

The logo features the word "AJINOMOTO" in a red, serif font, with a registered trademark symbol (®) to its upper right. The background of the entire page is a dark green gradient with a large, light green abstract shape on the left side, resembling a stylized 'A' or a swoosh. The text "2006 Annual Report" is positioned below the logo in a white, serif font.

AJINOMOTO®

2006
Annual Report

The 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.

The Ajinomoto Group 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, so 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.

Contents

Page

Corporate Information :: 02

Chairman's Statement :: 03

Directors' Profile :: 04 - 08

Statement on Corporate Governance :: 09 - 13

Additional Compliance Information :: 14

Statement of Internal Control :: 15 - 16

Statement of Directors' Responsibility
in Relation to the Financial Statements :: 17

Audit Committee Report :: 18 - 19

Activities Highlights :: 20 - 21

Environmental Report 2006 :: 22

Analysis of Shareholdings :: 23 - 24

Financial Highlights :: 25

Financial Statements :: 26 - 57

List of Properties :: 58

Notice of AGM :: 59 - 60

Statement Accompanying the
Notice of AGM :: 61

Form of Proxy

Retail and Industrial Products

Directors

Gen (R) Tan Sri (Dr) Dato’ Paduka Mohamed Hashim Bin Mohd. Ali (Chairman)
Shunichi Komatsu (Chief Executive Officer/Managing Director)
Kenji Fukami
Adinan Bin Husin
Dato’ Professor (Dr) Teo Chiang Liang
Dr. Goh Chin Siew
Dato’ Hj. Shahrudin Bin Hj. Haron
Gew Ah Lek
Mazlan Bin Ab. Rahman
Makoto Tatsumi
Hiroyuki Furusawa

Bankers

Bank of Tokyo-Mitsubishi (Malaysia) Berhad
Citibank Berhad
Malayan Banking Berhad
Standard Chartered Bank Malaysia Berhad

Auditors

Hanafiah Raslan & Mohamad

Solicitors

Lee, Ling & Partners

Secretary

Chua Siew Chuan (F)
(MAICSA 0777689)

Registered Office

Lot 5710, Jalan Kuchai Lama, Petaling, 58200 Kuala Lumpur.
Tel: 603 7980 6958 | Fax: 603 7981 1731

Share Registrar

Securities Services (Holdings) Sdn Bhd
Level 7, Menara Milenium, Jalan Damanlela,
Pusat Bandar Damansara, Damansara Heights,
50490 Kuala Lumpur.
Tel: 603 2084 9000 | Fax: 603 2094 9940

Stock Exchange Listing

Main Board of the Bursa Malaysia Securities Berhad

Chairman

Gen (R) Tan Sri (Dr) Dato’ Paduka Mohamed Hashim Bin Mohd. Ali
Chairman of the Board



On behalf of the Board of Directors, I am pleased to present the Annual Report of Ajinomoto (Malaysia) Berhad for the financial year ended 31 March 2006.

RESULTS/PERFORMANCE

The Company faced a challenging year in 2005 and the business is becoming tougher. There is growing competition involving international market players. Increasing raw materials prices and escalating fuel costs brought about higher production cost. We continued to seek new avenues for growth and constantly strive to deliver high quality products that meet the expectations of our consumers. “Vono” – *the thick and creamy instant soup*, other several improved variants and new industrial products were introduced. Together with these, our commitment and efforts to achieve greater productivity and efficiencies had contributed to the sustainability of the Company’s performance.

Revenue increased by 2.2 per cent or RM3.7 million for the year under review to RM170.6 million. The increase in revenue was primarily due to improvement in pricing and growth in export sales. However, adverse situations in fuel and raw materials and lack of gain from disposal of land properties in the previous year put our profit under pressure despite our efforts of cost reduction and efficiency. The Company posted a lower Profit before Tax at RM6.8 million.

PROSPECT

Given a challenging external environment coupled with the unstable global oil price, and an anticipated slower albeit still satisfactory economic growth, we will strengthen and revitalize our consumer brands from long-established one “AJI-NO-MOTO” to newly launched one “VONO” and will

ensure continuous growth in food ingredients in the coming fiscal year.

The Company successfully managed to withstand external influences such as the ongoing sharp increases in many raw and packaging-materials, currency fluctuations, rising inflation and interest rates. We will continue to watch closely new market developments and to improve our product lines to meet the evolving needs of our consumers. We are committed to delivering clear, sustained and measurable results at all times, and look forward to achieving improvements.

DIVIDENDS

In view of our performance in 2005, the Board of Directors recommends a first and final dividend of 4 sen per share less tax and 5 sen tax exempt per share. The above dividends are subject to shareholders’ approval.

APPRECIATION

Since the last Annual General Meeting, Mr. Takuji Umeda and Mr. Taisuke Oka have resigned from the Board. The Board wishes to record its appreciation to both of them for their invaluable contributions and guidance to the Company.

On behalf of the Board, I would also like to express my deepest appreciation to the management and staff for their dedication, commitment and untiring contributions, to our suppliers for their commitment to deliver services and goods according to our standards, and to our distributors and customers for their continued support and loyalty to our brands and to the Company. I also wish to put on record my sincere gratitude to my fellow Directors for their counsel and support.



Board of Directors as of 21 July 2006

Standing (Left to Right)

Gew Ah Lek, Dato' Professor (Dr) Teo Chiang Liang, Hiroyuki Furusawa, Makoto Tatsumi, Dr. Goh Chin Siew, Mazlan Bin Ab. Rahman

Seated (Left to Right)

Dato' Hj. Shaharuddin Bin Hj. Haron, Shunichi Komatsu, Gen (R) Tan Sri (Dr) Dato' Paduka Mohamed Hashim Bin Mohd. Ali, Kenji Fukami, Adinan Bin Husin

Chairman, Independent Non-Executive Director

Gen (R) Tan Sri (Dr) Dato' Paduka Mohamed Hashim Bin Mohd. Ali - 71 years of age - Malaysian

Gen (R) Tan Sri (Dr) Dato' Paduka Mohamed Hashim Bin Mohd. Ali was appointed Chairman of Ajinomoto (Malaysia) Berhad on 5 September 1995. He resigned as the Chairman of the Audit Committee on 1 November 2002 but remained as a Committee member. He is the Chairman of the Remuneration Committee and a member of the Nomination Committee. He attended all five Board meetings held in the financial year.

He holds a Diploma In Advance Management from the Harvard Business School and was conferred the Honorary Doctorate by the University of Salford, United Kingdom in January 1999.

Gen (R) Tan Sri (Dr) Dato' Paduka Mohamed Hashim Bin Mohd. Ali joined Ajinomoto (Malaysia) Berhad soon after his retirement as the Chief of the Defence Forces in the Malaysian Armed Forces where he chalked up 40 years of dedicated service. During his tenure in the Malaysian Armed Forces, he had initiated the re-organisation and modernization of the Army.

He is also the Chairman of Country Height Holdings Berhad Group and sits on the Boards of Amcorp Group Berhad, Delloyd Ventures Berhad, Hong Leong Credit Berhad, Konsortium Logistik Berhad, Mines Resort Berhad, Pioneer Oscar Berhad, Borneo Highlands Hornbill Golf & Jungle Club Berhad.

He has no conflict of interest with the Company or any family relationship with any other Director or shareholder of the Company. He has also not been convicted for any offences within the past ten years other than for traffic offences, if any.

Managing Director - Executive Director

Shunichi Komatsu - 47 years of age - Japanese

Mr. Komatsu was appointed as Chief Executive Officer/Managing Director on 6 July 2005. He is a member of the Audit Committee and Remuneration Committee. He attended three out of the three Board meetings held in the financial year.

He holds a Bachelor of Agriculture degree from the Faculty of Agricultural Economics, University of Tokyo, Japan in 1981.

He joined Ajinomoto Co., Inc., Japan in 1981 and began his career with the Nagoya Branch Sales Department and has held various positions in Japan and overseas within the Ajinomoto Group of Companies.

He also sits on the Board of Malaysia Packaging Industry Berhad, Malaysia Ve-Tsin Manufacturing Co. Berhad and Ajinomoto (S) Pte Ltd. He is also a member of the Audit Committee of Malaysia Packaging Industry Berhad.

He has no conflict of interest with the Company or any family relationship with any other Director or shareholder of the Company. He has also not been convicted for any offences within the past ten years other than for traffic offences, if any.

Non-Independent Non-Executive Director

Adinan Bin Husin - 60 years of age - Malaysian

En. Adinan was appointed to the Board of Ajinomoto (Malaysia) Berhad on 26 July 1991. He is a member of the Audit Committee and the Remuneration Committee. He is the Chairman of the Nomination Committee. He attended all five Board meetings held in the financial year.

He is a food technologist by training and holds a Master Degree in Food Science from University Hawaii, USA.

He was the Director of Food Technology Centre, MARDI for 10 years and was subsequently appointed Director of Technical Services Centre in 1996. Whilst at the post, he was appointed as member of International and National committees which include FAO Expert/Consultative Group for Pacific Region Processing, Network for Education and Curriculum Development in Agro-Industries, National Coordinator of Small Scale Food Industries Asia, various Food/Agriculture related committees. He was an Expert Panel Member for the Intensification Research Priority Areas (IRPA) in food processing for the Ministry of Science Technology and Environment for more than 5 years. With his experience, involvement and active contribution to the local food industry, Malaysian Institute of Food Technology (MIFT) has bestowed on him Fellow MIFT in 1999.

He has no conflict of interest with the Company or any family relationship with any other Director or shareholder of the Company. He has also not been convicted for any offences within the past ten years other than for traffic offences, if any.

Independent Non-Executive Director

Dato’ Professor (Dr) Teo Chiang Liang - 56 years of age - Malaysian

Dato' Teo was appointed to the Board of Ajinomoto (Malaysia) Berhad on 28 June 2001. He was appointed as the Chairman of the Audit Committee on 1 November 2002. He is also a member of the Nomination Committee and the Remuneration Committee. He attended all five Board meetings held in the financial year.

Graduated with a Bachelor of Arts (Honours) degree in Business Studies and M.Sc in Management & Administration from the United Kingdom, Dato’ Teo obtained his training from The Chartered Bank and Pillar Naco Ltd in UK.

Since 1975, he joined and served the See Hoy Chan Holdings Group, a well diversified group of companies, in different levels of management. He was Secretary General of the Malaysian Association of Private Colleges & Universities from 1997 to March 2003. He was appointed as member of the MSC Education Advisory Panel in 1998. He is also a Life Member of the Malaysian Red Crescent Society. In 1998, The Nottingham Trent University in UK appointed Dato' Teo as Visiting Professor of the University and awarded an honorary degree of Doctor of Business Administration to him in 2001. In 2006, Dato’ Teo was elected as an Exco member of the Malaysian Crime Prevention Foundation.

He sits on the Board of Malaysia Ve-Tsin Manufacturing Co. Berhad.

He has no conflict of interest with the Company or any family relationship with any other Director or shareholder of the Company. He has also not been convicted for any offences within the past ten years other than for traffic offences, if any.

Independent Non-Executive Director

Dr Goh Chin Siew - 69 years of age - Malaysian

Dr. Goh was appointed to the Board of Ajinomoto (Malaysia) Berhad on 28 June 2001. He is a member of the Audit Committee, Nomination Committee and Remuneration Committee. He attended all five Board meetings held in the financial year.

Dr. Goh is a medical consultant by profession. He graduated from University of Hong Kong, Medical Faculty in 1964, and was a Chan Weng Scholar. He is a fellow of the Royal Australasian College of Physicians (Occupational Medicine) and a member of the Academy of Medicine Malaysia. He was the medical director for Hamburg Re-Insurance Company, Germany, and medical director/advisor for several local and international insurance companies, besides being a practicing Occupational Health Physician, and family physician.

He has no conflict of interest with the Company or any family relationship with any other Director or shareholder of the Company. He has also not been convicted for any offences within the past ten years other than for traffic offences, if any.

Executive Director

Kenji Fukami - 47 years of age - Japanese

Mr Fukami was appointed to the Board on 15 July 2004 and has attended all five Board meetings held in the financial year.

Mr Fukami graduated from the Agricultural Department from Kyusyu University of Japan in 1982.

He joined Ajinomoto Co., Inc., Japan in 1982 and began his career in Central Research Laboratories and has held various positions in head office until his posting in 2003, to Ajinomoto (Malaysia) Berhad to assume the role of Chief Research and Development Officer of the Company.

He also sits on the Board of Malaysia Ve-Tsin Manufacturing Co. Berhad since 2003.

He has no conflict of interest with the Company or any family relationship with any other Director or shareholder of the Company. He has also not been convicted for any offences within the past ten years other than for traffic offences, if any.

Executive Director

Makoto Tatsumi - 43 years of age - Japanese

Mr. Tatsumi was appointed to the Board of Ajinomoto (Malaysia) Berhad on 6 July 2005 and assumed the role of Executive Director, Finance of the Company. He attended three out of the three Board meetings held in the financial year.

Mr. Tatsumi graduated from the Faculty of Law, University of Tokyo, Japan in 1986.

He joined Ajinomoto Co., Inc., Japan in 1986 and began his career with the Fukuoka Branch, Sales Department and had served in various management capacities with the sales and purchasing departments in head office.

He currently also, sits on the Board of Malaysia Ve-Tsin Manufacturing Co. Berhad.

He has no conflict of interest with the Company or any family relationship with any other Director or shareholder of the Company. He has also not been convicted for any offences within the past ten years other than for traffic offences, if any.

Executive Director

Mazlan Bin Ab. Rahman - 54 years of age - Malaysian

Tn. Hj. Mazlan was appointed to the Board of Ajinomoto (Malaysia) Berhad on 10 July 2000. He attended all five Board meetings held in the financial year.

Graduated with a Bachelor of Science (Hons) in Food Science from Universiti Kebangsaan Malaysia in 1976, he has attended a series of high level technical and management courses both in Malaysia and overseas, particularly in Japan. He is also a qualified Internal Auditor for the Environmental Management System.

He joined the Technical Department of Ajinomoto (Malaysia) Berhad in 1976. Over the years he moved up the corporate ladder and served under various capacities. In 2000, he was appointed as the first local Factory Manager in 36 years history of the Company. He is also the Managing Director of Malaysia Ve-Tsin Manufacturing Co. Bhd. since April 2005.

He has no conflict of interest with the Company or any family relationship with any other Director or shareholder of the Company. He has also not been convicted for any offences within the past ten years other than for traffic offences, if any.

Executive Director

Gew Ah Lek - 56 years of age - Malaysian

Mr. Gew was appointed to the Board of Ajinomoto (Malaysia) Berhad on 10 July 2000. He is a member of the Audit Committee. He attended all five Board meetings held in the financial year.

He was the Chief Accountant and later promoted to Assistant General Manager of an established food and beverages company for 20 years. He joined Ajinomoto (Malaysia) Berhad in 1995 as Senior Sales Manager.

Graduated with Bachelor of Commerce (Accountancy) from Nanyang University, Singapore in 1972. He is a Fellow of Institute of Certified Public Accountants, Singapore; Fellow of the Australian Society of Certified Practicing Accountants and Chartered Accountant of the Malaysia Institute of Accountants.

He has no conflict of interest with the Company or any family relationship with any other Director or shareholder of the Company. He has also not been convicted for any offences within the past ten years other than for traffic offences, if any.

Executive Director

Hiroyuki Furusawa - 43 years of age - Japanese

Mr Furusawa was appointed to the Board of Ajinomoto (Malaysia) Berhad on 3 July 2006.

Graduated with a Bachelor of Engineering from Waseda University of Japan in 1986.

He joined Ajinomoto Co., Inc., Japan in 1986 and began his career with the Central Laboratory and Food Development Laboratory and has held various positions in Tokyo, head office and its overseas affiliated companies prior to his posting to Malaysia to assume the role of Technical Advisor.

He has no conflict of interest with the Company or any family relationship with any other Director or shareholder of the Company. He has also not been convicted for any offences within the past ten years other than for traffic offences, if any.

Independent Non-Executive Director

Dato' Hj. Shaharuddin Bin Hj. Haron - 68 years of age - Malaysian

Dato' Hj. Shaharuddin was appointed to the Board of Ajinomoto (Malaysia) Berhad on 31 October 2002 and has attended all five Board meetings held in the financial year. He also serves as member of the Audit Committee, Remuneration Committee and Nomination Committee. He holds a Bachelor of Arts (Hons) degree from University Malaya and a Master in Economics from University of Pittsburgh, USA.

He has served the Malaysian Government for thirty years. He began his civil service career in the Prime Minister's Department from 1963 to 1979, holding various positions in the Economic Planning Unit, including the position of the Secretary to the Foreign Investment Committee. He held the position of Director General of Insurance in 1979 to 1983 and was Secretary of the Finance Division of the Federal Treasury. He then served as Director General of the National Rice and Padi Board.

Prior to retirement, he was the Secretary General for the Ministry of Domestic Trade and Consumer Affairs from 1992. Before that, he was also the Secretary General for the Ministry of International Trade and Industry (MITI) from 1990 and the Secretary General of the Ministry of Public Enterprise in 1986.

Currently, he serves as the Chairman of Latitude Tree Holding Berhad and sits on the Board of Malayan Flour Mills Berhad, Gopeng Berhad and various non-listed companies.

He has no conflict of interest with the Company or any family relationship with any other Director or shareholder of the Company. He has also not been convicted for any offences within the past ten years other than for traffic offences, if any.

The Board of Directors (“the Board”) is pleased to report to the Shareholders that the best practices of good corporate governance as prescribed in the Malaysian Code on Corporate Governance (“the Code”) had generally been adopted by the Company throughout the financial year ended 31 March 2006.

The Board is committed to its policy of managing the affairs of the Company with transparency, integrity and accountability by ensuring that a sound framework of best corporate practices is in place at all levels and thus discharging its principal responsibility towards protecting and enhancing long-term shareholders’ value and investors’ interest.

Pursuant to paragraph 15.26 of the Listing Requirements of the Bursa Malaysia Securities Berhad (“Bursa Securities”), the Board is pleased to outline below the manner the Company has applied the principles of Corporate Governance and the extent of compliance with the Best Practices set out in Part 1 and Part 2 respectively of the Code.

THE BOARD OF DIRECTORS

The Board is responsible for the overall strategic direction of the Company and retains full and effective control of the responsibility for the Company’s activities. In fulfilling its fiduciary duties, the Board ensures that there are appropriate systems and procedures in place to manage the Company’s significant risks. In addition, the Board also has in place a capable and experienced management team to oversee the day-to-day operations of the Company.

Composition of the Board

The Board currently comprises six (6) Executive Directors, one (1) Non-Independent Non-Executive Director and four (4) Independent Non-Executive Directors, which are in excess of the requirement to have one-third (1/3) of the Board members to be Independent Directors. Therefore the Board is of the view that the current composition of the Board facilitates effective and independent decision making and judgement.

The current composition of the Board fairly reflects the investment in the Company by shareholders other than the significant shareholders including the minority shareholders.

The Board comprises highly respectable and professional persons which represents a diverse background of knowledge, expertise and experience. With their combined experience and knowledge they provide sound advice and judgements for the benefit of the Company and its shareholders. The mixed skills and experience are vital for the successful direction of the Company. A brief profile of each Director is presented on pages 04 - 08 of this Annual Report. The Board has identified Dr. Goh Chin Siew as a Senior Independent Non-Executive Director, to whom concerns may be conveyed by shareholders and the public.

There is a clear division of responsibility between the Chairman and the Managing Director to ensure that there is a balance of power and authority. The roles of the Chairman and the Managing Director are separated and clearly defined. The Chairman is responsible for ensuring Board effectiveness and conduct whilst the Managing Director has the overall responsibilities over the Company’s operating units, organisational effectiveness and implementation of Board policies and decisions.

Responsibility is vested on the Non-Executive Directors of the Company to ensure that the policies and strategies proposed by Management are fully discussed and critically examined, not only against the best long-term interests of shareholders, but also to ensure that they take proper account of the interests of employees, customers, suppliers and the communities within which it is represented. The presence of the Independent Non-Executive Director is essential to provide the unbiased and independent view, advice and judgement as well as to safeguard the interest of other parties such as minority interest and the community.

Board Responsibilities

In line with the practice of good corporate governance, the Board has established and implemented various processes to assist members of the Board in the discharge of their duties and responsibilities. The Board’s duties and responsibilities include the following:-

- 1. Periodic review and adoption of the Company’s business policies and strategies;
- 2. Management and staff succession planning;
- 3. Review of the adequacy and the integrity of the Company’s internal controls and management information systems;
- 4. Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- 5. Maintaining an effective investors and shareholders communication policy;
- 6. Ensuring that the Company complies with applicable laws, regulations, rules, directives and guidelines of relevant authorities; and
- 7. Reviewing the adequacy and the integrity of the Company’s internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

Board Meetings

The Board meets at least four (4) times and, as and when required, during the financial year to, among others, review and approve the quarterly financial statements and the annual audited financial statements.

The number of Board meetings held during the financial year ended 31 March 2006 and each Director's attendance at the meetings were as follows:-

Directors	No. of Meetings Attended by the Directors in respect of the Financial Year Ended 31 March 2006*	Attendance (%)
Executive Directors		
Mr. Shunichi Komatsu (Managing Director)	3/3	100
Tn. Hj. Mazlan Bin Ab. Rahman	5/5	100
Mr. Gew Ah Lek	5/5	100
Mr. Makoto Tatsumi	3/3	100
Mr. Takuji Umeda (Resigned on 1.7.06)	5/5	100
Mr. Kenji Fukami	5/5	100
Mr. Taisuke Oka (Resigned on 1.7.06)	3/3	100
Non-Executive Directors		
Y. Bhg. General (R) Tan Sri (Dr) Dato' Paduka Mohamed Hashim Bin Mohd. Ali (Chairman)	5/5	100
Encik Adinan Bin Husin	5/5	100
Y. Bhg. Dato' Professor (Dr) Teo Chiang Liang	5/5	100
Dr. Goh Chin Siew	5/5	100
Y. Bhg. Dato' Hj. Shaharuddin Bin Hj. Haron	5/5	100

In advance of and during each Board meeting, members are each provided with relevant documents and information in a form and quality appropriate to enable them to discharge their duties.

Notes

* There were five (5) Board meetings held during the financial year ended 31 March 2006. The meetings were held on 25 May 2005, 6 July 2005, 16 August 2005, 16 November 2005 and 15 February 2006.

Supply of Information

The agenda for the Board meetings, together with appropriate reports and information on the Company's business operations, and proposal papers for the Board's consideration are circulated to all the Directors prior to the meetings in sufficient time. During the meeting, the Management provided information and clarification on issues raised prior to every Board meeting.

The Board sets yearly objectives, which are guided by the parent company's corporate objectives and Management is delegate with the responsibility of meeting the objectives.

The Board has unrestricted access to all information within the Company, whether as a full Board or in their individual capacity, which is necessary for discharge of its responsibilities and may obtain independent professional advice at the Company's expense in furtherance of its duties. Wherever necessary, consultants and experts were invited to brief the Board on their areas of expertise or their report.

The Board has access to the advice and services of the Company Secretary who is responsible to ensure that Board meeting procedures are followed, and the applicable statutory and regulatory requirements are complied with.

Appointments to the Board

The Board has established a Nomination Committee, consisting five (5) Directors who are Non-Executive Directors of the Company. This Committee is responsible for making recommendations to the Board on the optimum size of the Board and proposing new nominees to the Board. The Committee shall also assess the performance of the Directors of the Company by annually reviewing the profile of the required skills and attributes to ensure that the Board has an appropriate balance of expertise and ability.

Directors’ Training and Education

The Directors who were appointed during the financial year namely, Mr. Shunichi Komatsu, Mr. Makoto Tatsumi and Mr. Taisuke Oka have attended and completed the Mandatory Accreditation Program conducted by Bursatra Sdn. Bhd. The other Board Members have also accumulated the requisite Continuing Education Program points as specified by Bursa Malaysia Berhad.

Upon the revised Bursa Securities’ Listing Requirements, the Board will assume the onus of determining or overseeing the training needs of their Directors from year 2005 onwards. The members of the Board will attend various external professional programs necessary to ensure that they are kept abreast on various issues facing the changing business environment within which the Company operates.

However, the Board encourages its Directors to attend talks, workshops, seminars and conferences to update and enhance their skills and to assist them in discharging their responsibilities towards corporate governance, operational and regulatory issues.

Re-election of Directors

Any Director appointed during the year is required under the Company’s Articles of Association, to retire and seek re-election by shareholders at the following Annual General Meeting (“AGM”) immediately after their appointment. The Company’s Articles of Association also provides that, all Directors who are appointed by the Board are subject to retirement at the first AGM of the Company subsequent to their appointment. One third (1/3) of all the other Directors shall retire by rotation at each AGM provided always that all Directors shall retire from office at least once in every three (3) years. The Directors retiring from office shall be eligible for re-election by the shareholders.

The Directors to retire from office at the forthcoming Forty-Fifth AGM are Encik Adinan Bin Husin, Tn. Hj. Mazlan Bin Ab. Rahman, Dr. Goh Chin Siew and Mr. Hiroyuki Furusawa.

In addition, in accordance with Section 129 of the Companies Act, 1965, Y. Bhg. General (R) Tan Sri (Dr) Dato’ Paduka Mohamed Hashim Bin Mohd. Ali who is over the age of 70 years will be seeking for re-appointment as Director of the Company at the forthcoming AGM.

The relevant information on the retiring Directors is disclosed in the Statement Accompanying the Notice of the AGM.

COMMITTEES

The Board of Directors delegates specific responsibilities to the respective Committees of the Board namely the Audit Committee, the Nomination Committee and the Remuneration Committee in order to enhance business and corporate efficiency and effectiveness. The Chairman of the respective Committees will brief the Board on the matters discussed at the Committee meetings and minutes of these meetings are circulated to the full Board.

(1) Nomination Committee

The Nomination Committee was established with clearly defined terms of reference, comprising exclusively five (5) Non-Executive Directors. The majority of the members are Independent Directors.

- | | |
|--|--|
| • Adinan Bin Husin | (Chairman, Non-Independent Non-Executive Director) |
| • General (R) Tan Sri (Dr) Dato’ Paduka Mohamed Hashim Bin Mohd. Ali | (Independent Non-Executive Director) |
| • Dato’ Professor (Dr) Teo Chiang Liang | (Independent Non-Executive Director) |
| • Dr. Goh Chin Siew | (Independent Non-Executive Director) |
| • Dato’ Hj. Shaharuddin Bin Hj. Haron | (Independent Non-Executive Director) |

The Committee had two (2) meetings during the financial year.

The main responsibilities of this Committee are to propose and recommend new candidates to the Board of Directors, if necessary, and to review the structure, size and composition of the Board of Directors.

(2) Remuneration Committee

The Remuneration Committee was set up with clearly defined terms of reference, comprising two (2) Executive Directors, and five (5) Non-Executive Directors. The majority of the members are Independent Directors.

- | | |
|--|--|
| • General (R) Tan Sri (Dr) Dato’ Paduka Mohamed Hashim Bin Mohd. Ali | (Chairman, Independent Non-Executive Director) |
| • Adinan Bin Husin | (Non-Independent Non-Executive Director) |
| • Dato’ Professor (Dr) Teo Chiang Liang | (Independent Non-Executive Director) |
| • Dr. Goh Chin Siew | (Independent Non-Executive Director) |
| • Dato’ Hj. Shaharuddin Bin Hj. Haron | (Independent Non-Executive Director) |
| • Shunichi Komatsu | (Managing Director) |
| • Makoto Tatsumi | (Executive Director) |

The primary function of the Remuneration Committee is to set up the policy framework and to recommend to the Board on the remuneration and other terms of employment of the Executive Directors. The determination of the remuneration for the Non-Executive Directors will be a matter of the Board as a whole with the Director concerned abstaining from deliberation and voting decision in respect of his individual remuneration.

The determination of the remuneration of the Executive Directors are based on the level of responsibilities, experience, contribution, individual performance and corporate performance in accordance with Ajinomoto's Group Remuneration Policy and the Holding Company's recommendations.

The Remuneration Committee may meet at least once a year or more frequently as deemed necessary. For the financial year ended 31 March 2006, the Committee had two (2) meetings.

The aggregate remuneration of the Directors for the financial year under review are as follows:-

	Executive Directors RM'000	Non-Executive Directors RM'000
Salaries and other emoluments	2,632	-
Fees	140	155
Bonus	52	-
Gratuity	75	62
Benefit in Kind	389	-

The number of Directors of the Company whose total remuneration during the financial year under review that fall within the following bands are as follows:-

Range of Remuneration	Executive Directors	Non-Executive Directors
Below RM 50,000	-	4
RM 100,001 - RM 150,000	1	1
RM 150,001 - RM 200,000	1	-
RM 200,001 - RM 250,000	1	-
RM 250,001 - RM 300,000	1	-
RM 300,001 - RM 350,000	1	-
RM 350,001 - RM 400,000	2	-
RM 400,001 - RM 450,000	1	-
RM 450,001 - RM 500,000	1	-
RM 500,001 - RM 550,000	1	-

The only area of non-compliance with the Code is the disclosure of details of the remuneration of each Director. The Board believes that this information will not add significantly to the understanding and evaluation of the Company's governance.

(3) The Audit Committee

The composition, responsibilities, terms of reference and activities during the financial year of the Audit Committee are set out under the Audit Committee Report on pages 18 to 19.

3.1 Financial Reporting

The Board is responsible for ensuring that the quarterly and annual audited financial statements of the Company present a fair and balance view and assessment of the Company's financial position, performance and prospects. The Audit Committee assists the Board in reviewing and scrutinising the information for disclosure to ensure accuracy, adequacy and completeness. The composition, summary of activities and terms of reference of the Audit Committee can be found in the Audit Committee Report on pages 18 to 19.

The Statement of Directors' Responsibility in respect of the Audited Financial Statements pursuant to paragraph 15.27(a) of the Listing Requirements and pursuant to the Statement of Directors' responsibility of the Companies Act, 1965 is set out on page 17 of this Annual Report.

3.2 Internal Control

The Board recognises the importance of maintaining a sound system of internal controls which cover risk management, financial, organisational, operational and compliance controls. The Board acknowledges its responsibility and accountability for the Company's system of internal controls and for reviewing the effectiveness, adequacy and integrity of the system. The Board has delegated the implementation and monitoring of the internal control system to the Management of the Company and has appointed independent consultants to carry out the Internal Audit and Risk Management functions. The Committee assists the Board in overseeing this function.

Information on the Company's internal control is presented in the Statement of Internal Control on pages 15 to 16.

3.3 Relationship with Auditors

The roles of the Audit Committee, the internal and external auditors of the Company are described in the Audit Committee Report set out on pages 18 to 19 of the Annual Report. The Board and the Audit Committee have always maintained a professional and transparent relationship with the Company's auditors.

3.4 External Audit

The Company's independent external auditors fill an essential role by enhancing the reliability of the Company's financial statements and giving assurance to stakeholders of the reliability of the financial statements. The Company continues its professional relationship with the Company's auditors, Messrs. Hanafiah Raslan & Mohamad through the Audit Committee.

SHAREHOLDERS' COMMUNICATION AND INVESTOR RELATIONS

Relationship with Shareholders

The Board recognises the need for transparency and accountability to the Company's shareholders and regular communication with its shareholders, stakeholders and investors on the performance and major developments in the Company. It ensures that timely releases of the quarterly financial results, circulars, press releases, corporate announcements and annual reports are made to its shareholders and investors.

Shareholders, investors and the general public can also obtain information on the Company by accessing the Company's website at www.ajinomoto.com.my. Shareholders and investors are also able to access the latest corporate, financial and market information of the Company via Bursa Securities' website at www.bursamalaysia.com.my.

Annual General Meeting ("AGM")

The AGM and Extraordinary General Meeting remains the principal forum for dialogue with shareholders where they may seek clarifications on the Company's businesses. Shareholders are encouraged to meet and communicate with the Board at the AGM and to vote on all resolutions. The Board will respond to any questions raised during the meeting to the best ability and knowledge to do so.

Notice of the AGM, Annual Reports and circulars are sent out with sufficient notice before the date of the meeting to enable the shareholders to have full information about the meeting to facilitate informed decision-making. The Statement Accompanying the Notice of the AGM and explanatory notes on the proposed resolutions under Special Business are given to help the shareholders vote on the resolutions.

In conformance with the Bursa Malaysia Securities Berhad Listing Requirements, the following information is provided:

1. Utilisation of Proceeds

There were no corporate proposals to raise any proceeds during the financial year.

2. Share Buy-Back

The Company did not enter into any share buy-back transactions during the financial year.

3. Options, Warrants or Convertible Securities

The Company has not granted any options nor issued any warrants or convertible securities during the financial year.

4. American Depositary Receipt (“ADR”) or Global Depositary Receipt (“GDR”)

The Company did not sponsor any ADR or GDR program during the financial year.

5. Imposition of Sanctions and/or Penalties

There were no sanctions and/or penalties imposed on the Company, its associated companies, directors or management by any regulatory bodies during the financial year.

6. Non-Audit Fees

During the financial year, the amount of non-audit fees paid by the Company to the external auditors amounted to RM5,000.

7. Variation in Results

There were no material variations between the audited results for the financial year ended 31 March 2006 against the unaudited results for the year ended 31 March 2006 released by the Company previously.

8. Profit Guarantee

The Company did not provide any profit guarantee during the financial year.

9. Material Contracts

There were no material contracts entered into by the Company and its associated companies involving Directors’ and major shareholders’ interests which were still subsisting, entered into since the end of the previous financial year.

10. Revaluation Policy on Landed Properties

The Company has not adopted a policy of regular revaluation on its landed properties. As at 31 March 2006, the Company did not carry out any revaluation exercise on its landed properties.

11. Recurrent Related Party Transactions of Revenue or Trading Nature

The details of the transactions with related parties undertaken by the Company during the financial year are disclosed in Note 24 on pages 53 of this Annual Report.

Introduction

Pursuant to 15.27 (b) of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”), the Board of Ajinomoto (Malaysia) Berhad (“the Board”) is pleased to provide the Company’s Statement on Internal Control which has been prepared in accordance with the Bursa Malaysia’s Statement on Internal Control: Guidance for Directors of Public Listed Companies (“Guidance”).

Board Responsibility

The Board recognises the importance of a sound system of internal controls and risk management practices and affirms its responsibility for the Company’s system of internal control and risk management framework. The responsibility of reviewing the adequacy and integrity of the internal control system has been delegated to the Audit Committee, which is empowered by its terms of reference to seek the assurance on the adequacy and integrity of the internal control system through independent reviews conducted by the internal audit function and management.

However, it should be noted there are inherent limitations to any system on internal control. As such, Management can only put into effect an internal control system which is designed to reduce rather than eliminate all the risks that may impede the achievement of the Company’s business objectives. Consequently, the internal control system can only provide reasonable and not absolute assurance against material misstatement or loss. Furthermore, consideration is given to the cost of implementation as compared to the expected benefits to be derived from the implementation of the internal control procedures and system.

Risk Management Framework

The Board and / Senior Management have evaluated the key risks relating to the Company’s strategic and business plans. In addition, on a day to day basis, the respective Heads of Department are responsible for managing the risks of their own departments. Weekly management meetings are held to discuss significant risks identified and the corresponding mitigation action plans. These are formally communicated to Senior Management and the Board, if deemed necessary.

In addition, the Risk Management Committee which adopts the framework of the parent company’s Risks Management Guideline System is chaired by the Chief Financial Officer and includes key management staff. Periodic meetings are held to identify, evaluate and manage risks. The Chief Financial Officer briefs the Board on matters addressed by the Risk Management Committee on a periodic basis.

The abovementioned procedures on risk management serve as the on-going process used to identify, evaluate and managed significant risks.

Internal Audit Function

The Company’s internal audit function is outsourced to external consultants. Audits are conducted according to the approved internal audit plan and the results of internal audit team’s reviews are formally reported to the Audit Committee at their quarterly meetings. The internal audit reviews conducted did not reveal any significant weaknesses which would result in material losses, contingencies or uncertainties that would require disclosure in the annual report. In addition, the internal audit function carries out follow up visits to ensure that the recommendations for improvement to the internal control systems are satisfactorily implemented.

The internal audit team did not perform any review and assessment of Ajinomoto (Malaysia) Berhad’s associate companies as this was deemed not necessary for the period under review.

Other key elements of internal controls

The other key elements of the Company's internal control systems are:

- Clearly defined and structured lines of reporting and responsibility within the Organisation, including authorisation levels for all divisions within the Company;
- Regular internal audit visits to assess the adequacy and effectiveness of internal controls, to monitor compliance with procedures, and the review and assessment of risks the Company's operations are exposed to;
- The quality of staff underpinned by a rigorous recruitment process, performance appraisal and annual training programs.
- The quality of product is of prime importance to the Board. The compliance to procedures outlined in the ISO9001:2000 and "Hazard Analysis and Critical Control Point" (HACCP) accreditation to ensure quality assurance and control are strictly adhered to via regular internal and external quality audits.
- There is a comprehensive budgeting and forecasting system, with an annual business plan and budget approved by the Board and the Holding Company. The results of the Company's business are reported on a monthly basis. Forecasts are revised on a semi-annual basis. Monthly operational meetings and regular weekly meetings are conducted among senior management staff to evaluate and monitor the progress of the business operations.

ASSURANCE

The Board is of view that the system of internal controls is adequate and recognises that the system of internal control and risk management practices must continuously evolve to support the Company's operations. As such, reviews of controls and procedures are continuously carried out to ensure ongoing adequacy and effectiveness of the system of internal controls.

The Statement on Internal Control is made in accordance with the resolution adopted by the Board at its meeting held on 25 May 2006.

This statement is prepared as required by the Listing Requirements of the Bursa Malaysia Securities Berhad.

The Directors are required to prepare financial statements which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its result and cash flow for that year then ended.

The Directors consider that in preparing the financial statements,

- the Company have used appropriate accounting policies and are consistently applied;
- reasonable and prudent judgments and estimates were made; and
- all applicable approved accounting standards in Malaysia have been followed.

The Directors are responsible for ensuring that the Company maintains accounting records that disclose with reasonable accuracy the financial position of the Company, and which enable them to ensure that the financial statements comply with the Companies Act 1965.

The Directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Company, and to prevent and detect fraud and other irregularities.

INTRODUCTION

The Board of Directors of the Company is pleased to present the report of the Audit Committee for the financial year ended 31 March 2006.

PURPOSE

The Audit Committee assists the Board in carrying out its responsibilities and meeting the Corporate Governance requirements. It reviews the quarterly financial information for accuracy and fairness before recommending to the Board for adoption and release to the Bursa Malaysia and shareholders, the systems of internal controls which management and the Board of Directors have established, and makes recommendations to management on actions to be taken, if any, based on the Reports of the Independent Internal and External Auditors.

Composition and Meetings

The members of the Audit Committee, attendance at each Audit Committee Meeting during the financial year ended 31 March 2006 are as follows:-

Names		Status	Attendance*
Dato’ Professor (Dr) Teo Chiang Liang	Chairman	Independent Non-Executive Director	5/5
Gen (R) Tan Sri (Dr) Dato’ Paduka Mohamed Hashim Bin Mohd. Ali	Member	Independent Non-Executive Director	5/5
Adinan Bin Husin	Member	Non-Independent Non-Executive Director	5/5
Dato’ Hj. Shaharuddin Bin Hj. Haron	Member	Independent Non-Executive Director	5/5
Dr. Goh Chin Siew	Member	Independent Non-Executive Director	5/5
Shunichi Komatsu	Member	Executive Director	3/3 (Appointed 6.7.05)
Gew Ah Lek	Member	Executive Director	5/5

* The meetings were held on 25 May, 2005, 6 July, 2005, 16 August, 2005, 16 November, 2005 and 15 February, 2006 respectively.

TERMS OF REFERENCE

1. Composition of members

The Board shall elect the Audit Committee members from among themselves, comprising no fewer than three (3) Directors, where the majority shall be Independent Directors.

In this respect, the Board adopts the definition of “Independent Director” as defined under the Bursa Malaysia Securities Berhad (Bursa Securities) Listing Requirements.

At least one member of the Audit Committee must be:-

- (a) a member of the Malaysian Institute of Accountant (“MIA”); or
- (b) if he is not a member of MIA, he must have at least 3 years of working experience and:
 - i. he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - ii. he must be a member of one of the associations of the accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
- (c) fulfills such other requirements as prescribed by the Exchange.

No Alternate Director of the Board shall be appointed as a member of the Audit Committee.

Retirement and resignation

If a member of the Audit Committee resigns, dies, or for any reason ceases to be a member with the result that the number of members is reduced below three (3), the Board shall within three (3) months of the event appoint such number of the new members as may be required to fill the vacancy.

2. Chairman

The Chairman of the Audit Committee, elected from among the Audit Committee members, shall be an Independent Director. The Chairman of the Committee shall be approved by the Board of Directors.

3. Secretary

The Secretary of the Audit Committee shall be the Company Secretary.

4. Meetings

The Audit Committee meetings shall be conducted at least four (4) times annually, or more frequently as circumstances dictate. In addition, the Chairman may call for additional meetings at any time at the Chairman’s discretion.

In the absence of the Chairman, the other Independent Director shall be the Chairman for that meeting.

The members of the Audit Committee and the head of internal audit will normally be in attendance at the meetings. Representatives of the external auditors are to be in attendance at meeting where matters relating to the audit of the statutory accounts and/or external auditors are to be discussed.

Other Directors, officers and employees of the Company and/or Group may be invited to attend, except for those portions of the meetings where their presence is considered inappropriate, as determined by the Audit Committee.

Minutes of each meeting shall be kept and distributed to each member of the Audit Committee and also to the other members of the Board of Directors. The Audit Committee Chairman shall report on each meeting to the Board of Directors.

5. Quorum

The quorum for the Audit Committee meeting shall be the majority of members present who must be Independent Directors.

6. Objectives

The principal objectives of the Audit Committee is to assist the Board of Directors in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the Company. In addition, the Audit Committee shall:-

- evaluate the quality of the audits conducted by the internal and external auditors;
- provide assurance that the financial information presented by management is relevant, reliable and timely;
- oversee compliance with laws and regulations and observance of a proper code of conduct; and
- determine the adequacy of the Company’s control environment.

7. Authority

The Audit Committee shall, in accordance with a procedure to be determined by the Board of Directors and at the expense of the Company,

- (a) authorise to investigate any activity within its terms of reference. All employees shall be directed to co-operate as requested by members of the Audit Committee.
- (b) have full and unlimited/unrestricted access to all information and documents/resources which are required to perform its duties as well as to the internal and external auditors and senior management of the Company.
- (c) obtain, at the expense of the Company, other independent professional advice or other advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary.
- (d) be able to convene meetings with the external auditors, without the attendance of the executive members of the Audit Committee, whenever deemed necessary.
- (e) be able to make relevant reports when necessary to the relevant authorities if a breach of the Listing Requirements occurred.

8. Duties and Responsibilities

The duties and responsibilities of the Audit Committee are as follows:-

- To review the maintenance and control of an effective accounting system;
- To review the Company’s public accountability and compliance with the law;
- To review with the external auditors their audit plan, scope and nature of audit for the Company;
- To evaluate the quality of external auditors and make recommendations concerning their appointment and remuneration and to consider the nomination of a person or persons as external auditors;
- To provide liaison between the external auditors, the management and the Board of Directors and also to review the assistance given by the management to the external auditors;
- To review the findings of the internal and external auditors;
- To review the quarterly results and financial statements and annual report prior to submission to the Board of Directors;
- To monitor any related party transactions that may arise within the Company and to report, if any, transactions between the Company and any related party outside the Company which are not based on arms-length terms and on terms which are disadvantageous to the Company;
- To report its findings on the financial and management performance, and other material matters to the Board of Directors;
- To act in line with the directions of the Board of Directors; and
- To consider and examine such other matters as the Audit Committee considers deem and appropriate.

Farewell & Welcome Party for the Managing Director



A farewell party to bid farewell to Mr. Takashi Imai, Managing Director (MD) was held on 6 July 2005. Meanwhile, Ajinomoto (Malaysia) Berhad also took the opportunity to welcome the newly appointed MD, Mr. Shunichi Komatsu.

Mr. Takashi Imai has been working at Ajinomoto (Malaysia) Berhad for 3 years since year 2002.

Mr. Shunichi Komatsu, who is the newly appointed MD was the former Sales & Marketing Director of Ajinomoto Philippines Co.

At the same time, Mr. Makoto Tatsumi is appointed as the Chief Finance Officer, Mr. Taisuke Oka as the Chief Marketing Officer while Mr. Kazutoshi Kitabayashi as the Assistant Chief Production Officer.

Courtesy Visit to Ajinomoto (Malaysia) Berhad by Mr. Norio Yamaguchi, President of Ajinomoto Co.



Mr. Norio Yamaguchi, President of Ajinomoto Co. paid a courtesy visit to Ajinomoto (Malaysia) Berhad on 6 February 2006. A speech regarding Ajinomoto directions was delivered to all executives and managers.

Luncheon was lined-up as well to strengthen the relationship among each others. “Yee Sang” (Chinese New Year dish) was served as it is believed that it brings luck and prosperity.

15th TENCHO/Transglutaminase (TG) Seminar



15th TENCHO/TG was successfully carried out from 10 May to 12 May 2005. More than 70 participants from The Ajinomoto Group of Companies were gathered here to share information and technology knowledge of TENCHO/TG. They were mostly from Sales & Marketing Department, Research & Development Department and Product Application Department.

The objectives were to review the overall performance for the financial year of 2004 and to monitor business target, objectives and company strategies for the year of 2005.

Various activities were also carried out during the seminar, such as product briefing by staff of Ajinomoto (Malaysia) Berhad, group discussion, sensory test, etc.

SERI-AJI™ Cooking Demonstration



Ajinomoto (Malaysia) Berhad had taken a proactive approach through cooking demonstration to promote SERI-AJI™ among consumers. The cooking demonstration was held every Friday to Sunday (from July to September 2005), whereby a cooking expert demonstrated cooking skills on the spot while helpers distributed SERI-AJI™ dishes around the hypermarket. The aim of this demonstration was to get closer to the customers.

The cooking demonstration had successfully promoted the SERI-AJI™ range of fried rice and seasoned flour and increased consumers interest to try the products.

TUMIX™ Cooking Demonstration at One Utama Shopping Centre



TUMIX™ Cooking Demonstration to promote TUMIX™ to shoppers was held on 7 December 2005, 25 January 2006 and 22 February 2006 at One Utama Shopping Centre.

Approximately 50 shoppers attended each demonstration. Besides cooking demonstration, they had the opportunity to take part in the quiz, Q&A session, food tasting and brought home some free samples.

Launching of VONOTM Soup for Young Ladies



VONOTM soup has made its impact in five AJINOMOTO[®] companies around the world. Over the past two years, it was introduced in China, Thailand, Brazil and Taiwan. In Malaysia, VONOTM soup was launched on 25 May 2005. Four delicious flavours, namely mushroom, corn, chicken and tomato were introduced to the local market, with women aged 22-35 years old as the primary target.

“Scratch & Win” Contest to Show Customer Appreciation



The SERI-AJITM “Scratch & Win” contest was carried out from July to December 2005 in order to motivate the retail chains and increase sales especially for SERI-AJITM fried rice range. This activity also aimed to rebate loyal customers for their support.

The contest was targeted to all customers from supermarkets, grocery shops, wet market distributors/agents and wholesalers. Retailers were able to participate with every purchase of ‘5-Calendar Promotion Pack’.

AJINOMOTO[®] Awareness Campaign Among Malaysian Students



Ajinomoto (Malaysia) Berhad showed their commitment towards social responsibilities and shared experiences and knowledge among Malaysian secondary school students through a series of educational activities from 5 April until 9 August 2005.

The main objectives were to educate and build up product awareness as well as to teach them necessary cooking skills. This project had successfully attracted 15,000 students from 110 schools nationwide to take part.

Furthermore, AJINOMOTO[®] “Arrange & Win” contest was organised for the students. The prize giving ceremony was held on 30 September 2005.

Factory Visit to Ajinomoto (Malaysia) Berhad



Ajinomoto (Malaysia) Berhad practices an open-door concept that welcomes all members of the community to pay a visit. It is one of the ways to strengthen the relationship between the Company and community, also to present positive image and promote the Company products.

For the financial year of 2005/2006, Ajinomoto (Malaysia) Berhad had welcomed 2,600 visitors to the factory. Visitors including primary school students, secondary school students, university students, women associations, professionals from business sectors and many other people from various walk of life.

Pulau Carey “Orang Asli” benefited from AJINOMOTO[®] Corporate Citizenship Day



Ajinomoto (Malaysia) Berhad contributed towards a better life by providing community services to approximately 200 “orang asli” at Kampung Sungai Bumbun, Pulau Carey. All of them come from poor families and lack of medical support and services.

Encompassing the theme “Heart to Heart”, the objectives of AJINOMOTO[®] Corporate Citizenship Day were to promote mutual understanding through interaction with the community and to contribute in building a caring society.

In 2005/6, Ajinomoto (Malaysia) Berhad continues to uphold its commitment to the environment through involvement in activities focusing on environment protection and preservation, in line with Ajinomoto Group Basic Environmental Policy of harmonizing the Company's activities with the environment.

The Company continues with various proactive approaches to further reduce the environmental impact arising from our operations, consistent with our commitment to sustainable development and business growth. The most notable achievement was attaining ISO 14001:2004 certification, the globally recognised environment management system. Progress was also made in the continuing reduction of environmental loads, and the introduction of waste segregation for promoting reuse and recycling activities.

The Company successfully acquired ISO 14001:2004 Standards certification from SIRIM as planned in February 2006. We further improve and enhance the platform and management tools of our Environmental Management System (EMS) during the preparation for certification. All the significant environmental impacts raised due to the Company's operational activities were assessed and evaluated using an established Environmental Impact Assessment Model. The Ajinomoto (Malaysia) Berhad EMS committee had prepared effective control measures and management programs to manage all such identified significant environmental impacts.

The Company besides complying with all the current requirements of the environmental legislation of the country is also in the process of formulating detailed plans and preparations to comply with more stringent requirements of Ajinomoto Group Environmental Objectives.

One such significant progress towards environmental load reduction is the introduction of Biological De-nitrification (BDN) process, a new additional step in our wastewater treatment, to treat the ammonical nitrogen in the wastewater. This is a new and advanced wastewater treatment technology adopted from the parent Company in Japan, and had been fully implemented and optimized from June 2005.

Our commitment to sustainable growth demands that we continually seek ways to manage solid wastes in accordance with the 3R concepts (i.e. Reduce, Reuse and Recycle). We had introduced solid waste segregation using different color collection bins since December 2005 to further promote segregation for reuse and recycle. In 2005/6 we managed to reduce the total solid waste produced from the plant operation by 28% compared to previous year, and at the same time the reuse or recycle portion has also increased by 6%, i.e. 86% of total solid waste produced from the plant is now being recycled. In fact some categories of solid waste achieved 100% recycle-mainly solid by-products derived from used sub-raw materials of our manufacturing process, used and rejected paper boxes and jumbo bags. As the next target, we are making every effort to recycle all the other general solid wastes to progressively reduce the quantity sent to land dumping.

The increase in global fuel oil price had significantly increased our operation cost in the year 2005/6. Efficient use of natural resources-specifically energy and water which are used in large quantities in the manufacturing process-not only contributes towards environmental preservation but will also reduce our operating costs. The Company had therefore initiated some energy saving projects focusing on reduction of electricity, water and steam consumptions. An "Energy Saving Project Team" was set up comprising members from various department to study, plan and implement viable measures towards energy cost reduction.

As a responsible corporate citizen, Ajinomoto (Malaysia) Berhad has always put environmental concern at the forefront of our activities. We have initiated many programmes to address the various environmental issues emerging from our operations, and will continue to aggressively set highly challenging targets to progressively reduce the impact of emissions and discharges, in line with Malaysian legislation and all related global standards. We believe these proactive approaches will inspire our creativity and will challenge each employee to help ensure the Company's sustainable growth as well as contributing towards environment protection.

Authorised Share Capital	:	RM80,000,000.00
Issued and Paid-Up Share Capital	:	RM60,798,534.00
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting Rights	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS AS AT 30 JUNE 2006

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	129	6.81	3,083	0.01
100 – 1,000	412	21.75	228,922	0.38
1,001 – 10,000	1,174	61.99	3,766,216	6.19
10,001 – 100,000	157	8.29	3,640,746	5.99
100,001 to less than 5% of issued shares	18	0.95	6,383,319	10.50
5% and above of issued shares	4	0.21	46,776,248	76.93
TOTAL	1,894	100.00	60,798,534	100.00

SUBSTANTIAL SHAREHOLDERS AS AT 30 JUNE 2006

The substantial shareholders of Ajinomoto (Malaysia) Berhad based on the Register of Substantial Shareholders of the Company and their respective shareholdings as at 30 June 2006 were as follows:-

Substantial Shareholders	No. of Shares			
	Direct	%	Indirect	%
Ajinomoto Co., Inc.	30,445,445	50.08	-	-
Amanah Raya Nominees (Tempatan) Sdn. Bhd. - Skim Amanah Saham Bumiputera	8,856,870	14.57	-	-
Tam Chi Kok Gabriel	4,419,133	7.27	-	-
Lembaga Tabung Haji	3,054,800	5.02	-	-

DIRECTORS’ SHAREHOLDINGS AS AT 30 JUNE 2006

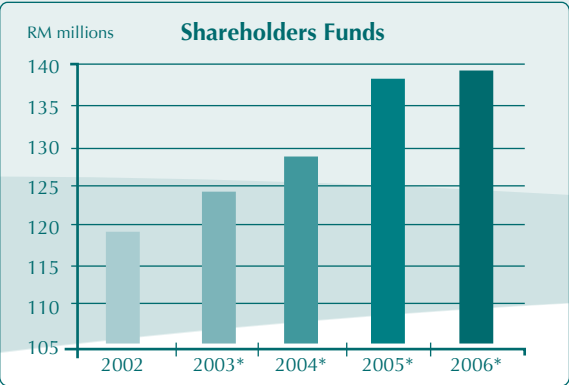
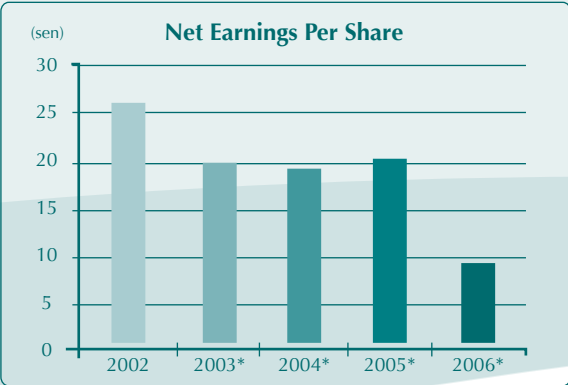
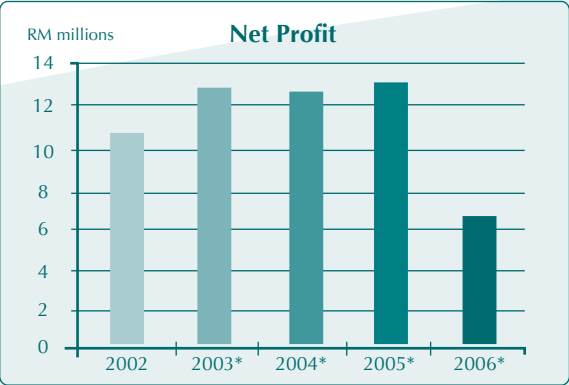
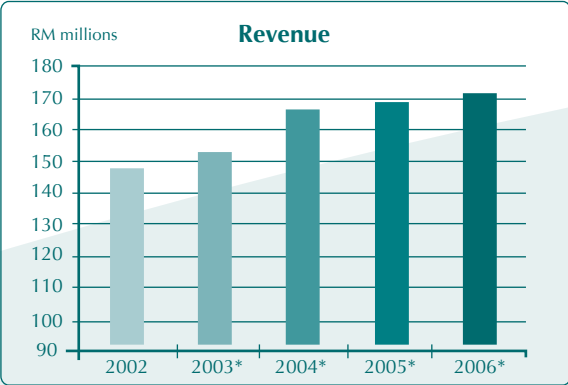
Directors	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Adinan Bin Husin	-	-	-	-
General Tan Sri (Dr) Dato’ Paduka Mohamed Hashim Bin Mohd. Ali	-	-	-	-
Gew Ah Lek	6,000	0.01	-	-
Mazlan Bin Ab. Rahman	-	-	-	-
Dato’ Professor (Dr) Teo Chiang Liang	-	-	150,000	0.25
Dr. Goh Chin Siew	-	-	-	-
Shunichi Komatsu	2,398	0.00	-	-
Takuji Umeda	-	-	-	-
Dato’ Hj. Shahrudin Bin Hj. Haron	-	-	-	-
Makoto Tatsumi	-	-	-	-
Kenji Fukami	-	-	-	-
Taisuke Oka	-	-	-	-

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT 30 JUNE 2006

No.	Shareholders	No. of Shares	%
1.	Ajinomoto Co., Inc.	30,445,445	50.08
2.	Amanah Raya Nominees (Tempatan) Sdn. Bhd. <i>Skim Amanah Saham Bumiputera</i>	8,856,870	14.57
3.	Tam Chi Kok Gabriel	4,419,133	7.27
4.	Lembaga Tabung Haji	3,054,800	5.02
5.	HDM Nominees (Asing) Sdn. Bhd. <i>DBS Vickers Secs (S) Pte Ltd for Ettrick Company Limited</i>	1,307,454	2.15
6.	Mayban Nominees (Asing) Sdn. Bhd. <i>Bank of East Asia (Nominees) Pte Ltd for the Bank of East Asia Ltd Singapore</i>	1,131,030	1.86
7.	See Hoy Chan Agencies Sendirian Berhad	775,500	1.28
8.	Tee Teh Sdn. Bhd.	564,508	0.93
9.	ECM Libra Securities Nominees (Asing) Sdn. Bhd. <i>ECM Libra Securities Limited for Fok Ng Fung Yee</i>	392,562	0.65
10.	Malaysia Ve-Tsin Mfg. Co. Bhd.	313,458	0.52
11.	Teo Kwee Hock	308,600	0.51
12.	Tay How Seng	260,059	0.43
13.	Wong Chong Che	209,001	0.34
14.	HLG Nominee (Asing) Sdn. Bhd. <i>OCBC Securities Private Limited for Tan Hin Tat</i>	170,527	0.28
15.	See Hoy Chan Sdn. Berhad	157,675	0.26
16.	Teo Soo Cheng Sdn. Bhd.	120,000	0.20
17.	Malaysia Nominees (Tempatan) Sendirian Berhad <i>Oriental Realty Sdn. Bhd.</i>	119,536	0.20
18.	Lai Khee Sin @ Joseph Lai	119,536	0.20
19.	Tee Keng Sing	113,662	0.19
20.	Inter-Pacific Equity Nominees (Asing) Sdn. Bhd. <i>Kim Eng Securities Pte Ltd for Tan Pheck Gee</i>	113,011	0.19
21.	JF Apex Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Teo Siew Lai</i>	104,900	0.17
22.	Cimsec Nominees (Asing) Sdn. Bhd. <i>Exempt An for CIMB-Gk Securities Pte Ltd</i>	102,300	0.17
23.	Poseidon Sendirian Berhad	99,600	0.16
24.	Yong Sai Moi @ Yong Chan Ying	95,628	0.16
25.	Chia Choon Kwang @ Chai Choon Kwang	87,081	0.14
26.	Goh Yai Heng	78,000	0.13
27.	Neong Kok Hooi	71,500	0.12
28.	Chong Shee Jan	70,069	0.12
29.	Chan Heng Koon	66,000	0.11
30.	Syed Badarudin Jamalullail Bin Syed Putra Jamalullail	63,078	0.10
TOTAL		53,790,523	88.51

	2002 RM'000	2003 * RM'000	2004 * RM'000	2005* RM'000	2006 * RM'000
REVENUE	142,648	151,009	164,126	166,869	170,593
PROFIT BEFORE TAXATION	13,627	14,894	14,146	12,589	6,851
NET PROFIT	10,350	12,173	12,059	12,519	6,010
SHAREHOLDERS FUNDS	117,079	123,118	128,693	136,421	137,640
PER SHARE (sen)					
• GROSS EARNINGS	33.6	24.5	23.3	20.7	11.3
• NET EARNINGS	25.5	20.0	19.8	20.6	9.9
• NET TANGIBLE ASSET	288.9	202.5	211.7	224.4	226.4

*Based on an enlarged share capital of 60,798,534 subsequent to bonus issue of 20,266,178 shares



The directors have pleasure in presenting their report together with the audited financial statements of the Company for the financial year ended 31 March 2006.

PRINCIPAL ACTIVITIES

The principal activities of the Company are manufacturing and selling of monosodium glutamate and other related products.

There have been no significant changes in the nature of the principal activities during the financial year.

RESULTS

Net Profit for the year	RM 6,009,557
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There were no material transfers to or from reserves or provisions during the year other than as disclosed in the statement of changes in equity.

In the opinion of the directors, the results of the operations of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

The amount of dividends paid by the Company since 31 March 2005 were as follows:

In respect of the financial year ended 31 March 2005 as reported in the directors' report of that year:

First and final dividend of 4% less 28% taxation and 5% tax exempt, paid on 16 September 2005	RM 4,790,927
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At the forthcoming Annual General Meeting, a first and final dividend in respect of the financial year ended 31 March 2006, of 4% less 28% taxation and 5% tax exempt on 60,798,534 ordinary shares, amounting to a dividend payable of RM4,790,927 (7.9 sen net per share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 March 2007.

DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Gen (R) Tan Sri (Dr) Dato' Paduka Mohamed Hashim Bin Mohd. Ali	(appointed on 6 July, 2005)
Shunichi Komatsu	
Kenji Fukami	(appointed on 6 July, 2005)
Makoto Tatsumi	
Takuji Umeda	(appointed on 6 July, 2005)
Taisuke Oka	
Dato' Professor Teo Chiang Liang	
Adinan Bin Husin	
Dr. Goh Chin Siew	
Mazlan Bin Ab. Rahman	
Gew Ah Lek	
Dato' Hj. Shahrulddin Bin Hj. Haron	
Takashi Imai	(resigned on 6 July, 2005)
Tetsuhiko Yoshikawa	(resigned on 6 July, 2005)
Keizo Kawamoto	(resigned on 6 July, 2005)

DIRECTORS’ BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 6 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS’ INTERESTS

According to the register of directors’ shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

Number of Ordinary Shares of RM1 Each				
	1 April 2005 /Date of appointment	Bought	Sold	31 March 2006
The Company				
Direct Interest				
Gew Ah Lek	6,000	-	-	6,000
Shunichi Komatsu	-	2,398	-	2,398
Indirect Interest				
Dato' Professor Teo Chiang Liang	150,000	-	-	150,000

Number of Shares of Japanese Yen 50 Each				
	1 April 2005 /Date of appointment	Bought	Sold	31 March 2006
Holding Company - Ajinomoto Co. Inc.				
Direct Interest				
Shunichi Komatsu	4,479	703	-	5,182
Takuji Umeda	2,463	184	-	2,647
Makoto Tatsumi	271	16	-	287
Kenji Fukami	-	139	-	139

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

OTHER STATUTORY INFORMATION

- (a) Before the income statement and balance sheet of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written-off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Company to meet its obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

AUDITORS

The auditors, Hanafiah Raslan & Mohamad, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors.

Gen (R) Tan Sri (Dr) Dato' Paduka
Mohamed Hashim Bin Mohd. Ali

Kuala Lumpur, Malaysia
25 May 2006

Shunichi Komatsu

PURSUANT TO SECTION 169 (15) OF THE COMPANIES ACT, 1965

We, Gen (R) Tan Sri (Dr) Dato' Paduka Mohamed Hashim Bin Mohd. Ali and Shunichi Komatsu, being two of the directors of Ajinomoto (Malaysia) Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 31 to 57 are drawn up in accordance with applicable MASB Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Company as at 31 March 2006 and of the results and the cash flows of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors.

Gen (R) Tan Sri (Dr) Dato' Paduka
Mohamed Hashim Bin Mohd. Ali

Shunichi Komatsu

Kuala Lumpur, Malaysia
25 May 2006

PURSUANT TO SECTION 169 (16) OF THE COMPANIES ACT, 1965

I, Gew Ah Lek, being the Director primarily responsible for the financial management of Ajinomoto (Malaysia) Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 31 to 57 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed **Gew Ah Lek** at
Kuala Lumpur in the Federal Territory
on 25 May 2006

Gew Ah Lek

Before me,

Soh Ah Kau
(W315)
Commissioner for Oaths
Kuala Lumpur

We have audited the accompanying financial statements set out on pages 31 to 57. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia so as to give a true and fair view of:
 - (i) the financial position of the Company as at 31 March 2006 and of the results and the cash flows of the Company for the year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Hanafiah Raslan & Mohamad
AF: 0002
Chartered Accountants

Kuala Lumpur, Malaysia
25 May 2006

Teoh Soo Hock
No. 2477/10/07 (J)
Partner

	Note	2006 RM	2005 RM
Revenue	3	170,592,741	166,869,193
Other operating income	4	1,168,876	4,607,887
Changes in inventories of finished goods, work-in-progress and goods-in-transit		(2,525,867)	2,343,585
Raw materials and packaging materials consumed		(90,491,939)	(84,136,328)
Finished goods purchased		(5,084,545)	(3,906,454)
Staff costs	5	(24,107,966)	(25,689,344)
Depreciation		(10,148,276)	(10,531,568)
Impairment of assets		(1,145,779)	-
Other operating expenses		(32,090,000)	(37,724,536)
Profit from operations	7	6,167,245	11,832,435
Interest income		683,558	756,804
Profit before taxation		6,850,803	12,589,239
Taxation	8	(841,246)	(69,805)
Net profit for the year		6,009,557	12,519,434
Basic earnings per share (sen)	9	9.9	20.6
Net dividends per share (sen)	10	7.9	7.9

Income Statement for the Year Ended 31 March 2006

The accompanying notes form an integral part of the financial statements.

Balance Sheet as at 31 March 2006

	Note	2006 RM	2005 RM
NON-CURRENT ASSETS			
Property, plant and equipment	11	73,405,024	74,384,324
Investments	12	2,913,735	4,119,876
		<u>76,318,759</u>	<u>78,504,200</u>
CURRENT ASSETS			
Inventories	13	29,511,903	28,221,311
Trade receivables	14	21,305,504	21,896,801
Other receivables	15	3,891,767	3,266,538
Tax recoverable		-	106,171
Cash and bank balances	16	30,450,944	31,351,350
		<u>85,160,118</u>	<u>84,842,171</u>
CURRENT LIABILITIES			
Trade payables	17	8,944,956	13,254,092
Other payables	18	6,603,493	5,685,904
Tax payable		133,929	-
Post-employment benefit obligations	21	444,305	696,279
		<u>16,126,683</u>	<u>19,636,275</u>
NET CURRENT ASSETS			
		<u>69,033,435</u>	<u>65,205,896</u>
		<u>145,352,194</u>	<u>143,710,096</u>
FINANCED BY:			
Share capital	19	60,798,534	60,798,534
Reserves	20	76,841,103	75,622,473
Shareholders' fund		<u>137,639,637</u>	<u>136,421,007</u>
Post-employment benefit obligations	21	3,663,700	3,242,067
Deferred tax liabilities	22	4,048,857	4,047,022
Non-current liabilities		<u>7,712,557</u>	<u>7,289,089</u>
		<u>145,352,194</u>	<u>143,710,096</u>

Balance Sheet as at 31 March 2006

The accompanying notes form an integral part of the financial statements.

	Share Capital RM	Share Premium RM	Non-distributable Revaluation Reserves RM	Distributable Retained Profits (Note 20) RM	Total RM
At 1 April 2004	60,798,534	4,303,700	7,749,410	55,840,856	128,692,500
Transfer from revaluation reserves to retained profits	-	-	(485,049)	485,049	-
Net profit for the year	-	-	-	12,519,434	12,519,434
Dividends	-	-	-	(4,790,927)	(4,790,927)
At 31 March 2005	60,798,534	4,303,700	7,264,361	64,054,412	136,421,007

At 1 April 2005	60,798,534	4,303,700	7,264,361	64,054,412	136,421,007
Transfer from revaluation reserves to retained profits	-	-	(121,871)	121,871	-
Net profit for the year	-	-	-	6,009,557	6,009,557
Dividends (Note 10)	-	-	-	(4,790,927)	(4,790,927)
At 31 March 2006	60,798,534	4,303,700	7,142,490	65,394,913	137,639,637

Statement of Changes in Equity for the Year Ended 31 March 2006

Cash Flow Statement
for the Year Ended 31 March 2006

Cash Flow Statement for the Year Ended 31 March 2006

34

Laporan Tahunan 2006 Annual Report

	Note	2006 RM	2005 RM
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CASH FLOW FROM OPERATING ACTIVITIES

Profit before taxation		6,850,803	12,589,239
Adjustments for:			
Short-term accumulating compensated absences		127,003	20,220
Depreciation		10,148,276	10,531,568
Provision for doubtful debts		117,179	-
Bad debts written-off		126,367	-
Inventories written-down		719,847	-
Inventories written-off		2,627,483	135,416
Provision for stock obsolescence		138,744	-
Property, plant and equipment written off		741,702	783,316
Impairment losses		1,145,779	-
Gain on disposal of property, plant and equipment		(245,500)	(3,900,672)
Loss on disposal of marketable securities		101,128	-
Provision for post-employment benefits		770,780	884,401
Dividend income		(129,360)	(192,424)
Interest income		(683,558)	(756,804)
Operating profit before working capital changes		22,556,673	20,094,260
Increase in receivables		(267,041)	(807,206)
Increase in inventories		(4,776,666)	(5,066,080)
Increase/(decrease) in payables		(3,518,550)	1,138,480
Cash generated from operations		13,994,416	15,359,454
Tax paid		(563,090)	(1,901,853)
Payments of post-employment benefits		(601,121)	(583,432)
Net cash generated from operating activities		12,830,205	12,874,169

CASH FLOW FROM INVESTING ACTIVITIES

Interest received		673,121	720,456
Purchase of property, plant and equipment		(10,936,878)	(16,286,575)
Proceeds from disposal of property, plant and equipment		245,500	5,099,707
Proceeds from disposal of investment		985,434	-
Dividend received		93,139	156,203
Net cash used in investing activities		(8,939,684)	(10,310,209)

CASH FLOW FROM FINANCING ACTIVITIES

Dividends paid		(4,790,927)	(4,790,927)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(900,406)	(2,226,967)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		31,351,350	33,578,317
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	16	30,450,944	31,351,350

The accompanying notes form an integral part of the financial statements.

1. CORPORATE INFORMATION

The principal activities of the Company are manufacturing and selling of monosodium glutamate and other related products. There have been no significant changes in the nature of the principal activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of the Bursa Malaysia Securities Berhad. The registered office of the Company is located at Lot 5710, Jalan Kuchai Lama, Petaling, 58200 Kuala Lumpur.

The holding and ultimate holding company of the Company is Ajinomoto Co. Inc., a company incorporated in Japan.

The number of employees in the Company at the end of the financial year was 380 (2005: 397).

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 25 May 2006.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements of the Company have been prepared under the historical cost convention except for the revaluation of land and buildings included within property, plant and equipment.

The financial statements comply with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia.

(b) Investment in Associates

Associated companies are those companies in which the Company has a long term equity interest and where it exercises significant influence but not control, through participation in the financial and operating policy decisions of the companies.

Investment in associates is stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2 (k). On disposal of such investments, the difference between the net disposal proceeds and their carrying amounts is recognised in the income statement.

The results of the associated companies have not been equity accounted as consolidated financial statements are not prepared. Details of the associated companies and the effect on the income statement and investments in associated companies had the equity method been applied are disclosed in Note 12.

(c) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2 (k).

Land and buildings are stated at valuation less impairment losses. Land and buildings of the Company have not been revalued since they were last revalued in 1984. The directors have not adopted a policy of regular revaluations of such assets. As permitted under the transitional provisions of International Accounting Standards 16 (Revised): Property, Plant and Equipment adopted by the Malaysian Accounting Standards Board, these assets continue to be stated at their 1984 valuation less accumulated depreciation.

Any revaluation increase is credited to equity as a revaluation surplus, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is recognised in the income statement to the extent of the decrease previously recognised. A revaluation decrease is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised as an expense.

Revaluation surplus being an amount equal to the difference between the depreciation on a revalued asset and the depreciation based on the cost of that asset will be transferred to retained profits progressively as and when the asset is depreciated. Upon the disposal of revalued assets, the attributable revaluation surplus remaining in the revaluation reserve is transferred to retained profits.

Freehold land and capital work-in-progress are not depreciated. Leasehold land is depreciated over the period of the respective leases which range from 70 years to 82 years. Depreciation of other property, plant and equipment is provided on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life at the following annual rates:

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(c) Property, Plant and Equipment and Depreciation (contd.)

Buildings	7% to 11%
Motor vehicles	25%
Plant, machinery and equipment	10% to 25%
Furniture, fixtures and fittings	10%

Upon the disposal of an item of property, plant or equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in the income statement and the unutilised portion of the revaluation surplus on that item is taken directly to retained profits.

(d) Inventories

Inventories are stated at the lower of cost (determined on the weighted average basis) and net realisable value. Cost of finished goods and work in-progress includes direct materials, direct labour, other direct costs and appropriate production overheads. Net realisable value is the estimated selling price less the estimated costs to completion and costs to be incurred in marketing, selling and distribution.

(e) Cash and Cash Equivalents

For the purpose of the cash flow statement, cash and cash equivalents include cash on hand and at bank and deposits at call which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

(f) Provisions for Liabilities

Provisions for liabilities are recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

(g) Income Tax

Income tax on the profit and loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

(h) Employee Benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

- (a) As required by law, the Company makes contributions to the Employees Provident Fund. Such contributions are recognised as an expense in the income statement as incurred.
- (b) The Company has a funded defined contribution benefit Post-Employment Scheme for certain executives who have served the required number of years of service. Contributions are made to an approved benefit scheme operated by independent trustees in accordance with a trust deed.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(h) Employee Benefits (contd.)

(iii) Defined benefits plans

The Company has a partly funded defined benefit Post-Employment Scheme ("Scheme") for its eligible employees. The Company's obligation under the Scheme is calculated using the Projected Unit Credit Method, through which the amount of benefit that employees have earned in return for their service in the current and prior years is estimated.

Past service costs are recognised immediately to the extent that the benefits are already vested. The amount recognised in the balance sheet represents the present value of the defined benefit obligations.

(i) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

(i) Sale of goods

Revenue relating to the sale of goods is recognised net of sales taxes and discounts upon the transfer of risks and rewards.

(ii) Revenue from services

Revenue from services rendered is recognised net of service taxes and discounts as and when the services are performed.

(iii) Interest income

Interest is recognised on a time proportion basis that reflects the effective yield on the asset.

(iv) Dividend income

Dividend income is recognised when the right to receive payment is established.

(j) Foreign Currency Transactions

Transactions in foreign currencies are initially recorded in Ringgit Malaysia at rates of exchange ruling at the date of the transaction. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined.

All exchange rate differences are taken to the income statement.

The exchange rates used for every unit of foreign currency ruling at the balance sheet date are as follows:

	2006 RM	2005 RM
United States Dollar	3.72	3.80
Singapore Dollar	2.31	2.31
Brunei Dollar	2.31	2.31
Japanese Yen	0.03	0.04
Euro	4.49	4.92
Swiss Franc	2.85	3.17

(k) Impairment of Assets

At each balance sheet date, the Company reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised as an expense in the income statement immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any unutilised previously recognised revaluation surplus for the same asset. Reversal of impairment losses recognised in prior years is recorded when the indication that the impairment losses recognised for the asset no longer exist or have decreased.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(l) Financial Instruments

Financial instruments are recognised in the balance sheet when the Company has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Other Non-Current Investments

Non-current investments other than investments in associates are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2 (k).

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

(ii) Marketable securities

Marketable securities are carried at the lower of cost and market value, determined on an aggregate basis. Cost is determined on the weighted average basis while market value is determined based on quoted market values. Increases or decreases in the carrying amount of marketable securities are recognised in the income statement. On disposal of marketable securities, the difference between net disposal proceeds and the carrying amount is recognised in the income statement.

(iii) Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(iv) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(v) Interest-Bearing Borrowings

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. The amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate which is the weighted average of the borrowing costs applicable to the Company's borrowings that are outstanding during the year, other than borrowings made specifically for the purpose of obtaining a qualifying asset. For borrowings made specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of that borrowing.

All other borrowing costs are recognised as an expense in the income statement as an expense in the period in which they are incurred.

(vi) Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(m) Affiliated Companies

Affiliated companies refer to associated companies of the holding company.

3. REVENUE

Revenue represents the invoiced value of sales net of sales tax, returns and discounts.

4. OTHER OPERATING INCOME

	2006 RM	2005 RM
Net realised foreign exchange gains	-	83,219
Gain on disposal of property, plant and equipment	245,500	3,900,672
Dividends from:		
An associated company	129,360	129,360
Investment quoted in Malaysia	-	63,064
Management fees	108,000	108,000
Commission income	469,348	275,441
Others	216,668	48,131
	<u>1,168,876</u>	<u>4,607,887</u>

5. STAFF COSTS

	2006 RM	2005 RM
Wages and salaries	20,927,215	22,000,066
Gratuity	75,333	36,667
Pension costs - defined contribution plans	1,280,356	1,812,365
Pension costs - defined benefit plans (Note 21)	770,780	884,401
Social security costs	156,973	132,613
Short term accumulating compensated absences	127,003	20,220
Other staff related expenses	770,306	803,012
	<u>24,107,966</u>	<u>25,689,344</u>

Included in staff costs of the Company are executive directors’ remuneration amounting to RM2,899,404 (2005: RM2,575,208) as further disclosed in Note 6.

6. DIRECTORS' REMUNERATION

	2006 RM	2005 RM
Executive Directors:		
Salaries and other emoluments	2,585,691	2,315,679
Pension costs - defined contribution plans	46,380	99,672
Fees	140,000	65,000
Gratuity	75,333	36,667
Bonus	52,000	58,190
Amount included in staff costs	2,899,404	2,575,208
Benefits-in-kind	388,700	388,700
	3,288,104	2,963,908
Non-Executive Directors:		
Fees	155,000	115,000
Gratuity	62,000	33,537
	217,000	148,537
Total	3,505,104	3,112,445
Total directors' remuneration excluding benefits-in-kind	3,116,404	2,723,745

The number of directors of the Company whose total remuneration during the year fell within the following bands is analysed below:

	Number of Directors	
	2006	2005
Executive Directors:		
RM100,001 - RM150,000	1	1
RM150,001 - RM200,000	1	-
RM200,001 - RM250,000	1	2
RM250,001 - RM300,000	1	-
RM300,001 - RM350,000	1	1
RM350,001 - RM400,000	2	-
RM400,001 - RM450,000	1	2
RM450,001 - RM500,000	1	-
RM500,001 - RM550,000	1	-
RM550,001 - RM600,000	-	1
RM600,001 - RM650,000	-	1
Non-Executive Directors:		
Below RM50,000	4	5
RM50,001 - RM100,000	-	1
RM100,001 - RM150,000	1	-

7. PROFIT FROM OPERATIONS

	2006 RM	2005 RM
Profit from operations is stated after charging:		
Auditors' remuneration:		
- Statutory audit	37,500	35,000
- Other services	5,000	11,000
Non-executive directors' remuneration (Note 6)	217,000	148,537
Provision for doubtful debts	117,179	-
Bad debts written off	126,367	-
Inventories written off	2,627,483	135,416
Provision for stock obsolescence	138,744	-
Impairment loss of marketable securities	119,579	-
Impairment loss of property, plant and equipment	1,026,200	-
Loss on disposal of marketable securities	101,128	-
Net realised foreign exchange loss	12,296	-
Property, plant and equipment written off	741,702	783,316

8. TAXATION

	2006 RM	2005 RM
Tax expense for the year:		
Income tax	869,000	855,645
Foreign tax	13,090	-
	882,090	855,645
(Over)/Underprovided in prior years:		
Income tax	(42,679)	258,613
	839,411	1,114,258
Deferred tax (Note 22):		
Relating to origination and reversal of temporary differences	12,687	537,501
Overprovided in prior years	(10,852)	(1,581,954)
	1,835	(1,044,453)
Total	841,246	69,805

8. TAXATION (CONTD.)

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Company is as follows:

	2006 RM	2005 RM
Profit before taxation	6,850,803	12,589,239
Taxation at Malaysian statutory tax rate of 28% (2005: 28%)	1,918,225	3,524,987
Loss/(Income) not subject to tax	28,316	(1,044,507)
Expenses not deductible for tax purposes	432,371	278,050
Utilisation of current year's reinvestment allowances	(1,497,225)	(1,365,384)
(Over)/Underprovision of income tax expense in prior years	(42,679)	258,613
Overprovision of deferred tax in prior years	(10,852)	(1,581,954)
Foreign taxes	13,090	-
Tax expense for the year	841,246	69,805

9. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the year by the weighted average number of ordinary shares in issue during the financial year.

	2006 RM	2005 RM
Net profit for the year	6,009,557	12,519,434
Weighted average number of ordinary shares in issue	60,798,534	60,798,534
Basic earnings per share (sen)	9.9	20.6

The comparative basic earnings per share has been restated to take into account the effect of the prior year adjustments on net profit for the year.

10. DIVIDENDS

	Amount		Net Dividends per share	
	2006 RM	2005 RM	2006 sen	2005 sen
First and final dividend of 4% less 28% taxation and 5 % tax exempt, paid on 16 September 2005	-	4,790,927	-	7.9
First and final dividend of 4% less 28% taxation and 5 % tax exempt	4,790,927	-	7.9	-
	<u>4,790,927</u>	<u>4,790,927</u>	<u>7.9</u>	<u>7.9</u>

At the forthcoming Annual General Meeting, a first and final dividend in respect of the financial year ended 31 March 2006, of 4% less 28% taxation and 5% tax exempt on 60,798,534 ordinary shares, amounting to a dividend payable of RM4,790,927 (7.9 sen net per share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 March 2007.

11. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings* RM	Motor vehicles RM	Plant, machinery and equipment RM	Furniture, fixtures and fittings RM	Capital work-in- progress RM	Total RM
Cost/Valuation						
Cost/Valuation						
At 1 April 2005	59,106,153	6,309,574	158,544,342	2,183,277	2,403,029	228,546,375
Additions	4,021,984	540,666	6,336,899	37,329	-	10,936,878
Disposals	-	(678,767)	(166,400)	-	-	(845,167)
Written off	-	-	(16,194,928)	(83,878)	-	(16,278,806)
Transfer from/(to)	-	-	2,403,029	-	(2,403,029)	-
At 31 March 2006	63,128,137	6,171,473	150,922,942	2,136,728	-	222,359,280
Representing:						
At cost	30,928,137	6,171,473	150,922,942	2,136,728	-	190,159,280
At valuation	32,200,000	-	-	-	-	32,200,000
	63,128,137	6,171,473	150,922,942	2,136,728	-	222,359,280
Accumulated Depreciation and Impairment Losses						
At 1 April 2005						
Accumulated Depreciation	26,107,835	4,844,371	121,677,111	1,532,734	-	154,162,051
Impairment losses	-	-	-	-	-	-
	26,107,835	4,844,371	121,677,111	1,532,734	-	154,162,051
Charge for the year	1,679,083	930,252	7,403,219	135,722	-	10,148,276
Impairment losses	-	-	1,026,200	-	-	1,026,200
Disposals	-	(678,767)	(166,400)	-	-	(845,167)
Written off	-	-	(15,471,958)	(65,146)	-	(15,537,104)
At 31 March 2006	27,786,918	5,095,856	114,468,172	1,603,310	-	148,954,256
Analysed as:						
Accumulated Depreciation	27,786,918	5,095,856	113,441,972	1,603,310	-	147,928,056
Impairment losses	-	-	1,026,200	-	-	1,026,200
	27,786,918	5,095,856	114,468,172	1,603,310	-	148,954,256
Net Book Value						
At 31 March 2006						
At cost	17,248,401	1,075,617	36,454,770	533,418	-	55,312,206
At valuation	18,092,818	-	-	-	-	18,092,818
	35,341,219	1,075,617	36,454,770	533,418	-	73,405,024
At 31 March 2005						
At cost	14,595,229	1,465,203	36,867,231	650,543	2,403,029	55,981,235
At valuation	18,403,089	-	-	-	-	18,403,089
	32,998,318	1,465,203	36,867,231	650,543	2,403,029	74,384,324
Depreciation charge for 2005						
	1,517,645	988,673	7,886,574	138,676	-	10,531,568

11. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

* Land and buildings

	Freehold Land RM	Long Term Leasehold Land RM	Buildings RM	Total RM
Cost/Valuation				
At 1 April 2005	71,525	30,729,769	28,304,859	59,106,153
Additions	-	-	4,021,984	4,021,984
At 31 March 2006	71,525	30,729,769	32,326,843	63,128,137
Representing:				
At cost	-	6,192,805	24,735,332	30,928,137
At valuation	71,525	24,536,964	7,591,511	32,200,000
	71,525	30,729,769	32,326,843	63,128,137
Accumulated Depreciation				
At 1 April 2005	-	6,849,112	19,258,723	26,107,835
Charge for the year	-	399,432	1,279,651	1,679,083
At 31 March 2006	-	7,248,544	20,538,374	27,786,918
Net Book Value				
At 31 March 2006				
At cost	-	5,459,932	11,788,469	17,248,401
At valuation	71,525	18,021,293	-	18,092,818
	71,525	23,481,225	11,788,469	35,341,219
At 31 March 2005				
At cost	-	5,549,093	9,046,136	14,595,229
At valuation	71,525	18,331,564	-	18,403,089
	71,525	23,880,657	9,046,136	32,998,318
Depreciation charge for 2005				
	-	399,432	1,118,213	1,517,645

11. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

(a) Included in the above are the following property, plant and equipment which have been fully depreciated but are still in use:

	2006 RM	2005 RM
At cost:		
Land and buildings	16,614,249	16,614,249
Motor vehicles	3,940,964	3,030,957
Plant, machinery and equipment	79,891,384	85,307,734
Furniture, fixtures and fittings	826,258	812,096
	<u>101,272,855</u>	<u>105,765,036</u>

(b) The freehold and leasehold land and buildings were last revalued in 1984 by an independent professional valuer, as approved by the relevant authorities and based on open market value on the existing use basis. The surplus arising from the revaluation has been transferred to the capital reserves account in 1985.

The Directors were unable to disclose the net book value of the revalued land and buildings had it been carried at historical cost less accumulated depreciation due to lack of historical records.

(c) Long term leasehold land recorded at valuation of RM2,868,684 (2005: RM2,868,684) and at cost of RM6,192,805 (2005: RM6,192,805) have restriction in the transfer of titles or mortgages which require approval by the relevant authorities.

12. INVESTMENTS

	2006 RM	2005 RM
Unquoted shares in associated companies, at cost	1,678,751	1,678,751
Quoted shares in a Malaysian corporation, at cost	1,086,563	2,173,125
Transferable club memberships	268,000	268,000
Less: Impairment loss on quoted shares	(119,579)	-
	<u>2,913,735</u>	<u>4,119,876</u>
Market value of quoted shares in Malaysia	<u>966,984</u>	<u>2,985,040</u>

Had the equity method of accounting been applied, the carrying amount of investment in associated companies would have been as follows:

	2006 RM	2005 RM
Investment in associated companies, at cost	1,678,751	1,678,751
Share of post-acquisition profits and other reserves	7,912,018	8,580,396
	<u>9,590,769</u>	<u>10,259,147</u>
Represented by:		
Share of net assets	12,462,017	13,130,395
Discount on acquisition	(2,871,248)	(2,871,248)
	<u>9,590,769</u>	<u>10,259,147</u>

12. INVESTMENTS (CONTD.)

Had the equity method of accounting been applied, the income statement of the Company would have been as follows:

	2006 RM	2006 RM	2005 RM	2005 RM
Profit before taxation and share of profits of associated companies		6,850,803		12,589,239
Share of profit of associated companies		1,049,875		143,592
Profit before taxation		7,900,678		12,732,831
Taxation				
Company	(841,246)		(69,805)	
Associated companies	(286,558)		(129,545)	
		(1,127,804)		(199,350)
Profit after taxation		6,772,874		12,533,481

The associated companies are:

Name of Company	Country of Incorporation	Effective Interests (%) 2006	Effective Interests (%) 2005	Financial Year End	Financial Year End
Malaysia Ve-Tsin Manufacturing Co. Bhd.	Malaysia	49	49	31 December	31 December
Ajinomoto (Singapore) Pte. Ltd.	Singapore	50	50	31 March	31 March
Nee Seng Ngeng & Sons Sago Industries Sdn. Bhd.	Malaysia	30	30	31 December	31 December

13. INVENTORIES

	2006 RM	2005 RM
At cost:		
Raw materials	12,653,516	8,410,508
Consumables	1,866,571	2,315,225
Work-in-progress	2,448,308	2,327,483
Finished goods	7,681,754	15,168,095
	24,650,149	28,221,311
At realisable value:		
Finished goods	4,861,754	-
	29,511,903	28,221,311

The cost of inventories recognised as an expense during the financial year amounted to RM121,180,703 (2005: RM115,824,486).

14. TRADE RECEIVABLES

	2006 RM	2005 RM
Trade receivables	21,500,504	22,028,824
Less: Provision for doubtful debts	(195,000)	(132,023)
	<u>21,305,504</u>	<u>21,896,801</u>
Included in trade receivables are amounts:		
Due from holding company	-	3,720
Due from fellow subsidiaries	2,397,255	1,353,777
Due from associated companies	1,348,475	1,896,023
	<u>3,745,730</u>	<u>3,253,520</u>

The Company's normal trade credit term ranges from 14 days to 90 days (2005: 14 days to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

As at the balance sheet date, the Company has a significant concentration of credit risk in the form of outstanding balances from 2 (2005: 2) customers representing approximately 30% (2005: 39%) of the total trade receivables.

The amounts due from related companies are unsecured, interest free and credit terms ranges from 30 days to 90 days (2005: 30 days to 90 days).

15. OTHER RECEIVABLES

	2006 RM	2005 RM
Deposits	348,240	226,410
Prepayments	550,533	974,214
Sundry receivables	2,992,994	2,065,914
	<u>3,891,767</u>	<u>3,266,538</u>

The Company has no significant concentration of credit risk that may arise from exposures to a single debtor or groups of debtors.

16. CASH AND CASH EQUIVALENTS

	2006 RM	2005 RM
Cash on hand and at banks	2,646,576	2,755,712
Deposits with licensed banks	27,804,368	28,595,638
	<u>30,450,944</u>	<u>31,351,350</u>

The weighted average effective interest rates of the deposits with licensed banks at the balance sheet date was 2.9% (2005: 2.6%) per annum.

The average maturities of the deposits with licensed banks as at the end of the financial year were 48 days (2005: 27 days).

17. TRADE PAYABLES

	2006 RM	2005 RM
Included in trade payables are amounts:		
Due to holding company	237,435	567,043
Due to fellow subsidiaries	626,004	5,427,275
Due to affiliated companies	141,782	317,425
	<u>1,005,221</u>	<u>6,311,743</u>

The normal trade credit terms granted to the Company ranges from 30 to 60 days (2005: 30 to 60 days).

The amounts due to related and affiliated companies are unsecured, interest free and have credit term of 30 days (2005: 30 days).

18. OTHER PAYABLES

	2006 RM	2005 RM
Accrued expenses	2,837,392	2,840,100
Sundry payables	2,801,108	1,867,616
Due to holding company	964,993	978,188
	<u>6,603,493</u>	<u>5,685,904</u>

The amount due to holding company is unsecured, interest free and has no fixed terms of repayment.

19. SHARE CAPITAL

	Number of Ordinary Share of RM1 Each		Amount	
	2006	2005	2006 RM	2005 RM
Authorised:				
At beginning/end of year	80,000,000	80,000,000	80,000,000	80,000,000
Issued and fully paid:				
At beginning/end of year	<u>60,798,534</u>	<u>60,798,534</u>	<u>60,798,534</u>	<u>60,798,534</u>

20. RESERVES

	2006 RM	2005 RM
Share Premium (Non-distributable)	4,303,700	4,303,700
Revaluation reserves (Non-distributable)	7,142,490	7,264,361
Retained profits	<u>65,394,913</u>	<u>64,054,412</u>
	<u>76,841,103</u>	<u>75,622,473</u>

20. RESERVES (CONTD.)

Revaluation reserves

	2006 RM	2005 RM
Freehold land	185,769	185,769
Leasehold Land	6,956,721	7,078,592
	7,142,490	7,264,361

This reserves includes the cumulative net change, net of deferred tax effects, arising from the revaluation of freehold land and leasehold land.

The movement of each category of revaluation reserve were as follows:

	2006 RM	2005 RM
Freehold land		
Balance at 1 April 2005/2004	185,769	548,947
Transfer to retained profits upon disposal of revalued assets	-	(363,178)
Balance at 31 March 2006/2005	185,769	185,769
Leasehold land		
Balance at 1 April 2005/2004	7,078,592	7,200,463
Transfer to retained profits	(121,671)	(121,671)
Balance at 31 March 2006/2005	6,956,721	7,078,592

Retained Profits

As at 31 March 2006, the Company has tax exempt profits available for distribution of approximately RM69,019,000 (2005: RM66,712,000), subject to the agreement of the Inland Revenue Board.

The Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and the balance in the tax exempt income account to frank the payment of dividends out of its entire retained profits as at 31 March 2006.

21. POST-EMPLOYMENT BENEFIT OBLIGATIONS

The Company operates a partly funded, Post-Employment Benefit Scheme (“the Scheme”) for its eligible employees. Under the Scheme, eligible employees are entitled to post-employment benefits varying at 6% and 10% on aggregate basic salaries of eligible staff and the number of completed years of service. Interest is accrued at 6% per annum on these benefits.

21. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTD.)

The movements during the financial year in the amount recognised in the balance sheet are as follows:

	2006 RM	2005 RM
At 1 April 2005/2004	3,938,346	3,637,377
Amount recognised in the income statement (Note 5)	770,780	884,401
Less: Contributions paid	(601,121)	(583,432)
At 31 March 2006/2005	<u>4,108,005</u>	<u>3,938,346</u>

The amounts recognised in the balance sheet are determined as follows:-

Present value of defined benefit obligation recognised as liabilities in the balance sheet	<u>4,108,005</u>	<u>3,938,346</u>
Analysed as:		
Current	444,305	696,279
Non-current	<u>3,663,700</u>	<u>3,242,067</u>
	<u>4,108,005</u>	<u>3,938,346</u>

The amounts recognised in the income statements are as follows:

Current service cost	618,378	732,263
Interest cost	<u>152,402</u>	<u>152,138</u>
	<u>770,780</u>	<u>884,401</u>

The above amounts charged to the income statement have been included in staff costs, as disclosed in Note 5.

22. DEFERRED TAX LIABILITIES

	2006 RM	2005 RM
At 1 April 2005/2004	4,047,022	5,091,475
Transfer from/(to) income statement (Note 8)	<u>1,835</u>	<u>(1,044,453)</u>
At 31 March 2006/2005	<u>4,048,857</u>	<u>4,047,022</u>

22. DEFERRED TAX LIABILITIES (CONTD.)

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:-

Deferred Tax Assets:

	Post-employment Benefit Obligations RM	Provision for Liabilities RM	Provision for Doubtful Debts RM	Total RM
At 1 April 2005	1,102,737	-	36,966	1,139,703
Recognised in the income statement	47,504	326,184	17,442	391,130
At 31 March 2006	1,150,241	326,184	54,408	1,530,833
At 1 April 2004	1,018,466	109,079	21,598	1,149,143
Recognised in the income statement	84,271	(109,079)	15,368	(9,440)
At 31 March 2005	1,102,737	-	36,966	1,139,703

Deferred Tax Liabilities:

	Revaluation Reserves RM	Accelerated Capital Allowances RM	Total RM
At 1 April 2005	2,809,958	2,376,767	5,186,725
Recognised in the income statement	(47,394)	440,361	392,967
At 31 March 2006	2,762,564	2,817,128	5,579,692
At 1 April 2004	2,829,073	3,411,545	6,240,618
Recognised in the income statement	(19,115)	(1,034,778)	(1,053,893)
At 31 March 2005	2,809,958	2,376,767	5,186,725

23. COMMITMENTS

	2006 RM	2005 RM
Capital expenditure:		
Approved and contracted for:		
Property, plant and equipment	633,440	3,884,225
Approved but not contracted for:		
Property, plant and equipment	7,766,560	23,715,775
	<u>8,400,000</u>	<u>27,600,000</u>

24. SIGNIFICANT RELATED PARTY TRANSACTIONS

	2006 RM	2005 RM
(a) Transactions with associated companies:		
Sales to Ajinomoto (Singapore) Pte. Ltd.	4,155,035	2,796,189
Sales to Malaysia Ve-Tsin Manufacturing Co. Bhd.	2,497,090	2,268,180
Purchases from Malaysia Ve-Tsin Manufacturing Co. Bhd.	2,175,530	2,556,830
Purchases from Ajinomoto (Singapore) Pte. Ltd.	891,979	1,687,195
Management fees received from Malaysia Ve-Tsin Manufacturing Co. Bhd.	108,000	108,000
Dividend from Malaysia Ve-Tsin Manufacturing Co. Bhd.	129,360	129,360
(b) Transactions with affiliated companies:		
Purchases from Malaysia Packaging Ind. Bhd.	3,249,967	3,189,385
Dividend from Malaysia Packaging Ind. Bhd.	-	63,064
(c) Transactions with holding company and its subsidiaries*:		
Commission income	469,348	275,441
Royalties payable	3,908,427	3,812,921
Sales	7,643,925	3,017,219
Purchases	<u>55,688,084</u>	<u>29,234,497</u>

* Comprises Ajinomoto Co., Inc., and its subsidiaries, excluding Ajinomoto (Singapore) Pte. Ltd.

24. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTD.)

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

25. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Company's businesses whilst managing its interest rate, foreign exchange, liquidity and credit risks. The Company operates within clearly defined guidelines that are approved by the Board and the Company's policy is not to engage in speculative transactions.

(b) Interest Rate Risk

The Company had no substantial long-term interest-bearing assets as at 31 March 2006. The investments in financial assets are mainly short term in nature and they are not held for speculative purposes but have been mostly placed in fixed deposits or occasionally, in short term commercial papers which yield better returns than cash at bank.

The information on maturity dates and effective interest rates of financial assets is disclosed in its respective note.

(c) Foreign Exchange Risk

The Company operates internationally and is exposed to various currencies, mainly Japanese Yen, United States Dollar, Euro, Brunei Dollar, Swiss Franc and Singapore Dollar. Foreign currency denominated assets and liabilities together with expected cash flows from highly probable purchases and sales give rise to foreign exchange exposures.

Foreign exchange exposures in transactional currencies other than functional currencies of the Company are kept to an acceptable level. Material foreign currency transaction exposures are hedged, mainly with derivative financial instruments such as short-term forward foreign currency contracts.

The net unhedged financial assets and financial liabilities of the Company that are not denominated in their functional currencies are as follows:-

Net Financial Assets/(Liabilities) Held in Non-Functional Currency							
Functional Currency	United States Dollar RM	Brunei Dollar RM	Singapore Dollar RM	Euro RM	Japanese Yen RM	Swiss Franc RM	Total RM
At 31 March 2006							
Ringgit Malaysia	5,750,277	470,271	1,124,753	-	(204,533)	-	7,140,768
At 31 March 2005							
Ringgit Malaysia	593,679	638,594	1,531,260	(114,672)	(1,390,264)	23,416	1,282,013

As at balance sheet date, there were no forward foreign exchange contracts undertaken by the Company to hedge its exposure to currency fluctuations affecting certain foreign currency denominated payables.

All gains or losses on foreign exchange contracts are recognised as income or expenses upon realisation.

25. FINANCIAL INSTRUMENTS (CONTD.)

(d) Liquidity Risk

The Company actively manages its operating cash flows. As part of its overall prudent liquidity management, the Company maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements.

(e) Credit Risk

Credit risks, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored by limiting the Company's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Company management reporting procedures.

As at the balance sheet date, the Company has a significant concentration of credit risk in the form of outstanding balances from 2 (2005: 2) customers representing approximately 30% (2005: 39%) of the total trade receivables.

25. FINANCE INSTRUMENTS (CONTD.)

(f) Fair Values

The carrying amounts of financial assets and financial liabilities at the balance sheet approximate their fair value except for the followings:

	2006		2005	
	Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
Financial Assets				
Non-current unquoted				
shares	1,678,751	*	1,678,751	*
Marketable securities	1,086,563	966,984	2,173,125	2,985,040
Transferable club				
memberships	268,000	*	268,000	*
Financial Liabilities				
Amounts due to holding				
company	964,993	#	978,188	#

* It is not practical to estimate the fair value of the Company's non-current unquoted shares and transferable club memberships because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs.

It is also not practical to estimate the fair values of amounts due to related corporations due principally to a lack of fixed repayment term entered by the parties involved and without incurring excessive costs.

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

(i) Cash and Cash Equivalents, Trade and other Receivables/Payables

The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.

(ii) Marketable Securities

The fair value of quoted shares is determined by reference to stock exchange quoted market bid prices at the close of the business on the balance sheet date.

(iii) Derivative Financial Instruments

The fair value of a forward foreign currency contract is the amount that would be payable or receivable on termination of the outstanding position arising and is determined by reference to the difference between the contracted rate and forward exchange rate as at the balance sheet date applied to a contract of similar quantum and maturity profile.

26. SEGMENTAL INFORMATION

(a) Business Segment:

Segmental reporting by business activities has not been prepared as the Company is principally engaged only in the manufacturing and selling of monosodium glutamate and other related products.

(b) Geographical Segment:

Segmental reporting by geographical regions has only been prepared for revenue as the Company's assets are located in Malaysia.

	Malaysia RM	Middle East RM	Other Asian Countries RM	Others RM	Total RM
Revenue					
2006	122,589,195	13,441,923	28,820,578	5,741,045	170,592,741
2005	125,730,084	12,886,146	22,808,147	5,444,816	166,869,193

List of Properties as at 31 March 2006

Properties	Existing Use/ Description of Building/Land	Land Area	Tenure	Date of Acquisition/ Revaluation	Age of Building	Net Book Value RM
Land and building 8 & 8A, Lorong 1, Jalan Shahbandar, Bandar Penggaram, Batu Pahat	1 unit double storey shophouse	1,680 sq. ft.	Freehold	1984 (Revaluation)	30 years	71,525
Land and buildings Lot 5710, Jalan Kuchai Lama, Petaling, Kuala Lumpur	Office, warehouse and factory complex	536,376 sq. ft.	Leasehold expiring on 2.4.2062	1984 (Revaluation)	41 years	11,759,981
Land and buildings Lot 5710, Jalan Kuchai Lama, Petaling, Kuala Lumpur	Office, warehouse and factory complex	174,240 sq. ft.	Leasehold expiring on 5.7.2067	1984 (Revaluation)	36years	4,164,966
Land and buildings Lot 5710, Jalan Kuchai Lama, Petaling, Kuala Lumpur	Mining pool	304,920 sq. ft.	Leasehold expiring on 2062	1984 (Revaluation)	41 years	2,096,346
Land and buildings Lot 5710, Jalan Kuchai Lama, Petaling, Kuala Lumpur	Factory complex	85,568 sq. ft.	Leasehold expiring on 15.3.2073	1992	14 years	13,719,959
Land and buildings Lot 5710, Jalan Kuchai Lama, Petaling, Kuala Lumpur	Office, warehouse and factory complex	36,329 sq. ft.	Leasehold expiring on 6.3.2064	1992	14 years	165,784
Land Lot 47088, Jalan Kuchai Lama, Petaling, Kuala Lumpur	Industrial land and store	5,904 sq. mtr.	Leasehold expiring on 20.1.2074	2003	1 year	3,362,658

List of Properties as at 31 March 2006

NOTICE IS HEREBY GIVEN that the Forty-Fifth Annual General Meeting of the Company will be held at its Registered Office, Lot 5710, Jalan Kuchai Lama, Petaling, 58200 Kuala Lumpur on Tuesday, 22 August 2006 at 11.00 a.m. for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 March 2006 together with the Reports of the Directors and the Auditors thereon.

Resolution 1
2. To declare a first and final dividend of 9 sen comprising a tax exempt of 5 sen and 4 sen less 28% income tax for the financial year ended 31 March, 2006.

Resolution 2
3. To approve the payment of Directors’ fees for the financial year ended 31 March 2006.

Resolution 3
4. To re-elect the following Directors who shall retire in accordance with Article 116 of the Company’s Articles of Association and being eligible, have offered themselves for re-election:-
(a) Encik Adinan Bin Husin
(b) Tn. Hj. Mazlan Bin Ab Rahman
(c) Dr. Goh Chin Siew

Resolution 4
Resolution 5
Resolution 6
5. To re-elect Mr. Hiroyuki Furusawa who retires pursuant to Article 122 of the Company’s Articles of Association and being eligible, has offered himself for re-election.

Resolution 7
6. To consider and if thought fit, to pass the following ordinary resolution in accordance with Section 129 of the Companies Act, 1965:-

“THAT pursuant to Section 129 of the Companies Act, 1965, Y. Bhg. General (R) Tan Sri (Dr) Dato’ Paduka Mohamed Hashim Bin Mohd Ali who has attained the age of 70 years be and is hereby re-appointed as Director of the Company and to hold office until the conclusion of the next Annual General Meeting.”

Resolution 8
7. To re-appoint Messrs. Hanafiah Raslan & Mohamad as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.

Resolution 9

As Special Business

To consider and if thought fit, with or without any modification, to pass the following ordinary resolutions:-

8. **ORDINARY RESOLUTION NO. 1 - AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965**

“That subject to Section 132D of the Companies Act, 1965 and approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the issued and paid-up share capital of the Company for the time being and the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad; AND THAT such authority shall commence immediately upon the passing of this Resolution and continue to be in force until conclusion of the next Annual General Meeting of the Company.”

Resolution 10
9. **ORDINARY RESOLUTION NO. 2 - PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

“That approval be and is hereby given to the Company to enter into and give effect to recurrent related party transactions of a revenue or trading nature with Ajinomoto Affiliated Companies (as specified in Sections 2.2 and 2.3 of the Circular dated 31 July, 2006) and falling within the ambit of Paragraph 10.09 of the Listing Requirements of the Bursa Malaysia Securities Berhad, which are necessary for the day-to-day operations and undertaken in the ordinary course of business of the Company, on terms not more favourable to Ajinomoto Affiliated Companies than those generally available to the public and not detrimental to minority shareholders of the Company;

That such approval unless revoked or varied by the Company in general meeting shall continue to be in full force and effect until:-
(a) the conclusion of the next Annual General Meeting (“AGM”) of the Company following this AGM at which such mandate is passed, at which time it will lapse, unless by a resolution passed at an AGM, whereby the mandate is renewed; or
(b) the expiration of the period within which the next AGM of the Company subsequent to the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the said Act); or
(c) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier date;

AND THAT the Directors of the Company be authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to this resolution.”

Resolution 11

10. To transact any other ordinary business of which due notice shall have been given.

NOTICE OF BOOK CLOSURE

NOTICE IS ALSO HEREBY GIVEN that the first and final dividend of 9 sen comprising a tax exempt of 5 sen and 4 sen less 28% income tax will be payable on 21 September, 2006 to depositors whose names appear in the Record of Depositors at the close of business on 5 September, 2006 if approved by the members at the Forty-Fifth Annual General Meeting.

A Depositor shall qualify for entitlement only in respect of:-

- (a) Shares transferred to the Depositor's Securities Account before 4.00 p.m. on 5 September, 2006 in respect of ordinary transfers; and
- (b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Secuties Berhad.

By Order of the Board

CHUA SIEW CHUAN (MAICSA 0777689)

Company Secretary
Kuala Lumpur
Dated : 31 July, 2006

Explanatory Notes To Special Business:

1. Authority Pursuant to Section 132D of the Companies Act, 1965

The proposed adoption of the Ordinary Resolution is primarily to give flexibility to the Board of Directors to issue and allot shares at any time in their absolute discretion without convening a general meeting. This authority unless revoked or varied by the Company in general meeting, will expire at the next Annual General Meeting.

2. Proposed Renewal of Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.

The Proposed Renewal of Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature will enable the Company and its affiliated companies to enter into any of the recurrent related party transactions of a revenue or trading nature which are necessary for the Company's day-to-day operations, subject to the transactions being in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company. Please refer to Sections 2.2 and 2.3 of the Circular to Shareholders dated 31 July, 2006 for more information.

Notes:-

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.
2. A holder may appoint more than two (2) proxies to attend the same meeting. Where a holder appoints two or more proxies, he shall specify the proportion of his shareholding to be represented by each proxy. Only one (1) of the proxies is entitled to vote on a show of hands.
3. The instrument appointing proxy, shall be in print or writing under the hand of the appointer or his duly constituted attorney, or if such appointer is a corporation, under its common seal or under the hand of its officer or attorney duly authorised.
4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Lot 5710, Jalan Kuchai Lama, Petaling, 58200 Kuala Lumpur, not less than forty-eight (48) hours before the time fixed for holding the meeting or at any adjournment thereof.

1. Details of Annual General Meeting

The Forty-Fifth Annual General Meeting of Ajinomoto (Malaysia) Berhad will be held on Tuesday, 22 August 2006 at 11.00 a.m. at the Registered Office of the Company at Lot 5710, Jalan Kuchai Lama, Petaling, 58200 Kuala Lumpur.

2. Details of Directors Standing for Re-Election

Directors who are standing for re-election at the Forty-Fifth Annual General Meeting of Ajinomoto (Malaysia) Berhad are as follows:-

(a) Article 116 of the Company’s Articles of Association

- (i) Encik Adinan Bin Husin
- (ii) Tn. Hj. Mazlan Bin Ab. Rahman
- (iii) Dr. Goh Chin Siew

(b) Article 122 of the Company’s Articles of Association

- (i) Mr. Hiroyuki Furusawa

3. Details of Director Standing for Re-Appointment

Director standing for re-appointment pursuant to Section 129(6) of the Companies Act, 1965 is as follows:-

- (i) Y. Bhg. General (R) Tan Sri (Dr) Dato’ Paduka Mohamed Hashim Bin Mohd. Ali

The details of the above Directors standing for re-election/re-appointment are set out in their respective profiles which appear on pages 4 to 8 of the Company’s 2006 Annual Report. Other than Mr. Hiroyuki Furusawa who was appointed on 3 July 2006, the holdings of the above directors in securities of the Company are set out on page 23 of the Company’s 2006 Annual Report.

Form of Proxy

Form of Proxy

Stamp

The Company Secretary

AJINOMOTO (MALAYSIA) BERHAD (4295-W)
Lot 5710, Jalan Kuchai Lama,
Petaling, 58200 Kuala Lumpur,
Malaysia.

AJINOMOTO®

Fold Here

Fold Here



AJINOMOTO (MALAYSIA) BERHAD
(Company No: 4295-W)
(Incorporated in Malaysia)

Number of shares held :

*I/We, (full name in capital letters)

of (full address) being a *member/members of

AJINOMOTO (MALAYSIA) BERHAD (“the Company”), hereby appoint (full name in capital letters)

..... NRIC No

of (full address)

or failing *him/her, (full name in capital letters)

..... NRIC No

of (full address)

or failing *him/her, the *CHAIRMAN OF THE MEETING as *my/our proxy to vote for *me/us and on *my/our behalf at the Forty-Fifth Annual General Meeting of the Company to be held at its Registered Office, Lot 5710, Jalan Kuchai Lama, Petaling, 58200 Kuala Lumpur on Tuesday, 22 August, 2006 at 11.00 a.m. and at any adjournment thereof.

The proportions of my/our holding to be represented by my/our proxies are as follows:-

First Proxy “A”	%
Second Proxy “B”	%

	100%
	=====

In the case of a vote by a show of hands, my proxy _____ (one only) shall vote on my/our behalf.
Please indicate with an “X” in the spaces provided below as to how you wish your votes to be casted. If no specific direction as to voting is given, the proxy will vote or abstain from voting at *his/her discretion.

No.	Resolution	For	Against
1.	To receive the Audited Financial Statements for the financial year ended 31 March, 2006 together with the Reports of the Directors and the Auditors thereon.		
2.	To declare a first and final dividend of 9 sen comprising a tax exempt of 5 sen and 4 sen less 28% income tax for the financial year ended 31 March, 2006.		
3.	To approve the payment of Directors’ fees for the financial year ended 31 March, 2006.		
4.	To re-elect Encik Adinan Bin Husin who retires in accordance with Article 116 of the Company’s Articles of Association, and being eligible, has offered himself for re-election.		
5.	To re-elect Tn. Hj. Mazlan Bin Ab. Rahman who retires in accordance with Article 116 of the Company’s Articles of Association, and being eligible, has offered himself for re-election.		
6.	To re-elect Dr. Goh Chin Siew who retires in accordance with Article 116 of the Company’s Articles of Association, and being eligible, has offered himself for re-election.		
7.	To re-elect Mr. Hiroyuki Furusawa who retires in accordance with Article 122 of the Company’s Articles of Association, and being eligible, has offered himself for re-election.		
8.	To re-appoint Y. Bhg. General (R) Tan Sri (Dr) Dato’ Paduka Mohamed Hashim Bin Mohd. Ali who is due to retire pursuant to Section 129 of the Companies Act, 1965, and being eligible, has offered himself for re-election.		
9.	To re-appoint Messrs. Hanafiah Raslan & Mohamad as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.		
10.	Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965.		
11.	Proposed Renewal of Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.		



AJINOMOTO (MALAYSIA) BERHAD
(Company No: 4295-W)
(Incorporated in Malaysia)

* Strike out whichever not applicable

As witness my/our hand(s) this day of, 2006

.....
Signature of Member/Common Seal

Notes:-

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.
2. A holder may appoint more than two (2) proxies to attend the same meeting. Where a holder appoints two or more proxies, he shall specify the proportion of his shareholding to be represented by each proxy. Only one (1) of the proxies is entitled to vote on a show of hands.
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