination or All company include administrative operating expenses at the parent company and part of operating expenses at research facilities.
For the previous fiscal year these items totaled 10,924 million yen.
For the fiscal year under review these items totaled 8,596 million yen.

4. 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 previous year, these items totaled 230,136 million yen.
For fiscal year under review, these items totaled 241,421 million yen.

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2. Segment information by geographical area

Fiscal Year Ended March 35, 2005

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	793,652	102,075	69,487	107,794	1,073,010	--	1,073,010
(2) Intra-group sales and transfers	38,635	13,781	11,548	6,596	70,562	(70,562)	--
Total	832,288	115,856	81,036	114,391	1,143,573	(70,562)	1,073,010
Operating expenses	790,163	106,468	69,406	106,617	1,072,656	(70,562)	1,002,093
Operating income	42,125	9,388	11,629	7,773	70,916	--	70,916
II. Assets	408,067	113,046	67,440	91,364	679,919	223,622	903,542

Fiscal Year Ended March 31, 2004

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	790,781	92,760	58,134	97,875	1,039,551	--	1,039,551
(2) Intra-group sales and transfers	37,180	11,571	10,047	4,396	63,196	(63,196)	--
Total	827,961	104,331	68,182	102,271	1,102,747	(63,196)	1,039,551
Operating expenses	797,883	91,960	55,951	91,761	1,037,557	(63,196)	974,361
Operating income	30,078	12,370	12,230	10,510	65,190	--	65,190
II. Assets	416,376	104,931	54,043	84,834	660,185	211,594	871,780

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 are parent company surplus operating funds (cash and marketable securities), long-term investment funds (investment securities), land not used for business purposes, assets associated with management, and some research facilities.
   For the previous year, these items totaled 230,136 million yen
   For the fiscal year under review, these items totaled 241,421 million yen

3. Overseas sales

Fiscal Year Ended March 31, 2005

	Millions of yen			
	Asia	America	Europe	Total
Overseas sales	116,176	77,835	104,296	298,308
Consolidated net sales	--	--	--	1,073,010
Overseas sales % of consolidated net sales.......	10.8	7.2	9.7	27.8

Fiscal Year Ended March 31, 2004

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

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

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

Asia: Countries of East and Southeast Asia

America: Countries of North and South America

Europe: Countries of Europe and Africa

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

Marketable Securities-Related

As of March 31, 2005

1. 'Other securities' with fair value

Millions of yen

		Acquisition cost	Carrying value	Unrealized gain (loss)
Securities with carrying value greater than acquisition cost	Stocks	29,468	44,238	14,769
	Other	--	--	--
	Sub-total	29,468	44,238	14,769
Securities with carrying value less than acquisition cost	Stocks	5,796	5,435	(360)
	Other	55	44	(10)
	Sub-total	5,851	5,479	(371)
	Total	**35,320**	**49,718**	**14,397**

Note: With regard to 'Other securities' with fair value, impairment loss of 4 million yen was recorded in the fiscal year ended March 31, 2005.

2. 'Other securities' sold during the fiscal year ended March 31, 2005

Millions of yen

Sale amount	Total gains on sale	Total losses on sale
12,713	6,860	--

3. Main 'Marketable securities' without fair value

Millions of yen

	Carrying value
Other marketable securities	
Unlisted stocks (not including OTC stocks)	4,577
Unlisted domestic bonds	0
Unlisted foreign bonds	407
Investment trusts	1,064
MMF, etc	381
Total	**6,431**

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	Between 5 and 10 years	More than 10 years
1. Bonds				
Government and municipal bonds, etc.	0	300	--	--
2. Other				
Investment trusts	--	0	--	--
Total	**0**	**300**	**--**	**--**

As of March 31, 2004

1. 'Other securities' with fair value

		Millions of yen		
		Acquisition cost	Carrying value	Unrealized gain (loss)
Securities with carrying value greater than acquisition cost	Stocks	32,715	54,909	22,193
	Other	300	311	11
	Sub-total	33,015	55,220	22,205
Securities with carrying value less than acquisition cost	Stocks	1,438	1,112	(326)
	Other	55	42	(12)
	Sub-total	1,493	1,154	(339)
	Total	**34,509**	**56,375**	**21,865**

Note: With regard to 'Other securities' with fair value, impairment loss of 30 million yen was recorded in the fiscal year ended March 31, 2004.

2. 'Other securities' sold during the fiscal year ended March 31, 2004

Millions of yen		
Sale amount	Total gains on sale	Total losses on sale
4,194	70	14

3. Main 'Marketable securities' without fair value

	Millions of yen
	Carrying value
Other marketable securities	
Unlisted stocks (not including OTC stocks)	4,512
Unlisted domestic bonds	1
Unlisted foreign bonds	300
Investment trusts	198
Money management funds etc.	1,941
Total	**6,954**

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	Between 5 and 10 years	More than 10 years
1. Bonds				
Government and municipal bonds, etc.	0	0	--	--
2. Other				
Investment trusts	311	--	--	--
Total	**312**	**0**	**--**	**--**

Derivative Transactions

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

As of March 31, 2005

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	10,365	--	10,522	(157)
	Euro	3,043	--	3,099	(55)
	Hungarian forint	--	--	--	--
	Yen	984	--	982	1
	Buy				
	U.S. dollar	936	--	953	17
	Euro	3	--	3	0
	Thai Baht	66	--	66	0
	Singapore Dollar	0	--	0	0
	Yen	258	--	258	0
	Total	**--**	**--**	--	(191)

Note 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	30	0	29	(0)
	Receive fixed/pay floating	286	236	287	1
	Currency swap transactions				
	Receive yen/pay U.S. dollar	362	362	368	6
	Total	**--**	**--**	**--**	**7**

Note Fair value calculation methods: based on prices displayed at transaction financial institutions

3. Product-related transactions

None.

4. Stock-related transactions

None.

As of March 31, 2004

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	9,409	–	9,158	250
	Euro	5,455	–	5,211	244
	Hungarian forint	63	–	64	(1)
	Yen	1	–	1	0
	Buy				
	U.S. dollar	926		904	(21)
	Euro	7	–	8	0
	Thai Baht	–	–	–	–
	Singapore Dollar	–	–	–	–
	Yen	160	–	159	(1)
	Total	–	–	–	470

Note 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	70	70	(0)	(0)
	Receive fixed/pay floating	336	336	0	0
	Currency swap transactions				
	Receive yen/pay U.S. dollar	65	65	(1)	(1)
	Total	**--**	**--**	**--**	**(1)**

Note: Fair value calculation methods: based on prices displayed at transaction financial institutions

3. Product-related transactions

None.

4. Stock-related transactions

None.

Retirement Benefit Plans

1. Outline of retirement benefit system used

The Company and its domestic subsidiaries have defined benefit plans including welfare pension fund plans, tax-qualified pension plans, and lump-sum payment plans. Certain of the Company's consolidated subsidiaries have defined contribution plans in addition to defined benefit plans. In April 2004, the Company introduced interest rate-variable (cash balance) and other plans under the defined benefit system.

2. Retirement benefit obligation *Millions of yen*	FY ended March 31, 2005	FY ended March 31, 2004
Retirement benefit obligation	(267,588)	(257,450)
Plan assets at fair value	175,940	165,650
Unfunded retirement benefit obligation	(91,647)	(91,799)
Unrecognized actuarial gain or loss	48,560	43,485
Unrecognized prior service cost	(20,188)	(21,178)
Reserve for retirement benefits	**(63,275)**	**(69,492)**

Notes: 1. Includes public portion of welfare pension fund plans

2. Some consolidated subsidiaries use the simplified method in calculating retirement benefit obligations

3. Retirement benefit expenses *Millions of yen*	FY ended March 31, 2005	FY ended March 31, 2004
Service costs [1,2]	5,811	7,149
Interest costs	6,269	6,778
Expected return on plan assets	(5,678)	(5,065)
Amortization of prior service cost	(2,283)	(610)
Amortization of actuarial gain or loss	5,595	6,674
Extraordinary additional retirement benefit payments	291	1,485
Expenses due to termination of system	--	590
Other	241	261
Total retirement benefit expenses	**10,247**	**17,262**

Notes: 1. Employee contributions to the welfare pension fund are deducted

2. Included service costs of retirement benefit expenses of consolidated subsidiaries that use a simplified method

4. Calculation basis of retirement benefit obligations *Millions of yen*	FY ended March 31, 2005	FY ended March 31, 2004
Discount rate	Unchanged	Mainly 2.5%
Expected return on assets	Unchanged	Mainly 3.5%
Method of allocating projected retirement benefit to each fiscal year	Unchanged	Straight-line standard
Amortization period of prior service costs	Unchanged	Mainly 10 years[1]
Amortization period of actuarial gains or losses	Unchanged	Mainly 10 years[2]

Notes: 1. Amortized using the straight-line method over the specified period of years within the remaining years of service at the time of occurrence.

2. Amortized on a straight-line basis over the specified period of years within the average remaining years of service of employees, allocated proportionately starting from the year following the respective fiscal years of occurrence.

Five year trends in consolidated financial results and key indicators

Millions of yen

	FY Ending March 31, 2006 (est.)	FY Ended March 31, 2005	FY Ended March 31, 2004	FY Ended March 31, 2003	FY Ended March 31, 2002
Net sales	1,120,000	1,073,010	1,039,551	987,727	943,540
Growth rate	4.4%	3.2%	5.2%	4.7%	3.9%
Operating income	75,000	70,916	65,190	54,059	49,015
Growth rate	5.8%	8.8%	20.6%	10.3%	29.7%
Operating margin	6.7%	6.6%	6.3%	5.5%	5.2%
Ordinary income	75,000	72,199	68,111	56,888	56,217
Ordinary margin	6.7%	6.7%	6.6%	5.8%	6.0%
Net income (loss)	45,000	44,817	36,276	33,178	31,442
Return on sales	4.0%	4.2%	3.5%	3.4%	3.3%
Net income (loss) per share (yen)		¥68.79	¥55.55	¥50.73	¥48.38
Fully diluted earnings per share (yen)		--	--	--	--
Return on equity		10.0%	8.9%	8.6%	8.5%
Ratio of net income to total assets		5.0%	4.2%	3.9%	3.8%
Total assets		903,542	871,780	864,588	840,152
Total shareholders' equity		467,297	428,077	391,154	381,017
Interest-bearing debt		125,604	143,709	151,090	155,512
Equity ratio		51.7%	49.1%	45.2%	45.4%
Equity per share (yen)		¥720.64	¥659.78	¥602.66	¥586.30
Share price at end of period (yen)		¥1,308	¥1,240	¥1,219	¥1,182
P/E ratio (times)		19.0	22.3	24.0	24.4
Dividend per share (yen)		¥13.0	¥12.0	¥11.0	¥10.0
Dividend payout ratio		18.9%	21.6%	21.7%	20.7%
Net cash provided by operating activities		82,895	64,753	57,236	58,306
Net cash used in investment activities		(33,692)	(35,559)	(49,516)	(36,812)
Net cash used in financing activities		(27,486)	(14,084)	(6,628)	(26,376)
Free cash flow		49,202	29,193	7,720	21,494
Number of consolidated subsidiaries		97	95	93	90
Number of affiliated companies accounted for by the equity method		18	22	25	29

Note: 1. Net sales is exclusive of consumption tax, etc.
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