



AJINOMOTO®

2009
Annual Report

The 100th Year

of **AJI-NO-MOTO®**

The Trusted Brand for Generations



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Corporate Information

DIRECTORS

General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim Bin Mohd. Ali (Rtd) (Chairman)
Hiroshi Amano (Chief Executive Officer/Managing Director)
Makoto Tatsumi
Hitoshi Sasaki
Adinan bin Husin
Dato' Professor (Dr.) Teo Chiang Liang
Dr. Goh Chin Siew
Dato' Hj. Shaharuddin Bin Hj Haron
Gew Ah Lek
Mazlan bin Ab. Rahman
Koay Kah Ee
Tee Ju Mian

BANKERS

Bank of Tokyo-Mitsubishi UFJ (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: 7980 6958 Fax: 7981 1731

SHARE REGISTRAR

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

STOCK EXCHANGE LISTING

Main Market of the Bursa Malaysia Securities Berhad

Chairman's Statement

RESULTS/PERFORMANCE

The Business environment surrounding the Company was very challenging in 2008. Fuel prices surged up to historical high in July and the prices of raw materials increased further as a result of weaker currency in the second half of the year. Competition in the domestic market remained aggressive. During the year, we organized effective communication to the market through promotional events and activities, for instance, "TUMIX" events and "Soup Bar" activities, which have created close interaction with the consumers successfully. Range of CSR activities have been organized with the goal of contributing towards human health, environment protection and social benefits. Our campaign "Eat Well, Be Well" promotes physiological benefits of "AJI-NO-MOTO" towards enhancing the nutrients intake for healthy living. Improvement project of the health and nutrition status of the "Orang Asli (indigenous people)", "Smile Earth" campaign (recycling of our wastes), donation of trash bins to schools and "Mottainai" campaign (avoid wasting) were conducted and will be continued.

Revenue grew by 13 per cent or RM28 million for the year under review to RM244 million. However, the increase in revenue was largely neutralized by high cost of inputs. Nevertheless, through our efforts to control factory expenses together with higher productivity achieved, the company posted Net Profit at RM19 million.

PROSPECT

Given a continuously challenging business environment coupled with pressure from adverse raw and packaging material costs and growing competition, we promoted our consumer brand "AJI-NO-MOTO", featuring 100 year anniversary of "Discovery of UMAMI" in 2008. And we further emphasize 100 year anniversary of launching "AJI-NO-MOTO" in 2009. Our activities are not limited to the domestic market but also greater emphasis was placed to further develop our presence in Asia and Middle East countries.

DIVIDENDS

In view of our performance in 2008, the Board of Directors recommends a first and final dividend of 8 sen per share less tax and 9 sen tax exempt per share. The above dividends are subject to shareholders' approval.

APPRECIATION

Since the last Annual General Meeting, Mr. Mitsunobu Suzumi has resigned from the Board. The Board wishes to record its appreciation to him for his 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 relentless dedication, commitment and contributions, to our suppliers for their commitment to deliver services and goods meeting 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.

On behalf of the Board of Directors, it is my pleasure to present the Annual Report of Ajinomoto (Malaysia) Berhad for the financial year ended 31 March 2009.

Chairman of the Board
General Tan Sri (Dr.) Dato' Paduka
Mohamed Hashim Bin Mohd. Ali (Rtd)

Directors' Profile



General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim Bin Mohd. Ali (Rtd)

Chairman, Independent Non-Executive Director
74 years of age – Malaysian

General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim Bin Mohd. Ali (Rtd) 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.

General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim Bin Mohd. Ali (Rtd) joined Ajinomoto (Malaysia) Berhad soon after his retirement as the Chief of the Defence Forces in the Malaysian Armed Forces where he chalked up 39 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 Heights Holdings Berhad Group and sits on the Boards of Delloyd Ventures Berhad, Hong Leong Financial Group 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.



Hiroshi Amano

Chief Executive Officer/ Managing Director
48 years of age – Japanese

Mr. Amano was appointed as Chief Executive Officer/ Managing Director on 1 July 2009. He is a member of the Remuneration Committee.

Mr. Amano graduated from the Department of Economics, Sophia University, Japan in 1983.

He joined Ajinomoto Co., Inc Japan in 1983 and began his career with the Hiroshima Branch Yamaguchi Sales Office 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.

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.

Directors' Profile (Contd.)



Adinan Bin Husin

Non-Independent Non-Executive Director
63 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 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.



Dato' Professor (Dr) Teo Chiang Liang

Independent Non-Executive Director
59 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 and is currently its Vice President. 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. (In members' voluntary winding up).

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.

Directors' Profile (Contd.)



Dr. Goh Chin Siew

Independent Non-Executive Director
72 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 was previously the president of Rotary Club of Shah Alam and Rotary Club of Bukit Bintang.

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.



Hitoshi Sasaki

Executive Director
46 years of age – Japanese

Mr. Sasaki was appointed to the Board of Ajinomoto (Malaysia) Berhad on 1 July 2007. He attended all five Board meetings held in the financial year.

He holds a Master's degree from Department of Food Science & technology, the School of Agriculture, Kyusyu University of Japan in 1987.

He joined Ajinomoto Co., Inc., Japan in 1987 and began his career in Central Research Laboratories and has held various positions in head office until his posting in 2007, to Ajinomoto (Malaysia) Berhad to assume the role of Chief Research and Development Officer of the Company.

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.

Directors' Profile (Contd.)



Makoto Tatsumi

Executive Director
46 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 is a member of the Remuneration Committee. He attended all five 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. (In members' voluntary winding up).

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.



Mazlan Bin Ab. Rahman

Executive Director
57 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 a Director of Malaysia Ve-Tsin Manufacturing Co. Berhad. (In members' voluntary winding up).

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.

Directors' Profile (Contd.)



Gew Ah Lek

Executive Director
59 years of age - Malaysian

Mr. Gew 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 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.



Dato' Hj. Shaharuddin Bin Hj. Haron

Independent Non-Executive Director
71 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. He holds a Bachelor of Arts (Hons) degree from University Malaya and a Masters in Economics from University of Pittsburgh, USA.

He had 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 of 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.

Directors' Profile (Contd.)



Tee Ju Mian

Executive Director
56 years of age - Malaysian

Mr. Tee was appointed to the Board of Ajinomoto (Malaysia) Berhad on 1 April 2008. He attended all five Board meetings held in the financial year.

Graduated with a Degree in Engineering from University of Malaya in 1978.

He joined the Engineering Department of Ajinomoto (Malaysia) Berhad in 1978. Over the years he moved up the corporate ladder and served under various capacities.

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.



Koay Kah Ee

Independent Non-Executive Director
50 years of age - Malaysian

Mr. Koay was appointed to the Board of Ajinomoto (Malaysia) Berhad on 15 November 2007. He is a member of the Audit Committee and Nomination Committee. He attended all five Board meetings held in the financial year.

Graduated with a Master in Business Administration from University of Strathclyde, UK.

He is a Fellow of Chartered Institute of Management Accountants (FCMA), UK, Fellow of the Australian Society of Certified Practising Accountants and Chartered Accountant of the Malaysia Institute of Accountants.

He also sits on the Board of JF Technology Berhad, listed on ACE market of the Bursa Malaysia Securities 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.

Statement on Corporate Governance

The Board of Directors (“the Board”) recognizes the importance of maintaining high standards of corporate governance within the Company as this would serve to protect shareholders’ value as well as enhance the financial performance of the Company. In achieving this, the Board is pleased to state that the Company has applied the Principles and Best Practices of the Malaysian Code on Corporate Governance Revised 2007 (“the Code”) throughout the financial year ended 31 March 2009.

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.

The application of the Code and the extent of compliance with the best practices of corporate governance are reported hereunder.

THE BOARD OF DIRECTORS

The Board’s overall responsibility for Corporate Governance amongst others includes setting out strategic policies and overseeing the investments and business of the Company. In fulfilling its fiduciary duties, the Board ensures that there are appropriate systems and procedures in place to manage the Company’s significant risks. Key matters such as approval of annual and interim results, acquisitions and disposals, as well as material agreements are reserved for the Board. 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 five (5) Independent Non-Executive Directors. The composition of the Board complies with paragraph 15.02 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”). 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 and represents a diverse background of knowledge, expertise and experience. With their combined experience and knowledge they provide sound advice and judgement for the benefit of the Company and its shareholders. The mixed skills and experience are vital for the successful performance of the Company. A brief profile of each Director is presented in the section of “Directors’ Profile” of this Annual Report.

The roles of the Chairman and Managing Director are separate and each has a clear accepted division of responsibilities to ensure that there is a balance of power and authority. 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 Directors is essential to provide unbiased and independent view, advice and judgement as well as to safeguard the interest of other parties such as minority interest and the community.

Statement on Corporate Governance (Contd.)

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. Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
4. Maintaining effective investors' and shareholders' communication policy;
5. Ensuring that the Company complies with applicable laws, regulations, rules, directives and guidelines of relevant authorities; and
6. 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, amongst 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 2009 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 2009* | Attendance (%) |
|--|---|-------------------|
| Executive Directors | | |
| Mitsunobu Suzumi (<i>Managing Director</i>) | 5/5 | 100 |
| Mazlan Bin Ab Rahman | 5/5 | 100 |
| Gew Ah Lek | 5/5 | 100 |
| Makoto Tatsumi | 5/5 | 100 |
| Hitoshi Sasaki | 5/5 | 100 |
| Tee Ju Mian | 5/5 | 100 |
| Non-Executive Directors | | |
| General Tan Sri (Dr) Dato' Paduka Mohamed Hashim Bin Mohd Ali (Rtd) (<i>Chairman</i>) | 5/5 | 100 |
| Adinan Bin Husin | 5/5 | 100 |
| Dato' Professor (Dr) Teo Chiang Liang | 5/5 | 100 |
| Dr. Goh Chin Siew | 5/5 | 100 |
| Dato' Hj. Shaharuddin Bin Hj. Haron | 5/5 | 100 |
| Koay Kah Ee | 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 2009. The meetings were held on 28 May 2008, 25 June 2008, 20 August 2008, 18 November 2008 and 18 February 2009.

Board Meetings for each calendar year are scheduled well ahead so that the Directors can plan accordingly and fit the Board's Meeting into the respective schedules of Directors.

Statement on Corporate Governance

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 meetings, Management provided information and clarification on issues raised by members of the Board.

The Board sets corporate objectives, which are guided by the parent company's corporate objectives and Management is delegated 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. The Company Secretary also serves notice to Directors on the closed period for trading in the Company's shares in accordance with Chapter 14 on Dealings in Securities of the Bursa Securities Listing Requirements.

Appointments to the Board

The Board has established a Nomination Committee ("NC"), consisting of six (6) 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 also assesses the performance of the Directors of the Company by annually reviewing the profile of the required skills to ensure that the Board has an appropriate balance of expertise and ability.

Directors' Training and Education

During the financial year ended 31 March 2009, the Company organised an in-house Directors' training on Single Tier Tax System, Update and changes on Reinvestment Allowance, Remuneration Package, Update on Exempt Income and New Thin Capitalisation Rules in Malaysia which was attended by all the Directors.

On 18 June 2009, Mr. Makoto Tatsumi attended the technical briefing on the Key Changes to the Listing Requirements of the Main Market organised by Bursa Malaysia Securities Berhad.

Mr. Koay Kah Ee also attended few training organised by various parties as follows:-

- Malaysia Countervailing and anti-dumping laws organised by Skrine & Co. on 11 June 2008;
- Budget 2009 Seminar organised by Malaysia Institute of Accountant on 4 September 2008;
- Essential Technical (IFRS) Briefing for PLCs organised by Horwath KL Tax Sdn. Bhd. on 3 December 2008;
- Corporate Treasury Summit, Malaysia 2008 organised by Finance Asia on 11 December 2008; and
- Technical Briefing on the Key Changes to the Listing Requirements for the Main Market organised by Bursa Malaysia Securities Berhad on 6 July 2009.

At the same time, the Board of Directors was briefed at quarterly Board meetings on any significant changes in laws and regulations that were relevant by the Company Secretary.

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

In addition 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.

Statement on Corporate Governance (Contd.)

Re-election and re-appointment 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-Eighth AGM are Makoto Tatsumi, Dato' Professor (Dr) Teo Chiang Liang, Hitoshi Sasaki, and Hiroshi Amano.

In addition, in accordance with Section 129 of the Companies Act, 1965, General Tan Sri (Dr) Dato' Paduka Mohamed Hashim Bin Mohd Ali (Rtd) and Dr. Goh Chin Siew who are over the age of 70 years will be seeking for re-appointment as Directors of the Company at the forthcoming AGM. Meanwhile, Dato' Hj. Shaharuddin Bin Hj. Haron who has attained the age of 70 years will be retiring as Director and would be seeking re-appointment pursuant to Section 129 of the Companies Act, 1965.

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 six (6) Non-Executive Directors. The majority of the members are Independent Directors.

- | | |
|--|--|
| • Adinan Bin Husin | <i>(Chairman, Non-Independent Non- Executive Director)</i> |
| • General Tan Sri (Dr) Dato' Paduka Mohamed Hashim Bin Mohd Ali (Rtd) | <i>(Independent Non-Executive Director)</i> |
| • Dato' Professor (Dr) Teo Chiang Liang | <i>(Independent Non-Executive Director)</i> |
| • Dr. Goh Chin Siew | <i>(Independent Non-Executive Director)</i> |
| • Dato' Hj. Shaharuddin Bin Hj. Haron | <i>(Independent Non-Executive Director)</i> |
| • Koay Kah Ee | <i>(Independent Non-Executive Director)</i> |

The Committee had one (1) meeting 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.

The Committee is satisfied with the size of the Company's Board and that there is appropriate mix of knowledge, skills, attributes and core competencies in the composition of the Board.

Statement on Corporate Governance (Contd.)

(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 Tan Sri (Dr) Dato' Paduka Mohamed Hashim Bin Mohd Ali (Rtd) *(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)*
- Mitsunobu Suzumi *(Managing Director) (resigned w.e.f. 30 June 2009)*
- Makoto Tatsumi *(Executive Director)*
- Hiroshi Amano *(Managing Director) (appointed w.e.f. 1 July 2009)*

The Board has adopted Ajinomoto's Group Remuneration Policy and the Holding Company's recommendations to set the remuneration of its Executive Directors. The compensation system takes into account the performance of each Executive Director and the competitive environment in which the Group operates. The Executive Directors take no part in deciding their own remuneration.

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 Remuneration Committee may meet at least once a year or more frequently as deemed necessary. During the financial year ended 31 March 2009, the Committee had one (1) meeting.

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 | 2,168 | 133 |
| Fees | 155 | 210 |
| Bonus | 74 | - |
| Gratuity | 62 | 84 |
| Benefit In Kind | 259 | - |

Statement on Corporate Governance (Contd.)

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 |
|-----------------------|---------------------|-------------------------|
| RM50,001 - RM100,000 | - | 5 |
| RM100,001 – RM150,000 | - | 1 |
| RM150,001 – RM200,000 | 1 | - |
| RM200,001 – RM250,000 | - | - |
| RM250,001 – RM300,000 | 3 | - |
| RM300,001 – RM350,000 | - | - |
| RM350,001 – RM400,000 | - | - |
| RM400,001 – RM450,000 | - | - |
| RM450,001 – RM500,000 | - | - |
| RM500,001 – RM550,000 | - | - |
| RM550,001 – RM600,000 | 1 | - |
| RM600,001 – RM650,000 | 2 | - |

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 section of Audit Committee Report of this Annual Report.

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 in terms of accuracy, adequacy and completeness for disclosure.

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 in the section of Statement of Directors' Responsibility in relation to the Financial Statements 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 functions. The Audit Committee assists the Board in overseeing this function.

Information on the Company's internal control is presented in the Statement on Internal Control of this Annual Report.

Statement on Corporate Governance (Contd.)

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 of this 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 external auditors have an obligation to bring any significant defects in the Company's system of control and compliance to the attention of the Management; and if necessary, to the Audit Committee and the Board.

The Audit Committee without the presence of Executive Board members also meets with the external auditors twice during the fiscal year to exchange free and honest views on issues which the external auditors may wish to discuss in relation to their audit and findings.

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/webcit/bm or www.klse.com.my

Annual General Meeting ("AGM")

The AGM 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 question raised during the meeting.

Notice of the AGM, annual reports and circular 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.

Timely announcements are also made to the public with regard to the Company's quarterly results, corporate proposals and other required announcements to ensure effective dissemination of information relating to the Company and that accurate information are provided to the interesting public at large.

Corporate Social Responsibility ("CSR")

The CSR activities of the Company are described in the section of Corporate Responsibility Activities Highlights of this Annual Report.

Additional Compliance Information

1. Utilisation of Proceeds

Not Applicable

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 programme during the financial year.

5. Imposition of Sanctions and/or Penalties

There were no sanctions and/or penalties imposed on the Company, its subsidiaries, 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 RM10,000.

7. Variation in Results

There were no material variations between the audited results for the financial year ended 31 March 2009 against the unaudited results for the year ended 31 March 2009 released by the Company previously.

8. Profit Guarantee

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

9. Material Contracts

There are no other material contracts entered into by the Company (not being contracts entered into in the ordinary course of business) 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 2009, 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 of this Annual Report.

Statement of Directors' Responsibility in Relation to the Financial Statements

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 has used appropriate accounting policies and are consistently applied;
- reasonable and prudent judgments and estimates have been 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.

Statement on Internal Control

INTRODUCTION

This Statement on Internal Control is made pursuant to paragraph 15.27 (b) of the Listing Requirements ("LR") of Bursa Malaysia Securities Berhad ("Bursa Securities"). The Board of Directors ("the Board") of Ajinomoto (Malaysia) Berhad is pleased to include a statement on the state of the Company's internal control for the financial year ended 31 March 2009 which has been prepared in accordance with the Bursa Securities' Statement on Internal Control: Guidance for Directors of Public Listed Companies.

BOARD RESPONSIBILITY

The Board reaffirms its overall responsibility for the Company's system of internal controls, which includes the establishment of an appropriate control environment and framework, and the review of its adequacy and integrity to ensure that the Company's assets and shareholders' interests are safeguarded. The responsibility of reviewing the adequacy and integrity of the internal control system is delegated to the Audit Committee, which is empowered by its terms of reference to seek assurance on the adequacy and integrity of the internal control system through independent reviews carried out by the internal audit function and management.

However, it should be noted that there are inherent limitations in any system of internal controls, such system put in place by Management can only reduce rather than eliminate all risks of failure to achieve the Company's corporate objectives. Consequently, the system can only provide a reasonable rather than absolute assurance against material misstatement or loss.

RISK MANAGEMENT FRAMEWORK

Risk Management is regarded by the Board to be an integral part of the business operations. Key management staff and Heads of Department are delegated with the responsibility to manage identified risks within defined parameters and standards.

The Risk Management Committee ("RMC") which adopts the risk framework from the parent company's Risk Management Guideline System is chaired by the Chief Administration Officer and includes other key management staff. Identifying, evaluating and managing the significant risks faced by the Company is an ongoing process which is undertaken at each department. During the year under review, this process was exercised through periodic management meetings held to communicate and deliberate key issues and risks amongst Management team members and where appropriate, controls are devised and implemented. Significant risks identified are escalated to the Board for their attention by the Chief Administration Officer at their scheduled meetings.

The abovementioned risk management practices of the Company serve as the on-going process used to identify, evaluate and manage significant risks.

INTERNAL AUDIT FUNCTIONS

The Company's internal audit function is outsourced to a professional service firm to provide independent assessments on the adequacy, efficiency and effectiveness of the Company's internal control system. During the financial year ended 31 March 2009, the internal audit function carried out audits in accordance with the internal audit plan approved by the Audit Committee. In addition to that, it also carries out audit on other areas of significance that were recommended by the Management to the Audit Committee. The results of the internal audit reviews and the recommendations for improvement were presented to the Audit Committee at their quarterly meetings.

In addition, follow up visits were also conducted to ensure that corrective actions have been implemented in a timely manner. Based on the internal audit reviews conducted, none of the weaknesses noted have resulted in any material losses, contingencies or uncertainties that would require separate disclosure in this annual report.

The internal audit function did not perform any review and assessment of the Company's associate companies as this was deemed unnecessary for the period under review.

For the financial year ended 31 March 2009, the amount of fees and related expenses incurred in respect of the internal audit reviews performed by the professional service firm was RM64,488.

Statement on Internal Control (Contd.)

OTHER KEY ELEMENTS OF INTERNAL CONTROL

- **Organisation Structure & Authorisation Procedures**

The Company maintains formal and structured lines of reporting, that includes the division of responsibilities and delegation of authority. It sets out the roles and responsibilities, appropriate authority limits, review and approval procedures within the various operational segments.

- **Periodical and/or Annual Budget**

The Company has a comprehensive budgeting and forecasting system. The annual business plan and budget are approved by the Board and the holding Company. Budgetary control is in place for every operations of the Company, where actual performance is closely monitored against budgets to identify and to address significant variances.

- **Regular operational and management meetings**

Monthly operational meetings are conducted among senior management to discuss and review the business plans, budgets, financial and operational performances of the Company. Weekly meetings of Department Heads are also held to monitor performances. The quarterly financial statements containing key financial results and comparisons are tabled to the Board for their review.

- **Company Policies and Procedures**

The Company has established policies and procedures that are regularly reviewed and updated to ensure that it maintains its effectiveness and continues to support the Company's business activities at all times as the Company continues to grow.

- **ISO certification**

Quality of product is of prime importance to the Company. Compliance to procedures outlined in 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.

- **Human Resource Policy**

Comprehensive policies and procedures for recruitment, performance appraisals and promotion are in place to ensure that the Company has a team of employees who are well trained and equipped with all the necessary knowledge, skills and abilities to carry out their assigned responsibilities and tasks effectively. .

CONCLUSION

The Board is of the view that the Company's system of internal controls is adequate to safeguard shareholders' investments and the Company's assets. However, the Board is also cognizant of the fact that the Company's system of internal control and risk management practices must continuously evolve to meet the changing and challenging business environment. Therefore, the Board will, when necessary, put in place appropriate action plans to further enhance the system of internal controls.

This statement was approved by the Board of Directors on 13 May 2009

Audit Committee Report

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 2009.

PURPOSE

The Audit Committee assists the Board in carrying out its responsibilities and meeting the Corporate Governance requirements. It reviews the quarterly financial information before recommending to the Board for adoption and release to the Bursa Malaysia Securities Berhad, Security Commission and shareholders. Besides that, it also reviews 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 2009 are as follows:

| Names | | Status | Attendance* |
|--|----------|--|-------------|
| Dato' Professor (Dr.) Teo Chiang Liang | Chairman | Independent Non-Executive Director | 5/5 |
| Gen Tan Sri (Dr) Dato' Paduka Mohamed Hashim Bin Mohd Ali (Rtd) | 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 |
| Koay Kah Ee | Member | Independent Non-Executive Director | 5/5 |

* The meetings were held on 28 May 2008, 25 June 2008, 20 August 2008, 18 November 2008 and 18 February 2009

TERMS OF REFERENCE

1. Composition of members

The Board shall appoint the Audit Committee members from amongst themselves, comprising no fewer than three (3) non-executive directors. The majority of the Audit Committee members shall be independent directors.

In this respect, the Board adopts the definition of "independent director" as defined under the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

All members of the Audit Committee shall be financially literate and at least one (1) member of the Audit Committee must be:-

- (a) a member of the Malaysian Institute of Accountant ("MIA"); or

Audit Committee Report (Contd.)

- (b) if he is not a member of MIA, he must have at least three (3) years of working experience and:
 - i. he must have passed the examinations specified in Part I of the First 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) fulfils such other requirements as prescribed or approved by Bursa Securities.

No alternate director of the Board shall be appointed as a member of the Audit Committee.

The term of office and performance of the Audit Committee and each of its members shall be reviewed by the Board at least once every three (3) years to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference.

Retirement and resignation

If a member of the Audit Committee resigns, dies, or for any reason ceases to be a member resulting in non-compliance to the composition criteria as stated in paragraph 1 above, 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 members of the Audit Committee shall elect a Chairman from amongst their number who shall be an independent director.

In the absence of the Chairman of the Audit Committee, the other members of the Audit Committee shall amongst themselves elect a Chairman who must be independent director to chair the meeting.

3. Secretary

The Company Secretary shall be the Secretary of the Audit Committee and as a reporting procedure, the Minutes shall be circulated to all members of the Board.

4. Meetings

The Audit Committee shall meet regularly, with due notice of issues to be discussed, and shall record its conclusions in discharging its duties and responsibilities. In addition, the Chairman may call for additional meetings at any time at the Chairman's discretion.

Upon the request of the external auditor, the Chairman of the Audit Committee shall convene a meeting of the Audit Committee to consider any matter the external auditor believes should be brought to the attention of the directors or shareholders.

Notice of Audit Committee meetings shall be given to all the Audit Committee members unless the Audit Committee waives such requirement.

The Chairman of the Audit Committee shall engage on a continuous basis with senior management, such as the Chairman, the Chief Executive Officer, the Finance Director, the head of internal audit and the external auditors in order to be kept informed of matters affecting the Company.

Audit Committee Report (Contd.)

The Finance Director, the head of internal audit and a representative of the external auditors should normally attend meetings. Other Board members and employees may attend meetings upon the invitation of the Audit Committee. The Audit Committee shall be able to convene meetings with the external auditors, the internal auditors or both, without executive Board members or employees present whenever deemed necessary and at least twice a year with the external auditors.

Questions arising at any meeting of the Audit Committee shall be decided by a majority of votes of the members present, and in the case of equality of votes, the Chairman of the Audit Committee shall have a second or casting vote.

5. Minutes

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

The minutes of the Audit Committee meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.

6. Quorum

The quorum for the Audit Committee meeting shall be the majority of members present whom must be independent directors.

7. Objectives

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

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

8. Authority

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

- (a) have explicit authority to investigate any matter within its terms of reference, the resources to do so, and full access to information. 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 independent professional or other advice and to invite outsiders with relevant experience to attend, if necessary.
- (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any).
- (e) where the Audit Committee is of the view that the matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements, the Audit Committee shall promptly report such matter to Bursa Securities.

Audit Committee Report (Contd.)

9. Duties and Responsibilities

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

- (a) To consider the appointment of the external auditor, the audit fee and any question of resignation or dismissal;
- (b) To discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
- (c) To review with the external auditor his evaluation of the system of internal controls and his audit report;
- (d) To review the quarterly and year-end financial statements of the Board, focusing particularly on –
 - any change in accounting policies and practices;
 - significant adjustments arising from the audit;
 - the going concern assumption; and
 - compliance with accounting standards and other legal requirements.
- (e) To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management, where necessary);
- (f) To review the external auditor's management letter and management's response;
- (g) To do the following, in relation to the internal audit function:-
 - review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
 - review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
 - review any appraisal or assessment of the performance of members of the internal audit function;
 - approve any appointment or termination of senior staff members of the internal audit function; and
 - take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
- (h) To consider any related party transactions and conflict of interest situation that may arise within the Company including any transaction, procedure or course of conduct that raises questions of management integrity;
- (i) To report its findings on the financial and management performance, and other material matters to the Board;
- (j) To consider the major findings of internal investigations and management's response;
- (k) To verify the allocation of employees' share option scheme ("ESOS") in compliance with the criteria as stipulated in the by-laws of ESOS of the Company, if any;
- (l) To determine the remit of the internal audit function;
- (m) To consider other topics as defined by the Board; and
- (n) To consider and examine such other matters as the Audit Committee considers appropriate.

Audit Committee Report (Contd.)

Summary of Activities

During the financial year ended 31 March 2009, the Audit Committee carried out its duties as set out in the terms of reference.

The Audit Committee has also met up with the External Auditors without the presence of all the Executive Board members in line with the Malaysian Code of Corporate Governance twice during the financial year to encourage a greater exchange of free and honest views between both parties.

Other main activities carried out by the Audit Committee during the financial year includes the following:-

1. Financial Results

- a) Review the quarterly financial results of the Company focusing particularly on overall performance of the Company before recommending them for approval by the Board of Directors for announcement to Bursa Malaysia Securities Berhad;
- b) Review the reports and the audited financial statements of the Company and the Economic Entity together with the external auditors prior to tabling to the Board for approval. The review was, inter alia, to ensure compliance with :-
 - Provision of the Companies Act, 1965
 - Listing Requirements of Bursa Securities
 - Applicable Financial Reporting Standards in Malaysia
 - Other legal and regulatory requirements

In the review of the annual audited financial statements, the Audit Committee discussed with Management and the external auditors the accounting principles and standards that were applied and their judgement of the items that may affect the financial statements as well as issues and reservations arising from the statutory audit.

2. External Audit

- a) Review the external auditors' scope of work and audit plan for the year and made recommendations to the Board on their appointment and remuneration;
- b) Review and discuss the external auditors' audit report and areas for concern highlighted in the management letter, including management's response to the concerns raised by the external auditors; and
- c) Discuss significant accounting and auditing issues, impact of new or proposed changes in accounting standards and regulatory requirements.

3. Internal Audit

- a) Review the internal audit plan, resources planning requirements for the financial year and assessed the performance of the Internal Auditor;
- b) Review the internal audit issues, recommendation and the management responses to rectify and improve the system of internal control; and
- c) Monitor the implementation of programme recommended by internal auditor arising from its audits in order to obtain assurance that all key risks and controls have been fully dealt with.

Analysis of Shareholdings As At 30 June 2009

| | | |
|----------------------------------|---|--------------------------------|
| 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 |

ANALYSIS OF SHAREHOLDINGS

| Size of Shareholdings | No. of Shareholders | % | No. of Shares Held | % |
|--------------------------|---------------------|---------------|--------------------|---------------|
| 1 – 99 | 163 | 8.09 | 3,708 | 0.01 |
| 100 – 1,000 | 441 | 21.90 | 260,283 | 0.43 |
| 1,001 – 10,000 | 1,180 | 58.59 | 3,978,839 | 6.54 |
| 10,001 – 100,000 | 201 | 9.98 | 5,073,471 | 8.34 |
| 100,001 – 3,039,925 (*) | 26 | 1.29 | 8,567,385 | 14.09 |
| 3,039,926 and above (**) | 3 | 0.15 | 42,914,848 | 70.59 |
| TOTAL | 2,014 | 100.00 | 60,798,534 | 100.00 |

Remarks: * Less than 5% of Issued Shares
 ** 5% and above of Issued Shares

SUBSTANTIAL SHAREHOLDERS

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 2009 are as follows:-

| Substantial Shareholders | Direct | No. of Shares % | 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 | 3,612,533 | 5.94 | - | - |

DIRECTORS' SHAREHOLDINGS

The Directors' Shareholdings based on the Register of Directors' Shareholdings of the Company are as follows:-

| Directors | No. of Shares Held | Direct Interest % | No. of Shares Held | Indirect Interest % |
|---|--------------------|-------------------|------------------------|---------------------|
| Adinan Bin Husin | - | - | - | - |
| General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim Bin Mohd Ali (Rtd) | - | - | - | - |
| Gew Ah Lek | 6,000 | 0.01 | - | - |
| Tuan Hj. Mazlan Bin Ab Rahman | - | - | - | - |
| Dato' Professor (Dr) Teo Chiang Liang | - | - | 150,000 ⁽¹⁾ | 0.25 |
| Dr. Goh Chin Siew | 6,000 | 0.01 | 3,000 ⁽²⁾ | * |
| Mitsunobu Suzumi | 2,398 | * | - | - |
| Dato' Hj. Shaharuddin Bin Hj. Haron | - | - | - | - |
| Makoto Tatsumi | - | - | - | - |
| Hitoshi Sasaki | - | - | - | - |
| Koay Kah Ee | - | - | - | - |
| Tee Ju Mian | - | - | - | - |

Analysis of Shareholdings As At 30 June 2009 (Contd.)

*** Negligible**

(1) Deemed interested by virtue of his and/or persons associated with him who has/have more than 15% equity interest in Teo Soo Cheng Sdn. Bhd. and See Hoy Chan Holdings Sendirian Berhad respectively.

(2) Deemed interested by virtue of his daughter.

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT 30 JUNE 2009

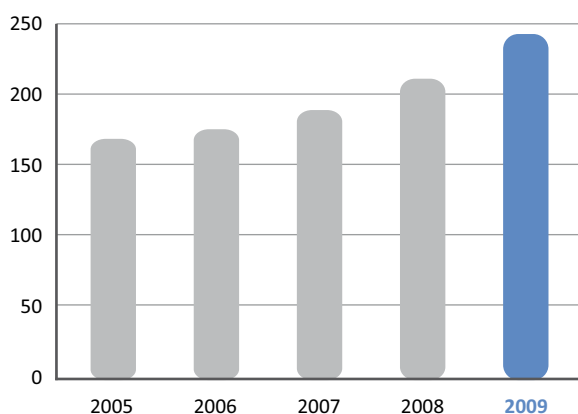
| No. | Shareholders | No. of Shares | % |
|-------|--|---------------|-------|
| 1. | Ajinomoto Co., Inc. | 30,445,445 | 50.08 |
| 2. | Amanah Raya Nominees (Tempatan) Sdn. Bhd. <i>Skim Amanah Saham Bumiputera</i> | 8,856,870 | 14.57 |
| 3. | Tam Chi Kok Gabriel | 3,612,533 | 5.94 |
| 4. | Lonpac Insurance Bhd | 1,307,454 | 2.15 |
| 5. | 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 |
| 6. | Teo Tin Lun | 804,100 | 1.32 |
| 7. | See Hoy Chan Agencies Sendirian Berhad | 775,500 | 1.28 |
| 8. | Tee Teh Sdn. Berhad | 564,508 | 0.93 |
| 9. | JF Apex Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Teo Siew Lai (Margin)</i> | 433,700 | 0.71 |
| 10. | JF Apex Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Teo Kwee Hock (Margin)</i> | 369,300 | 0.61 |
| 11. | Cartaban Nominees (Asing) Sdn. Bhd. <i>DBS Vickers (Hong Kong) Limited For Ng Fung Yee</i> | 362,562 | 0.60 |
| 12. | Tay How Seng | 304,859 | 0.50 |
| 13. | Public Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Lee Kin Kheong (E-IMO)</i> | 301,400 | 0.50 |
| 14. | Inter-Pacific Equity Nominees (Asing) Sdn. Bhd. <i>Kim Eng Securities Pte Ltd for Tan Pheok Gee</i> | 283,538 | 0.47 |
| 15. | Ang Jwee Lee | 220,000 | 0.36 |
| 16. | Eu Lee Chuan Enterprise Sdn. Berhad | 160,000 | 0.26 |
| 17. | Wong Lok Jee @ Ong Lok Jee | 143,000 | 0.24 |
| 18. | M'sian Vermicelli Manufacturers (M) Sdn. Bhd. | 130,000 | 0.21 |
| 19. | Yong Siew Lee | 130,000 | 0.21 |
| 20. | Chong Kok Fah | 127,000 | 0.21 |
| 21. | Leong Kok Tai | 126,800 | 0.21 |
| 22. | Teo Soo Cheng Sdn. Bhd. | 120,000 | 0.20 |
| 23. | Lai Khee Sin @ Joseph Lai | 119,536 | 0.20 |
| 24. | Malaysia Nominees (Tempatan) Sendirian Bhd. <i>Oriental Realty Sdn. Bhd.</i> | 119,536 | 0.20 |
| 25. | Tee Keng Sing | 113,662 | 0.19 |
| 26. | Chan Heng Koon | 108,000 | 0.18 |
| 27. | Neong Kok Hooi | 105,600 | 0.17 |
| 28. | LKK Realty Sdn. Bhd. | 104,000 | 0.17 |
| 29. | CIMSEC Nominees (Asing) Sdn. Bhd. <i>Exempt an for CIMB-GK Securities Pte Ltd (Retail Clients)</i> | 102,300 | 0.17 |
| 30. | EB Nominees (Tempatan) Sendirian Berhad <i>Pledged Securities Account for Chee Sai Mun</i> | 100,000 | 0.16 |
| TOTAL | | 51,582,233 | 84.84 |

Financial Highlights

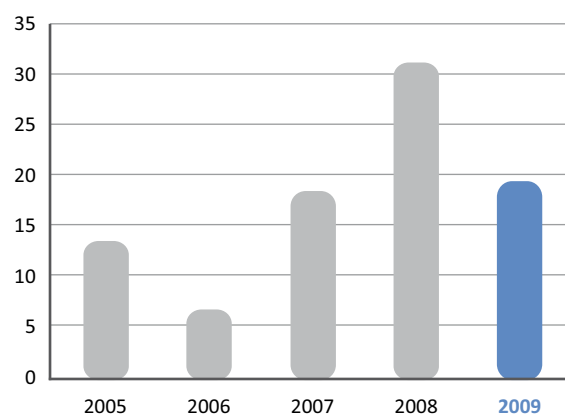
| | 2005 RM'000 | 2006 RM'000 | 2007 RM'000 | 2008 RM'000 | 2009 RM'000 |
|------------------------|----------------|----------------|----------------|----------------|----------------|
| REVENUE | 166,869 | 170,593 | 190,629 | 215,462 | 243,839 |
| Profit Before Taxation | 12,589 | 6,851 | 21,030 | 40,381 | 25,678 |
| Net Profit | 12,519 | 6,010 | 18,670 | 31,984 | 19,072 |
| Shareholders Funds | 136,421 | 137,640 | 151,519 | 178,080 | 189,297 |
| PER SHARE | | | | | |
| • Gross Earnings | 20.7 | 11.3 | 34.6 | 66.4 | 42.2 |
| • Net Earnings | 20.6 | 9.9 | 30.7 | 52.6 | 31.4 |
| • Net Tangible Asset | 224.4 | 226.4 | 249.2 | 292.9 | 311.4 |

Figures are based on company level results

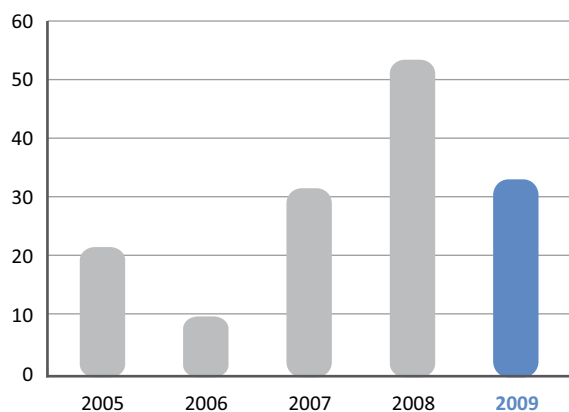
REVENUE
(RM Millions)



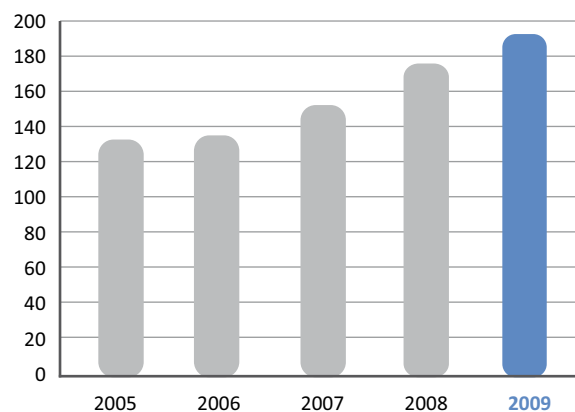
NET PROFIT
(RM Millions)



NET EARNINGS PER SHARE
(Sen)



SHAREHOLDERS FUNDS
(RM Millions)



Directors' Report

Directors' report

The directors have pleasure in presenting their report together with the audited financial statements of the Economic Entity (comprising the Company and the equity accounted associate) and of the Company for the financial year ended 31 March 2009.

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

| | Economic Entity RM | Company RM |
|---------------------|-----------------------|---------------|
| Profit for the year | 18,964,365 | 19,072,212 |

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Economic Entity and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in the financial statements.

Dividends

The amount of dividends paid by the Company since 31 March 2008 were as follows:

RM

In respect of the financial year ended 31 March 2008 as reported in the directors' report of that year

First and final dividend of 8% less 26% taxation and 7% tax exempt, declared on 20 August 2008 and paid on 18 September 2008

7,855,171

At the forthcoming Annual General Meeting, a first and final dividend in respect of the financial year ended 31 March 2009, of 8% less 25% taxation and 9% tax exempt on 60,798,534 ordinary shares, amounting to a dividend payable of RM9,119,780 (15 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 2010.

Directors' Report

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:

General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd Ali (Rtd)
Mitsunobu Suzumi
Hitoshi Sasaki
Koay Kah Ee
Tee Ju Mian
Makoto Tatsumi
Dato' Professor (Dr.) Teo Chiang Liang
Adinan bin Husin
Dr. Goh Chin Siew
Mazlan bin Ab. Rahman
Gew Ah Lek
Dato' Hj. Shaharuddin Bin Hj. Haron
Hiroyuki Furusawa (resigned on 27 June 2008)

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 7 of the financial statements or the fixed salary of a full time employee) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director 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 | | | |
|---------------------------|---------------------------------------|----------|------|------------------|
| | At 1.04.2008 | Acquired | Sold | At 31.03.2009 |
| The Company | | | | |
| Direct interest | | | | |
| Mitsunobu Suzumi | 2,398 | - | - | 2,398 |
| Gew Ah Lek | 6,000 | - | - | 6,000 |
| Dr. Goh Chin Siew | - | 6,000 | - | 6,000 |
| Indirect interest | | | | |
| Dato' Professor (Dr.) Teo | | | | |
| Chiang Liang | 150,000 | - | - | 150,000 |
| Dr. Goh Chin Siew | - | 3,000 | - | 3,000 |

Directors' Report (Contd.)

Directors' interests (Contd.)

| | Number of shares of Japanese Yen 50 each | | | |
|----------------------|--|----------|------|------------------|
| | At 1.04.2008 | Acquired | Sold | At 31.03.2009 |
| Holding company | | | | |
| - Ajinomoto Co. Inc. | | | | |
| Direct interest | | | | |
| Mitsunobu Suzumi | 577 | 213 | - | 790 |
| Hitoshi Sasaki | 3,972 | 162 | - | 4,134 |
| Makoto Tatsumi | 348 | 108 | - | 456 |

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 statements and balance sheets of the Economic Entity and 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 values 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 Economic Entity and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Economic Entity and 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 methods of valuation of assets or liabilities of the Economic Entity and 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 the financial statements of the Economic Entity and 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 Economic Entity and 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 Economic Entity and of the Company which has arisen since the end of the financial year.

Directors' Report (Contd.)

Other statutory information (contd.)

(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 Economic Entity and of the Company to meet their 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 Economic Entity and 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 dated 25 June 2009.

General Tan Sri (Dr.) Dato' Paduka
Mohamed Hashim bin Mohd Ali (Rtd)

Mitsunobu Suzumi

Statement By **Directors**

Pursuant To Section 169 (15) Of The Companies Act, 1965

We, General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd Ali (Rtd) and Mitsunobu Suzumi, 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 35 to 74 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Economic Entity and of the Company as at 31 March 2009 and of the results and the cash flows of the Economic Entity and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 25 June 2009.

General Tan Sri (Dr.) Dato' Paduka
Mohamed Hashim bin Mohd Ali (Rtd)

Mitsunobu Suzumi

Statutory **Declaration**

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 35 to 74 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 June 2009

Gew Ah Lek

Before me,

R. Vasugi Ammal, PJK
(W480)
Commissioner for Oaths
Kuala Lumpur

Independent Auditors' Report To The Members Of Ajinomoto (Malaysia) Berhad

Report on the financial statements

We have audited the financial statements of Ajinomoto (Malaysia) Berhad, which comprise the balance sheet as at 31 March 2009 of the Economic Entity and of the Company, and the income statement, statement of changes in equity and cash flow statement of the Economic Entity and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 35 to 74.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with applicable Approved Accounting Standards and the Companies Act 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable Approved Accounting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Economic Entity and of the Company as at 31 March 2009 and of its financial performance and cash flows for the year then ended.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report that in our opinion, 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.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Hanafiah Raslan & Mohamad
AF: 0002
Chartered Accountants

Abdul Rauf bin Rashid
No. 2305/05/10
Chartered Accountant

Kuala Lumpur, Malaysia
25 June 2009

Income Statements For The Year Ended 31 March 2009

| | Note | Economic Entity | | Company | |
|--|------|-------------------|-------------------|-------------------|-------------------|
| | | 2009 RM | 2008 RM | 2009 RM | 2008 RM |
| Revenue | 3 | 243,838,799 | 215,462,459 | 243,838,799 | 215,462,459 |
| Other income | 4 | 4,387,766 | 3,493,689 | 4,387,766 | 17,205,836 |
| Changes in inventories of finished goods, work in progress and goods-in-transit | | 9,219,317 | (321,473) | 9,219,317 | (321,473) |
| Raw materials and packaging materials consumed | | (155,094,975) | (114,201,038) | (155,094,975) | (114,201,038) |
| Finished goods purchased | | (8,061,329) | (5,025,774) | (8,061,329) | (5,025,774) |
| Staff costs | 5 | (29,049,802) | (27,117,151) | (29,049,802) | (27,117,151) |
| Depreciation and amortisation | | (9,534,228) | (8,740,933) | (9,534,228) | (8,740,933) |
| Impairment of assets | | 399,605 | 164,220 | 399,605 | 164,220 |
| Other operating expenses | | (30,427,115) | (37,045,175) | (30,427,115) | (37,045,175) |
| Operating profit | | 25,678,038 | 26,668,824 | 25,678,038 | 40,380,971 |
| Share of (loss)/profit of associate | | (107,847) | 604,007 | - | - |
| Profit before tax | 6 | 25,570,191 | 27,272,831 | 25,678,038 | 40,380,971 |
| Income tax expense | 8 | (6,605,826) | (6,332,786) | (6,605,826) | (8,396,507) |
| Profit for the year | | 18,964,365 | 20,940,045 | 19,072,212 | 31,984,464 |
| Earnings per share attributable to equity holders of the Company (sen) | | | | | |
| - Basic | 9 | 31.2 | 34.4 | | |
| Net dividends per share (sen) | 10 | | | 12.92 | 8.92 |

The accompanying notes form an integral part of the financial statements

Balance Sheets As At 31 March 2009

| | | Economic Entity | | Company | |
|--|------|-----------------|-------------|-------------|-------------|
| | Note | 2009 RM | 2008 RM | 2009 RM | 2008 RM |
| Assets | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | 11 | 59,544,017 | 46,402,364 | 60,798,913 | 47,657,260 |
| Prepaid land lease payments | 12 | 35,169,607 | 35,866,381 | 39,510,974 | 40,207,748 |
| Investment in associate | 13 | 3,112,601 | 3,220,448 | 1,348,751 | 1,348,751 |
| Other investments | 14 | 1,123,377 | 1,252,063 | 1,123,377 | 1,252,063 |
| | | <hr/> | <hr/> | <hr/> | <hr/> |
| | | 98,949,602 | 86,741,256 | 102,782,015 | 90,465,822 |
| Current assets | | | | | |
| Inventories | 15 | 46,356,553 | 32,383,255 | 46,356,553 | 32,383,255 |
| Trade and other receivables | 16 | 30,099,502 | 27,863,680 | 30,099,502 | 27,863,680 |
| Cash and cash equivalents | 17 | 43,221,990 | 66,193,647 | 43,221,990 | 66,193,647 |
| | | <hr/> | <hr/> | <hr/> | <hr/> |
| | | 119,678,045 | 126,440,582 | 119,678,045 | 126,440,582 |
| | | <hr/> | <hr/> | <hr/> | <hr/> |
| Total assets | | 218,627,647 | 213,181,838 | 222,460,060 | 216,906,404 |
| | | <hr/> | <hr/> | <hr/> | <hr/> |
| Equity and liabilities | | | | | |
| Equity attributable to equity holders of the Company | | | | | |
| Share capital | 21 | 60,798,534 | 60,798,534 | 60,798,534 | 60,798,534 |
| Share premium | 21 | 4,303,700 | 4,303,700 | 4,303,700 | 4,303,700 |
| Reserves | 22 | 120,362,350 | 109,253,156 | 124,194,763 | 112,977,722 |
| | | <hr/> | <hr/> | <hr/> | <hr/> |
| Total equity | | 185,464,584 | 174,355,390 | 189,296,997 | 178,079,956 |
| | | <hr/> | <hr/> | <hr/> | <hr/> |
| Non-current liabilities | | | | | |
| Retirement benefit obligations | 18 | 5,052,251 | 4,461,628 | 5,052,251 | 4,461,628 |
| Deferred tax liabilities | 20 | 4,487,325 | 4,088,518 | 4,487,325 | 4,088,518 |
| | | <hr/> | <hr/> | <hr/> | <hr/> |
| | | 9,539,576 | 8,550,146 | 9,539,576 | 8,550,146 |
| | | <hr/> | <hr/> | <hr/> | <hr/> |
| Equity and liabilities | | | | | |
| Current liabilities | | | | | |
| Retirement benefit obligations | 18 | 320,578 | 296,972 | 320,578 | 296,972 |
| Trade and other payables | 19 | 22,857,239 | 28,230,809 | 22,857,239 | 28,230,809 |
| Current tax payable | | 445,670 | 1,748,521 | 445,670 | 1,748,521 |
| | | <hr/> | <hr/> | <hr/> | <hr/> |
| | | 23,623,487 | 30,276,302 | 23,623,487 | 30,276,302 |
| | | <hr/> | <hr/> | <hr/> | <hr/> |
| Total liabilities | | 33,163,063 | 38,826,448 | 33,163,063 | 38,826,448 |
| | | <hr/> | <hr/> | <hr/> | <hr/> |
| Total equity and liabilities | | 218,627,647 | 213,181,838 | 222,460,060 | 216,906,404 |

The accompanying notes form an integral part of the financial statements

Economic Entity's Statements Of Changes In Equity

For The Year Ended 31 March 2009

| | | Attributable to equity holders of the Company | | | | | |
|--|------|---|----------------------------------|---|-----------------------------------|--------------------------------------|-------------|
| | | <----- Non-distributable reserves -----> | | | Distributable reserves | | |
| | | Share capital RM (Note 21) | Share premium RM (Note 21) | Revaluation reserves RM (Note 22) | Other reserves RM (Note 22) | Retained earnings RM (Note 22) | Total RM |
| | Note | | | | | | |
| At 1 April 2007 | | 60,798,534 | 4,303,700 | 7,020,619 | 2,030,007 | 84,685,716 | 158,838,576 |
| Transfer from revaluation reserves to retained profits | | - | - | (121,871) | - | 121,871 | - |
| Associate: | | | | | | | |
| Transfer from revaluation reserves to retained profits | | - | - | - | (2,030,007) | 2,030,007 | - |
| Profit for the year | | - | - | - | - | 20,940,045 | 20,940,045 |
| Dividends | 10 | - | - | - | - | (5,423,231) | (5,423,231) |
| | | | | | | | |
| At 31 March 2008 | | 60,798,534 | 4,303,700 | 6,898,748 | - | 102,354,408 | 174,355,390 |
| | | | | | | | |
| At 1 April 2008 | | 60,798,534 | 4,303,700 | 6,898,748 | - | 102,354,408 | 174,355,390 |
| Transfer from revaluation reserves to retained profits | | - | - | (121,871) | - | 121,871 | - |
| Profit for the year | | - | - | - | - | 18,964,365 | 18,964,365 |
| Dividends | 10 | - | - | - | - | (7,855,171) | (7,855,171) |
| | | | | | | | |
| At 31 March 2009 | | 60,798,534 | 4,303,700 | 6,776,877 | - | 113,585,473 | 185,464,584 |

Company's Statements Of Changes In Equity

For The Year Ended 31 March 2009

| | | <----- Non-distributable -----> | | | Distributable | |
|--|------|---------------------------------|---------------|----------------------|-------------------|--------------|
| | | Share capital | Share premium | Revaluation reserves | Retained earnings | Total equity |
| | | RM | RM | RM | RM | RM |
| | Note | (Note 21) | (Note 21) | (Note 22) | (Note 22) | |
| At 1 April 2007 | | 60,798,534 | 4,303,700 | 7,020,619 | 79,395,870 | 151,518,723 |
| Transfer from revaluation reserves to retained profits | | - | - | (121,871) | 121,871 | - |
| Profit for the year, representing total recognised income and expense for the year | | - | - | - | 31,984,464 | 31,984,464 |
| Dividends | 10 | - | - | - | (5,423,231) | (5,423,231) |
| At 31 March 2008 | | 60,798,534 | 4,303,700 | 6,898,748 | 106,078,974 | 178,079,956 |
| At 1 April 2008 | | 60,798,534 | 4,303,700 | 6,898,748 | 106,078,974 | 178,079,956 |
| Transfer from revaluation reserves to retained profits | | - | - | (121,871) | 121,871 | - |
| Profit for the year, representing total recognised income and expense for the year | | - | - | - | 19,072,212 | 19,072,212 |
| Dividends | 10 | - | - | - | (7,855,171) | (7,855,171) |
| At 31 March 2009 | | 60,798,534 | 4,303,700 | 6,776,877 | 117,417,886 | 189,296,997 |

The accompanying notes form an integral part of the financial statements

Cash Flow Statements For The Year Ended 31 March 2009

| | | Economic Entity | | Company | |
|---|------|-----------------|--------------|--------------|--------------|
| | Note | 2009 | 2008 | 2009 | 2008 |
| | | RM | RM | RM | RM |
| Cash flows from operating activities | | | | | |
| Profit before tax | | 25,570,191 | 27,272,831 | 25,678,038 | 40,380,971 |
| Adjustments for: | | | | | |
| Short-term accumulating compensated absences | 5 | 23,907 | 100,492 | 23,907 | 100,492 |
| Interest income | 4 | (1,661,565) | (1,851,388) | (1,661,565) | (1,851,388) |
| Dividend income | 4 | - | - | - | (13,712,147) |
| Depreciation of property, plant and equipment | 6 | 8,837,454 | 8,242,387 | 8,837,454 | 8,242,387 |
| Amortisation of prepaid land lease payment | 6 | 696,774 | 498,546 | 696,774 | 498,546 |
| Provision for doubtful debts | 6 | 34,239 | 130,646 | 34,239 | 130,646 |
| Inventories written off | 6 | 971,556 | 985,460 | 971,556 | 985,460 |
| Property, plant and equipment written off | 6 | 68,761 | 308,751 | 68,761 | 308,751 |
| Impairment loss/(reversal) | 6 | 224,686 | (117,621) | 224,686 | (117,621) |
| Gain on disposal of property, plant and equipment | 4 | (371,808) | (602,296) | (371,808) | (602,296) |
| Provision for post-employment benefits | 5 | 1,486,408 | 907,398 | 1,486,408 | 907,398 |
| Share of loss/(profit) of associated company | | 107,847 | (604,007) | - | - |
| Operating profit before working capital changes | | 35,988,450 | 35,271,199 | 35,988,450 | 35,271,199 |
| Increase in inventories | | (14,944,854) | (8,264,690) | (14,944,854) | (8,264,690) |
| Increase in trade and other receivables | | (2,270,061) | (3,403,640) | (2,270,061) | (3,403,640) |
| (Decrease)/increase in trade and other payables | | (5,397,477) | 2,510,695 | (5,397,477) | 2,510,695 |
| Cash generated from operations | | 13,376,058 | 26,113,564 | 13,376,058 | 26,113,564 |
| Taxes paid | | (7,509,870) | (4,600,744) | (7,509,870) | (4,600,744) |
| Payments of post-employment benefits | | (872,179) | (682,977) | (872,179) | (682,977) |
| Net cash generated from operating activities | | 4,994,009 | 20,829,843 | 4,994,009 | 20,829,843 |
| Cash flows from investing activities | | | | | |
| Purchase of property, plant and equipment | 11 | (22,069,660) | (9,883,647) | (22,069,660) | (9,883,647) |
| Purchase of investment | | (96,000) | - | (96,000) | - |
| Purchase of prepaid land lease payments | 12 | - | (17,624,500) | - | (17,624,500) |
| Proceeds from disposal of property, plant and equipment | | 393,600 | 602,296 | 393,600 | 602,296 |
| Interest received | | 1,661,565 | 1,851,388 | 1,661,565 | 1,851,388 |
| Dividend received | | - | 11,648,426 | - | 11,648,426 |
| Net cash used in investing activities | | (20,110,495) | (13,406,037) | (20,110,495) | (13,406,037) |

The accompanying notes form an integral part of the financial statements

Cash Flow Statements For The Year Ended 31 March 2009

(Contd.)

| | Note | Economic Entity | | Company | |
|---|------|-----------------|-------------|--------------|-------------|
| | | 2009 RM | 2008 RM | 2009 RM | 2008 RM |
| Cash flows from financing activities | | | | | |
| Dividends paid | 10 | (7,855,171) | (5,423,231) | (7,855,171) | (5,423,231) |
| Net cash used in financing activities | | (7,855,171) | (5,423,231) | (7,855,171) | (5,423,231) |
| Net (decrease)/increase in cash and cash equivalents | | (22,971,657) | 2,000,575 | (22,971,657) | 2,000,575 |
| Cash and cash equivalents at beginning of year | | 66,193,647 | 64,193,072 | 66,193,647 | 64,193,072 |
| Cash and cash equivalents at end of year | 17 | 43,221,990 | 66,193,647 | 43,221,990 | 66,193,647 |

The accompanying notes form an integral part of the financial statements

1. Corporate information

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

The holding company is Ajinomoto Co., a corporation incorporated in Japan.

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 financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 25 June 2009.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements of the Economic Entity comprise the Company and the Company's interest in its associate (together referred to as the Economic Entity).

The financial statements of the Economic Entity and of the Company are prepared under the historical cost convention unless otherwise indicated in the summary of significant accounting policies below and comply with applicable Financial Reporting Standards ("FRSs") in Malaysia and the provisions of the Companies Act, 1965.

The financial statements are presented in Ringgit Malaysia (RM).

2.2 Summary of significant accounting policies

(a) Associate

Associates are entities in which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investments in associates are accounted for in the Economic Entity financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the Economic Entity balance sheet at cost adjusted for post-acquisition changes in the Economic Entity's share of net assets of the associate. The Economic Entity's share of the net profit or loss of the associate is recognised in the Economic Entity income statement. Where there has been a change recognised directly in the equity of the associate, the Economic Entity recognises its share of such changes.

In applying the equity method, unrealised gains and losses on transactions between the Economic Entity and the associate are eliminated to the extent of the Economic Entity's interest in the associate. After application of the equity method, the Economic Entity determines whether it is necessary to recognise any additional impairment loss with respect to the Economic Entity's net investment in the associate. The associate is equity accounted for from the date the Economic Entity obtains significant influence until the date the Economic Entity ceases to have significant influence over the associate.

2. Significant accounting policies (Contd.)

2.2 Summary of significant accounting policies

(a) Associate (contd.)

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess of the Economic Entity's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Economic Entity's share of the associate's profit or loss in the period in which the investment is acquired.

When the Economic Entity's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Economic Entity's net investment in the associates, the Economic Entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The most recent available audited financial statements or management financial statements of the associates are used by the Economic Entity in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Economic Entity, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(b) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Economic Entity and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to initial recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land is stated at revalued amount, which is the fair value at the date of the revaluation less any accumulated impairment losses. Fair value is determined from market-based evidence by appraisal that is undertaken by professionally qualified valuers. 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 ("MASB"), these assets continue to be stated at their 1984 valuation less accumulated depreciation.

Any revaluation surplus is credited to the revaluation reserve included within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in the income statement, in which case the increase is recognised in the income statement to the extent of the decrease previously recognised. A revaluation deficit is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised in the income statement. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to retained earnings.

2. Significant accounting policies (Contd.)

2.2 Summary of significant accounting policies (contd.)

(b) Property, plant and equipment and depreciation

Capital work-in-progress is not depreciated. Freehold land has an unlimited useful life and therefore is not depreciated.

Depreciation of other property, plant and equipment is provided for 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:

| | |
|----------------------------------|-----------|
| Buildings | 7% to 11% |
| Motor vehicles | 17% |
| Plant, machinery and equipment | 7% to 25% |
| Furniture, fixtures and fittings | 10% |

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, 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 earnings.

(c) Impairment of non-financial assets

The carrying amounts of assets, other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Economic Entity's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Economic Entity are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

2. Significant accounting policies (Contd.)

2.2 Summary of significant accounting policies (contd.)

(d) Inventories

Inventories are stated at lower of cost and net realisable value.

Cost is determined using the weighted average method. The cost of raw materials comprises costs of purchase. The costs of finished goods and work-in-progress comprise costs of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(e) Financial instruments

Financial instruments are recognised in the balance sheet when the Economic Entity 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 Economic Entity 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) Cash and cash equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank, deposits at call and short term highly liquid investment which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

(ii) Other non-current investments

Non-current investments other than investments in associates are stated at cost less impairment losses. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

(iii) 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 profit or loss. On disposal of marketable securities, the difference between net disposal proceeds and the carrying amount is recognised in the income statement.

(iv) Trade and other receivables

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

2. Significant accounting policies (Contd.)

2.2 Summary of significant accounting policies (contd.)

(e) Financial instruments (contd.)

(v) Trade and other 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.

(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.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(f) Income tax

Income tax on the profit or 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. 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 as income or an expense and included in the income statement for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest is the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

(g) Provision for liabilities

Provisions are recognised when the Economic Entity or 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, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

2. Significant accounting policies (Contd.)

2.2 Summary of significant accounting policies (contd.)

(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. 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

Defined contribution plans are post-employment benefit plans under which the Economic Entity pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the income statement as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

The Economic Entity also has a partly funded defined contribution benefit Post-Employment Scheme for employees and executives who have served the required number of years of service. Contributions are made to approved benefit schemes operated by independent trustees in accordance with a trust deed.

(i) Foreign currencies

(i) Functional and presentation currency

The individual financial statements of each entity under the Economic Entity are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements of the Economic Entity are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

(ii) Foreign currency transactions

Transactions in foreign currencies are initially recorded in Ringgit Malaysia at rates of exchange ruling at the dates of the transactions. 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 not translated. 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.

(j) Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Economic Entity all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases except for land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

2. Significant accounting policies (Contd.)

2.2 Summary of significant accounting policies (contd.)

(j) Leases (contd.)

(ii) Finance leases - the Economic Entity as lessee

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Economic Entity's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 2.2(b).

(iii) Operating leases - the Economic Entity as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

(k) Affiliated companies

Affiliated companies refer to associated companies of the holding company.

(l) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Economic Entity and the revenue can be reliably measured.

(i) Sale of goods

Revenue is recognised net of sales taxes and upon transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

Notes to the Financial Statements 31 March 2009 (Contd.)

2. Significant accounting policies (Contd.)

2.2 Summary of significant accounting policies (contd.)

(I) Revenue recognition (contd.)

(iii) Dividend income

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

(iv) Other income

Other than those mentioned above, all other income are recognised on accrual basis unless collectibility is in doubt.

2.3 Changes in accounting policies and effects arising from adoption of new and revised financial reporting standards

On 1 April 2008, the Economic Entity adopted the following revised FRS amendments to FRS and Interpretations:

| | |
|----------------------|---|
| FRS 107 | Cash Flow Statements |
| FRS 111 | Construction Contracts |
| FRS 112 | Income Taxes |
| FRS 118 | Revenue |
| FRS 120 | Accounting for Government Grants and Disclosure of Government Assistance |
| FRS 134 | Interim Financial Reporting |
| FRS 137 | Provisions, Contingent Liabilities and Contingent Assets |
| Amendment to FRS 121 | The Effects of Changes in Foreign Exchange Rates |
| IC Interpretation 1 | Changes in Existing Decommissioning Resources and Similar Liabilities |
| IC Interpretation 2 | Members' Share in Co-operative Entities and Similar Instruments |
| IC Interpretation 5 | Rights to Interests arising from Decommissioning, Restoration and Environment Rehabilitation Funds |
| IC Interpretation 6 | Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment |
| IC Interpretation 7 | Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies |
| IC Interpretation 8 | Scope of FRS 2 Share-based Payment |

The revised FRS, amendment to FRS and Interpretations above do not have any significant impact on the financial statements of the Economic Entity.

2.4 Standards and interpretations issued but not yet effective

At the date of authorisation of these financial statements, the following new FRS and Interpretations were issued but not yet effective and have not been applied by the Economic Entity:

| FRS, Amendment to FRS and Interpretations | Effective for financial periods beginning on or after |
|--|---|
| FRS 4: Insurance Contracts | 1 January 2010 |
| FRS 7: Financial Instruments: Disclosures | 1 January 2010 |
| FRS 8: Operating Segments | 1 July 2009 |
| FRS 139: Financial Instruments: Recognition and Measurement | 1 January 2010 |
| IC Interpretation 9: Reassessment of Embedded Derivatives | 1 January 2010 |
| IC Interpretation 10: Interim Financial Reporting and Impairment | 1 January 2010 |

2. Significant accounting policies (Contd.)

2.4 Standards and interpretations issued but not yet effective (contd.)

The new FRS and Interpretations above are expected to have no significant impact on the financial statements of the Economic Entity upon their initial application except for the changes in disclosures arising from the adoption of FRS 7 and FRS 8.

The Economic Entity is exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 139.

2.5 Significant accounting estimates and judgements

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Depreciation of plant and machinery

The cost of plant and machinery is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and machinery to be within 4 to 15 years. These are based on past life expectancies of the plant and machinery used. Changes in the expected level of usage and technological developments could impact the economical useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

Deferred tax

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances, unused reinvestment allowances and other temporary differences to the extent that it is probable that taxable profit will be available against which the losses, capital allowances, unused reinvestment allowances and other temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details of the recognised deferred tax assets are disclosed in Note 20.

Tax provisions

Significant judgement and estimates are used in arriving at taxable profits for the year and for prior years, including assessing the deductibility of expense items for tax purposes. Management are guided by tax laws/cases on such instances. Management believes that all deductions claimed, in arriving at taxable profits for current and prior years, are appropriate and justifiable.

Notes to the Financial Statements 31 March 2009 (Contd.)

3. Revenue

| | Economic Entity and Company | |
|---------------|--------------------------------|-------------|
| | 2009 RM | 2008 RM |
| Sale of goods | 243,838,799 | 215,462,459 |

4. Other income

| | Economic Entity | | Company | |
|---|-----------------|------------|------------|------------|
| | 2009 RM | 2008 RM | 2009 RM | 2008 RM |
| Miscellaneous income | 1,673,975 | 1,013,005 | 1,673,975 | 1,013,005 |
| Interest income | 1,661,565 | 1,851,388 | 1,661,565 | 1,851,388 |
| Gain on disposal of property, plant and equipment | 371,808 | 602,296 | 371,808 | 602,296 |
| Foreign exchange gain | | | | |
| - Realised | 269,684 | - | 269,684 | - |
| - Unrealised | 410,734 | - | 410,734 | - |
| Dividends received | - | - | - | 13,712,147 |
| Management fee | - | 27,000 | - | 27,000 |
| | 4,387,766 | 3,493,689 | 4,387,766 | 17,205,836 |

5. Employee benefits expenses

| | Economic Entity and Company | |
|--|--------------------------------|------------|
| | 2009 RM | 2008 RM |
| Wages and salaries | 24,042,491 | 23,064,953 |
| Gratuity | 62,000 | 48,000 |
| Pension costs - defined contribution plans | 2,026,138 | 1,876,341 |
| Pension costs - defined contribution plans maintained by the Company (Note 18) | 1,486,408 | 907,398 |
| Social security costs | 200,325 | 183,519 |
| Short term accumulating compensated absences | 23,907 | 100,492 |
| Other staff related expenses | 1,208,533 | 936,448 |
| | 29,049,802 | 27,117,151 |

Included in employee benefits expense of the Economic Entity and of the Company are executive directors' remuneration amounting to RM2,534,329 (2008: RM2,537,030) as further disclosed in Note 7.

Notes to the Financial Statements 31 March 2009 (Contd.)

6. Profit before taxation

The following amounts have been included in arriving at profit before taxation:

| | Economic Entity | | Company | |
|---|-----------------|------------|------------|------------|
| | 2009 RM | 2008 RM | 2009 RM | 2008 RM |
| Employee benefits expenses (Note 5) | 29,049,802 | 27,117,151 | 29,049,802 | 27,117,151 |
| Non-executive directors' remuneration excluding benefits-in-kind (Note 7) | 427,500 | 334,333 | 427,500 | 334,333 |
| Auditors' remuneration: | | | | |
| - statutory | 50,000 | 45,000 | 50,000 | 45,000 |
| - other services | 10,250 | 34,000 | 10,250 | 34,000 |
| Depreciation of property, plant and equipment (Note 11) | 8,837,454 | 8,242,387 | 8,837,454 | 8,242,387 |
| Amortisation of prepaid land lease payment (Note 12) | 696,774 | 498,546 | 696,774 | 498,546 |
| Provision for doubtful debts | 34,239 | 130,646 | 34,239 | 130,646 |
| Inventories written off | 971,556 | 985,460 | 971,556 | 985,460 |
| Impairment loss/(reversal) on other investments | 224,686 | (161,621) | 224,686 | (161,621) |
| Impairment loss on club membership | - | 44,000 | - | 44,000 |
| Foreign exchange loss | | | | |
| - realised | - | 803,551 | - | 803,551 |
| - unrealised | - | 33,950 | - | 33,950 |
| Property, plant and equipment written off | 68,761 | 308,751 | 68,761 | 308,751 |

7. Directors' remuneration

| | Economic Entity and Company | |
|---|-----------------------------|------------------|
| | 2009 RM | 2008 RM |
| Executive directors' remuneration: | | |
| Fees | 155,000 | 120,000 |
| Other emoluments | 2,379,329 | 2,417,030 |
| Estimated money value of benefit-in-kind | 258,576 | 318,600 |
| | <u>2,792,905</u> | <u>2,855,630</u> |
| Non-executive directors' remuneration: | | |
| Fees | 210,000 | 162,500 |
| Other emoluments | 217,500 | 171,833 |
| | <u>427,500</u> | <u>334,333</u> |
| Total directors' remuneration including benefit-in-kind | <u>3,220,405</u> | <u>3,189,963</u> |

Notes to the Financial Statements 31 March 2009 (Contd.)

7. Directors' remuneration (Contd.)

The details of remuneration receivable by directors of the Company during the year are as follows:

| | Economic Entity and Company | |
|--|--------------------------------|------------------|
| | 2009 RM | 2008 RM |
| Executive: | | |
| Salaries and other emolument | 2,167,776 | 2,202,314 |
| Fees | 155,000 | 120,000 |
| Bonus | 74,241 | 110,700 |
| Gratuity | 62,000 | 48,000 |
| Defined contribution plan | 75,312 | 56,016 |
| Estimated money value of benefit-in-kind | 258,576 | 318,600 |
| | <u>2,792,905</u> | <u>2,855,630</u> |
| Non-Executive: | | |
| Fees | 210,000 | 162,500 |
| Gratuity | 84,000 | 65,000 |
| Other emolument | 133,500 | 106,833 |
| | <u>427,500</u> | <u>334,333</u> |
| | <u>3,220,405</u> | <u>3,189,963</u> |

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

| | Number of directors | |
|---------------------------------|---------------------|------|
| | 2009 | 2008 |
| Executive directors: | | |
| RM100,001 - RM150,000 | - | 1 |
| RM150,001 - RM200,000 | 1 | - |
| RM200,001 - RM250,000 | - | 1 |
| RM250,001 - RM300,000 | 3 | 2 |
| RM350,001 - RM400,000 | - | 1 |
| RM450,001 - RM500,000 | - | 1 |
| RM500,001 - RM550,000 | - | 1 |
| RM550,001 - RM600,000 | 1 | 1 |
| RM600,001 - RM650,000 | 2 | - |
| Non-executive directors: | | |
| Below RM50,000 | - | 4 |
| RM50,001 - RM100,000 | 5 | 1 |
| RM100,001 - RM150,000 | 1 | 1 |

Notes to the Financial Statements 31 March 2009 (Contd.)

8. Income tax expense

| | Economic Entity | | Company | |
|---|------------------|------------------|------------------|------------------|
| | 2009 RM | 2008 RM | 2009 RM | 2008 RM |
| Current income tax: | | | | |
| Malaysian income tax | 5,957,000 | 6,244,279 | 5,957,000 | 8,308,000 |
| Foreign withholding tax | 34,419 | 27,620 | 34,419 | 27,620 |
| | <u>5,991,419</u> | <u>6,271,899</u> | <u>5,991,419</u> | <u>8,335,620</u> |
| Under/(over) provision in prior years | | | | |
| Malaysian income tax | 215,600 | (149,463) | 215,600 | (149,463) |
| | <u>6,207,019</u> | <u>6,122,436</u> | <u>6,207,019</u> | <u>8,186,157</u> |
| Deferred tax (Note 20): | | | | |
| Relating to origination and reversal to temporary differences | 554,290 | 461,935 | 554,290 | 461,935 |
| Relating to changes in tax rates | (163,876) | (139,484) | (163,876) | (139,484) |
| Under/(over) provision in prior years | 8,393 | (112,101) | 8,393 | (112,101) |
| | <u>398,807</u> | <u>210,350</u> | <u>398,807</u> | <u>210,350</u> |
| Total income tax expense | <u>6,605,826</u> | <u>6,332,786</u> | <u>6,605,826</u> | <u>8,396,507</u> |

Domestic current income tax is calculated at the statutory tax rate of 25% (2008: 26%) of the estimated assessable profit for the year. The domestic statutory tax rate has been reduced to 25% from the prior year's rate of 26% with effect from the year of assessment 2009. The computation of deferred tax as at 31 March 2009 has reflected these changes.

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 Economic Entity and of the Company is as follows:

| | 2009 RM | 2008 RM |
|---|------------------|------------------|
| Economic Entity | | |
| Profit before taxation | 25,570,191 | 27,272,831 |
| Taxation at Malaysian statutory tax rate of 25% (2008: 26%) | 6,392,548 | 7,090,936 |
| Effect of changes in tax rates on opening balance of deferred tax | (163,876) | (139,484) |
| Income not subject to tax | - | (12,072) |
| Expenses not deductible for tax purposes | 579,763 | 489,175 |
| Utilisation of current year's reinvestment allowances | (489,061) | (704,782) |
| Under/(over) provision of deferred tax in prior years | 8,393 | (112,101) |
| Under/(over) provision of income tax expense in prior years | 215,600 | (149,463) |
| Foreign withholding taxes | 34,419 | 27,620 |
| Net share of results of associates | 28,040 | (157,043) |
| Income tax expense for the year | <u>6,605,826</u> | <u>6,332,786</u> |

Notes to the Financial Statements 31 March 2009 (Contd.)

8. Income tax expense (Contd.)

| | 2009 RM | 2008 RM |
|---|------------|-------------|
| Company | | |
| Profit before taxation | 25,678,038 | 40,380,971 |
| Taxation at Malaysian statutory tax rate of 25% (2008: 26%) | 6,419,510 | 10,499,052 |
| Effect of changes in tax rates on opening balance of deferred tax | (163,876) | (139,484) |
| Income not subject to tax | - | (1,513,510) |
| Expenses not deductible for tax purposes | 580,841 | 489,175 |
| Utilisation of current year's reinvestment allowances | (489,061) | (704,782) |
| Under/(over) provision of deferred tax in prior years | 8,393 | (112,101) |
| Under/(over) provision of income tax expense in prior years | 215,600 | (149,463) |
| Foreign withholding taxes | 34,419 | 27,620 |
| Income tax expense for the year | 6,605,826 | 8,396,507 |

9. Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year held by the Company.

| | Economic Entity | |
|---|---------------------|---------------------|
| | 2009 RM | 2008 RM |
| Profit attributable to ordinary equity holders of the Company | 18,964,365 | 20,940,045 |
| Weighted average number of ordinary shares in issue | 60,798,534 | 60,798,534 |
| | 2009 sen | 2008 sen |
| Basic earnings per share | 31.2 | 34.4 |

10. Dividends

| | Amount | | Net dividend per share | |
|--|------------|------------|------------------------|-------------|
| | 2009 RM | 2008 RM | 2009 Sen | 2008 Sen |
| Company | | | | |
| Recognised during the year: | | | | |
| First and final dividend of 4% less 26% taxation and 6% tax exempt | - | 5,423,231 | - | 8.92 |
| First and final dividend of 8% less 26% taxation and 7% tax exempt | 7,855,171 | - | 12.92 | - |

Notes to the Financial Statements 31 March 2009 (Contd.)

10. Dividends (Contd.)

At the forthcoming Annual General Meeting, a first and final dividend in respect of the financial year ended 31 March 2008, of 8% less 25% taxation and 9% tax exempt on 60,798,534 ordinary shares, amounting to a dividend payable of RM9,119,780 (15 sen net per ordinary 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 equity as an appropriation of retained earnings in the financial year ending 31 March 2010.

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 |
|--|------------------------------|-------------------------|---|---|---------------------------------------|-------------|
| Economic Entity | | | | | | |
| At 31 March 2009 | | | | | | |
| Cost/valuation | | | | | | |
| At 1 April 2008 | 34,540,245 | 6,230,390 | 125,655,464 | 2,258,349 | - | 168,684,448 |
| Additions | 2,711,699 | 1,448,880 | 6,736,695 | 909,012 | 10,263,374 | 22,069,660 |
| Disposals | - | (1,313,015) | - | - | - | (1,313,015) |
| Written off | - | - | (7,662,496) | (341,913) | - | (8,004,409) |
| At 31 March 2009 | 37,251,944 | 6,366,255 | 124,729,663 | 2,825,448 | 10,263,374 | 181,436,684 |
| Representing: | | | | | | |
| At cost | 29,588,908 | 6,366,255 | 124,729,663 | 2,825,448 | 10,263,374 | 173,773,648 |
| At valuation | 7,663,036 | - | - | - | - | 7,663,036 |
| | 37,251,944 | 6,366,255 | 124,729,663 | 2,825,448 | 10,263,374 | 181,436,684 |
| Accumulated depreciation and impairment | | | | | | |
| At 1 April 2008 | | | | | | |
| Accumulated depreciation | 23,447,670 | 3,726,560 | 92,806,948 | 1,667,003 | - | 121,648,181 |
| Impairment losses | - | - | 633,903 | - | - | 633,903 |
| | 23,447,670 | 3,726,560 | 93,440,851 | 1,667,003 | - | 122,282,084 |
| Depreciation charge for the year (Note 6) | 1,864,514 | 510,691 | 6,278,389 | 183,860 | - | 8,837,454 |
| Disposals | - | (1,291,223) | - | - | - | (1,291,223) |
| Written off | - | - | (7,625,039) | (310,609) | - | (7,935,648) |
| At 31 March 2009 | 25,312,184 | 2,946,028 | 92,094,201 | 1,540,254 | - | 121,892,667 |

Notes to the Financial Statements 31 March 2009 (Contd.)

11. Property, plant and equipment (Contd.)

| | Land and buildings* RM | Motor vehicles RM | Plant, machinery and equipment RM | Furniture, fixtures and fittings RM | Capital work-in- progress RM | Total RM |
|--|------------------------------|-------------------------|---|---|---------------------------------------|-------------------|
| Economic Entity (contd.) | | | | | | |
| Analysed as: | | | | | | |
| Accumulated depreciation | 25,312,184 | 2,946,028 | 92,084,589 | 1,540,254 | - | 121,258,764 |
| Impairment losses | - | - | 9,612 | - | - | 633,903 |
| | 25,312,184 | 2,946,028 | 92,094,201 | 1,540,254 | - | 121,892,667 |
| Net carrying amount | 11,939,760 | 3,420,227 | 32,635,462 | 1,285,194 | 10,263,374 | 59,544,017 |
| At 31 March 2008 | | | | | | |
| Cost/valuation | | | | | | |
| At 1 April 2007 | 32,835,111 | 7,092,061 | 128,092,128 | 2,102,617 | - | 170,121,917 |
| Additions | 1,737,494 | 517,440 | 6,075,547 | 298,270 | - | 8,628,751 |
| Disposals | - | (1,379,111) | (4,209,101) | - | - | (5,588,212) |
| Written off | (32,360) | - | (4,303,110) | (142,538) | - | (4,478,008) |
| At 31 March 2008 | 34,540,245 | 6,230,390 | 125,655,464 | 2,258,349 | - | 168,684,448 |
| Representing: | | | | | | |
| At cost | 26,877,209 | 6,230,390 | 125,655,464 | 2,258,349 | - | 161,021,412 |
| At valuation | 7,663,036 | - | - | - | - | 7,663,036 |
| | 34,540,245 | 6,230,390 | 125,655,464 | 2,258,349 | - | 168,684,448 |
| Accumulated depreciation and impairment | | | | | | |
| At 1 April 2007 | | | | | | |
| Accumulated depreciation | 21,840,433 | 4,682,508 | 94,794,514 | 1,674,994 | - | 122,992,449 |
| Impairment losses | - | - | 804,717 | - | - | 804,717 |
| | 21,840,433 | 4,682,508 | 95,599,231 | 1,674,994 | - | 123,797,166 |
| Depreciation charge for the year (Note 6) | 1,618,024 | 423,163 | 6,081,242 | 119,958 | - | 8,242,387 |
| Disposals | - | (1,379,111) | (4,209,101) | - | - | (5,588,212) |
| Written off | (10,787) | - | (4,030,521) | (127,949) | - | (4,169,257) |
| At 31 March 2008 | 23,447,670 | 3,726,560 | 93,440,851 | 1,667,003 | - | 122,282,084 |

Notes to the Financial Statements 31 March 2009 (Contd.)

11. Property, plant and equipment (Contd.)

| | Land and buildings* RM | Motor vehicles RM | Plant, machinery and equipment RM | Furniture, fixtures and fittings RM | Capital work-in- progress RM | Total RM |
|--|------------------------------|-------------------------|---|---|---------------------------------------|-------------------|
| Economic Entity (contd.) | | | | | | |
| Analysed as: | | | | | | |
| Accumulated depreciation | 23,447,670 | 3,726,560 | 92,806,948 | 1,667,003 | - | 121,648,181 |
| Impairment losses | - | - | 633,903 | - | - | 633,903 |
| | 23,447,670 | 3,726,560 | 93,440,851 | 1,667,003 | - | 122,282,084 |
| Net carrying amount | 11,092,575 | 2,503,830 | 32,214,613 | 591,346 | - | 46,402,364 |
| Company | | | | | | |
| At 31 March 2009 | | | | | | |
| Cost/valuation | | | | | | |
| At 1 April 2008 | 35,795,141 | 6,230,390 | 125,655,464 | 2,258,349 | - | 169,939,344 |
| Additions | 2,711,699 | 1,448,880 | 6,736,695 | 909,012 | 10,263,374 | 22,069,660 |
| Disposals | - | (1,313,015) | - | - | - | (1,313,015) |
| Written off | - | - | (7,662,496) | (341,913) | - | (8,004,409) |
| At 31 March 2009 | 38,506,840 | 6,366,255 | 124,729,663 | 2,825,448 | 10,263,374 | 182,691,580 |
| Representing: | | | | | | |
| At cost | 30,843,804 | 6,366,255 | 124,729,663 | 2,825,448 | 10,263,374 | 175,028,544 |
| At valuation | 7,663,036 | - | - | - | - | 7,663,036 |
| | 38,506,840 | 6,366,255 | 124,729,663 | 2,825,448 | 10,263,374 | 182,691,580 |
| Accumulated depreciation and impairment | | | | | | |
| At 1 April 2008 | 23,447,670 | 3,726,560 | 92,806,948 | 1,667,003 | - | 121,648,181 |
| Accumulated depreciation | - | - | 633,903 | - | - | 633,903 |
| Impairment losses | - | - | - | - | - | - |
| | 23,447,670 | 3,726,560 | 93,440,851 | 1,667,003 | - | 122,282,084 |
| Depreciation charge for the year (Note 6) | 1,864,514 | 510,691 | 6,278,389 | 183,860 | - | 8,837,454 |
| Disposals | - | (1,291,223) | - | - | - | (1,291,223) |
| Written off | - | - | (7,625,039) | (310,609) | - | (7,935,648) |
| At 31 March 2009 | 25,312,184 | 2,946,028 | 92,094,201 | 1,540,254 | - | 121,892,667 |

Notes to the Financial Statements 31 March 2009 (Contd.)

11. Property, plant and equipment (Contd.)

| | Land and buildings* RM | Motor vehicles RM | Plant, machinery and equipment RM | Furniture, fixtures and fittings RM | Capital work-in- progress RM | Total RM |
|--|------------------------------|-------------------------|---|---|---------------------------------------|-------------------|
| Company (contd.) | | | | | | |
| Analysed as: | | | | | | |
| Accumulated depreciation | 25,312,184 | 2,946,028 | 92,084,589 | 1,540,254 | - | 121,883,055 |
| Impairment losses | - | - | 9,612 | - | - | 9,612 |
| | 25,312,184 | 2,946,028 | 92,094,201 | 1,540,254 | - | 121,892,667 |
| Net carrying amount | 13,194,656 | 3,420,227 | 32,635,462 | 1,285,194 | 10,263,374 | 60,798,913 |
| At 31 March 2008 | | | | | | |
| Cost/valuation | | | | | | |
| At 1 April 2007 | 32,835,111 | 7,092,061 | 128,092,128 | 2,102,617 | - | 170,121,917 |
| Additions | 2,992,390 | 517,440 | 6,075,547 | 298,270 | - | 9,883,647 |
| Disposals | - | (1,379,111) | (4,209,101) | - | - | (5,588,212) |
| Written off | (32,360) | - | (4,303,110) | (142,538) | - | (4,478,008) |
| At 31 March 2008 | 35,795,141 | 6,230,390 | 125,655,464 | 2,258,349 | - | 169,939,344 |
| Representing: | | | | | | |
| At cost | 28,132,105 | 6,230,390 | 125,655,464 | 2,258,349 | - | 162,276,308 |
| At valuation | 7,663,036 | - | - | - | - | 7,663,036 |
| | 35,795,141 | 6,230,390 | 125,655,464 | 2,258,349 | - | 169,939,344 |
| Accumulated depreciation and impairment | | | | | | |
| At 1 April 2007 | | | | | | |
| Accumulated depreciation | 21,840,433 | 4,682,508 | 94,794,514 | 1,674,994 | - | 122,992,449 |
| Impairment losses | - | - | 804,717 | - | - | 804,717 |
| | 21,840,433 | 4,682,508 | 95,599,231 | 1,674,994 | - | 123,797,166 |
| Depreciation charge for the year (Note 6) | 1,618,024 | 423,163 | 6,081,242 | 119,958 | - | 8,242,387 |
| Disposals | - | (1,379,111) | (4,209,101) | - | - | (5,588,212) |
| Written off | (10,787) | - | (4,030,521) | (127,949) | - | (4,169,257) |
| At 31 March 2008 | 23,447,670 | 3,726,560 | 93,440,851 | 1,667,003 | - | 122,282,084 |

Notes to the Financial Statements 31 March 2009 (Contd.)

11. Property, plant and equipment (Contd.)

| | Land and buildings* RM | Motor vehicles RM | Plant, machinery and equipment RM | Furniture, fixtures and fittings RM | Capital work-in- progress RM | Total RM |
|--|------------------------------|-------------------------|---|---|---------------------------------------|-------------|
|--|------------------------------|-------------------------|---|---|---------------------------------------|-------------|

Company (contd.)

Analysed as:

| | | | | | | |
|--------------------------|-------------------|------------------|-------------------|------------------|----------|--------------------|
| Accumulated depreciation | 23,447,670 | 3,726,560 | 92,806,948 | 1,667,003 | - | 121,648,181 |
| Impairment losses | - | - | 633,903 | - | - | 633,903 |
| | <u>23,447,670</u> | <u>3,726,560</u> | <u>93,440,851</u> | <u>1,667,003</u> | <u>-</u> | <u>122,282,084</u> |
| Net carrying amount | <u>12,347,471</u> | <u>2,503,830</u> | <u>32,214,613</u> | <u>591,346</u> | <u>-</u> | <u>47,657,260</u> |

Except for freehold land and buildings which are stated at valuations all other property, plant and equipment are stated at cost less accumulated depreciation. Analysis of assets held at valuation are as follows:

* Land and buildings

| | Freehold land RM | Buildings RM | Total RM |
|--|------------------------|-----------------|-------------|
|--|------------------------|-----------------|-------------|

Economic Entity

Cost/valuation

| | | | |
|------------------|---------------|-------------------|-------------------|
| At 1 April 2007 | 71,525 | 32,763,586 | 32,835,111 |
| Additions | - | 1,737,494 | 1,737,494 |
| Written off | - | (32,360) | (32,360) |
| At 31 March 2008 | <u>71,525</u> | <u>34,468,720</u> | <u>34,540,245</u> |
| At 1 April 2008 | 71,525 | 34,468,720 | 34,540,245 |
| Additions | - | 2,711,699 | 2,711,699 |
| At 31 March 2009 | <u>71,525</u> | <u>37,180,419</u> | <u>37,251,944</u> |

Representing:

| | | | |
|--------------|---------------|-------------------|-------------------|
| At cost | - | 29,588,908 | 29,588,908 |
| At valuation | <u>71,525</u> | <u>7,591,511</u> | <u>7,663,036</u> |
| | <u>71,525</u> | <u>37,180,419</u> | <u>37,251,944</u> |

Notes to the Financial Statements 31 March 2009 (Contd.)

11. Property, plant and equipment (Contd.)

* Land and buildings (contd.)

| | Freehold land RM | Buildings RM | Total RM |
|---------------------------------|------------------------|-----------------|-------------|
| Economic Entity (contd.) | | | |
| Accumulated depreciation | | | |
| At 1 April 2007 | - | 21,840,433 | 21,840,433 |
| Charge for the year | - | 1,618,024 | 1,618,024 |
| Written off | - | (10,787) | (10,787) |
| At 31 March 2008 | - | 23,447,670 | 23,447,670 |
| At 1 April 2008 | - | 23,447,670 | 23,447,670 |
| Charge for the year | - | 1,864,514 | 1,864,514 |
| At 31 March 2009 | - | 25,312,184 | 25,312,184 |
| Net book value | | | |
| At 31 March 2008 | | | |
| At cost | - | 11,021,050 | 11,021,050 |
| At valuation | 71,525 | - | 71,525 |
| | 71,525 | 11,021,050 | 11,092,575 |
| At 31 March 2009 | | | |
| At cost | - | 11,868,235 | 11,868,235 |
| At valuation | 71,525 | - | 71,525 |
| | 71,525 | 11,868,235 | 11,939,760 |
| Company | | | |
| Cost/valuation | | | |
| At 1 April 2007 | 71,525 | 32,763,586 | 32,835,111 |
| Additions | - | 2,992,390 | 2,992,390 |
| Written off | - | (32,360) | (32,360) |
| At 31 March 2008 | 71,525 | 35,723,616 | 35,795,141 |
| At 1 April 2008 | 71,525 | 35,723,616 | 35,795,141 |
| Additions | - | 2,711,699 | 2,711,699 |
| At 31 March 2009 | 71,525 | 38,435,315 | 38,506,840 |

Notes to the Financial Statements 31 March 2009 (Contd.)

11. Property, plant and equipment (Contd.)

* Land and buildings (contd.)

| | Freehold land RM | Buildings RM | Total RM |
|---------------------------------|------------------------|-----------------|-------------|
| Company (contd.) | | | |
| Representing: | | | |
| At cost | - | 30,843,804 | 30,843,804 |
| At valuation | 71,525 | 7,591,511 | 7,663,036 |
| | 71,525 | 38,435,315 | 38,506,840 |
| Accumulated depreciation | | | |
| At 1 April 2007 | - | 21,840,433 | 21,840,433 |
| Charge for the year | - | 1,618,024 | 1,618,024 |
| Written off | - | (10,787) | (10,787) |
| At 31 March 2008 | - | 23,447,670 | 23,447,670 |
| At 1 April 2008 | - | 23,447,670 | 23,447,670 |
| Charge for the year | - | 1,864,514 | 1,864,514 |
| At 31 March 2009 | - | 25,312,184 | 25,312,184 |
| Net book value | | | |
| At 31 March 2008 | | | |
| At cost | - | 12,275,946 | 12,275,946 |
| At valuation | 71,525 | - | 71,525 |
| | 71,525 | 12,275,946 | 12,347,471 |
| At 31 March 2009 | | | |
| At cost | - | 13,123,131 | 13,123,131 |
| At valuation | 71,525 | - | 71,525 |
| | 71,525 | 13,123,131 | 13,194,656 |

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

| | 2009 RM | 2008 RM |
|----------------------------------|------------|------------|
| At cost: | | |
| Buildings | 17,477,207 | 17,477,207 |
| Motor vehicles | 637,273 | 1,887,119 |
| Plant, machinery and equipment | 66,568,037 | 67,929,822 |
| Furniture, fixtures and fittings | 1,005,175 | 1,155,494 |
| | 85,687,692 | 88,449,642 |

Notes to the Financial Statements 31 March 2009 (Contd.)

11. Property, plant and equipment (Contd.)

* Land and buildings (contd.)

- (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.

These land and buildings have continued to be stated on the basis of their 1984 valuation as allowed by the transitional provisions issued by the Malaysian Accounting Standards Board upon adoption of International Accounting Standard 16(Revised), Property, Plant and Equipment.

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.

12. Prepaid land lease payments

The prepaid land lease is amortised over the period of the respective leases which range from 58 years to 83 years.

| | 2009 RM | 2008 RM |
|------------------------------------|-------------------|-------------------|
| Economic Entity | | |
| At 1 April | 35,866,381 | 23,081,794 |
| Additions | - | 13,283,133 |
| Amortisation for the year (Note 6) | (696,774) | (498,546) |
| At 31 March | <u>35,169,607</u> | <u>35,866,381</u> |
| Analysed as: | | |
| Long term leasehold land | 34,472,833 | 35,169,607 |
| Short term leasehold land | 696,774 | 696,774 |
| | <u>35,169,607</u> | <u>35,866,381</u> |
| Company | | |
| At 1 April | 40,207,748 | 23,081,794 |
| Additions | - | 17,624,500 |
| Amortisation for the year (Note 6) | (696,774) | (498,546) |
| At 31 March | <u>39,510,974</u> | <u>40,207,748</u> |
| Analysed as: | | |
| Long term leasehold land | 38,814,200 | 39,510,974 |
| Short term leasehold land | 696,774 | 696,774 |
| | <u>39,510,974</u> | <u>40,207,748</u> |

Notes to the Financial Statements 31 March 2009 (Contd.)

13. Investment in associate

| | Economic Entity | | Company | |
|------------------------------------|------------------|------------------|------------------|------------------|
| | 2009 RM | 2008 RM | 2009 RM | 2008 RM |
| Unquoted shares at cost | 1,348,751 | 1,348,751 | 1,348,751 | 1,348,751 |
| Share of post-acquisition reserves | 1,763,850 | 1,871,697 | - | - |
| | <u>3,112,601</u> | <u>3,220,448</u> | <u>1,348,751</u> | <u>1,348,751</u> |

The financial year end of 31 December of associate is not co-terminous with those of the Company. For the purpose of applying the equity method of accounting, the management accounts of the associate for the period ended 31 March 2009 have been used.

The associate company has been placed under member's voluntary winding up on 1 July 2008.

The summarised financial statements of the associate which is based on the accounts as at 31 March 2009 are as follows:

| | 2009 RM | 2008 RM |
|-------------------------------|------------------|-------------------|
| Assets and liabilities | | |
| Current assets | 7,994,062 | 9,365,897 |
| Non-current assets | - | 25,000 |
| Total assets | <u>7,994,062</u> | <u>9,390,897</u> |
| Current liabilities | <u>1,641,816</u> | <u>2,818,555</u> |
| Results | | |
| Revenue | - | 746,911 |
| (Loss)/Profit for the year | <u>(220,093)</u> | <u>12,653,612</u> |

Details of the associated company are as follows:

| Name of Company | Country of incorporation | Principal activities | Effective interests (%) | |
|---|--------------------------|-------------------------------------|-------------------------|------|
| | | | 2009 | 2008 |
| Malaysia Ve-Tsin Manufacturing Co. Bhd. | Malaysia | Under member's voluntary winding up | 49 | 49 |

Notes to the Financial Statements 31 March 2009 (Contd.)

14. Other investments

| | Economic Entity and Company | |
|---|--------------------------------|-----------------|
| | 2009 RM | 2008 RM |
| Quoted shares in a Malaysian corporation, at cost | 1,086,563 | 1,086,563 |
| Less: Impairment loss | (224,686) | - |
| | <hr/> 861,877 | <hr/> 1,086,563 |
| Transferable club memberships | 364,000 | 268,000 |
| Less: Impairment loss | (102,500) | (102,500) |
| | <hr/> 261,500 | <hr/> 165,500 |
| | <hr/> 1,123,377 | <hr/> 1,252,063 |
| Market value of quoted shares in Malaysia | <hr/> 861,877 | <hr/> 1,219,241 |

15. Inventories

| | Economic Entity and Company | |
|-----------------------------|--------------------------------|------------------|
| | 2009 RM | 2008 RM |
| Cost | | |
| Raw materials | 19,672,415 | 16,157,202 |
| Consumables | 3,242,972 | 2,004,205 |
| Work-in-progress | 1,185,927 | 3,750,852 |
| Finished goods | 22,255,239 | 9,301,147 |
| | <hr/> 46,356,553 | <hr/> 31,213,406 |
| Net realisable value | | |
| Finished goods | - | 1,169,849 |
| | <hr/> 46,356,553 | <hr/> 32,383,255 |

The cost of inventories recognised as an expense during the financial year amounted to RM153,936,987 (2008: RM119,548,285).

Notes to the Financial Statements 31 March 2009 (Contd.)

16. Trade and other receivables

| | Economic Entity and Company | |
|--|--------------------------------|------------|
| | 2009 RM | 2008 RM |
| Current | | |
| Trade receivables | | |
| Third parties | 19,366,153 | 19,516,550 |
| Fellow subsidiaries | 7,821,673 | 5,232,900 |
| Affiliated company | 5,060 | - |
| Associates | - | 41,937 |
| | <hr/> | <hr/> |
| | 27,192,886 | 24,791,387 |
| Less: Provision for doubtful debts - Third parties | (252,058) | (241,705) |
| | <hr/> | <hr/> |
| Trade receivables, net | 26,940,828 | 24,549,682 |
| | <hr/> | <hr/> |
| Other receivables | | |
| Deposits | 280,895 | 286,507 |
| Prepayments | 873,643 | 1,131,443 |
| Other receivables | 2,074,485 | 1,966,397 |
| | <hr/> | <hr/> |
| | 3,229,023 | 3,384,347 |
| Less: Provision for doubtful debts | (70,349) | (70,349) |
| | <hr/> | <hr/> |
| Other receivables, net | 3,158,674 | 3,313,998 |
| | <hr/> | <hr/> |
| Total | 30,099,502 | 27,863,680 |

The Company's normal trade credit term ranges from 14 days to 90 days (2008: 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 risks in the form of outstanding balances due from 1 (2008: 2) customers representing approximately 18% (2008: 25%) of the total trade receivables. The balances due from fellow subsidiaries forms significant concentration of credit risk to the Company as well.

The amounts due from fellow subsidiaries and associates are unsecured, interest free and credit terms ranges from 30 days to 90 days (2008: 30 days to 90 days).

17. Cash and cash equivalents

| | Economic Entity and Company | |
|------------------------------|--------------------------------|------------|
| | 2009 RM | 2008 RM |
| Cash on hand and at banks | 4,490,491 | 5,919,907 |
| Deposits with licensed banks | 38,731,499 | 60,273,740 |
| | <hr/> | <hr/> |
| Cash and bank balances | 43,221,990 | 66,193,647 |

Notes to the Financial Statements 31 March 2009 (Contd.)

17. Cash and cash equivalents (Contd.)

The interest rates relating to deposits with licensed banks at the balance sheet date vary from 1.50% to 3.00% (2008: 2.60% to 4.85%) per annum.

The maturities of the deposits with licensed banks as at the the balance sheet date vary from 2 days to 87 days (2008: 7 days to 87 days).

18. Employee benefits

Retirement 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.

| | Economic Entity and Company | |
|---|--------------------------------|-----------|
| | 2009 | 2008 |
| | RM | RM |
| At 1 April | 4,758,600 | 4,534,179 |
| Amount recognised in the income statement (Note 5) | 1,486,408 | 907,398 |
| Less: Contributions paid | (872,179) | (682,977) |
| At 31 March | 5,372,829 | 4,758,600 |
| The amounts recognised in the balance sheet are determined as follows: | | |
| Present value of defined contribution obligation recognised as liabilities in the balance sheet | 5,372,829 | 4,758,600 |
| Analysed as: | | |
| Current | 320,578 | 296,972 |
| Non-current | 5,052,251 | 4,461,628 |
| | 5,372,829 | 4,758,600 |
| The amounts recognised in the income statements are as follows: | | |
| Current service cost | 1,114,563 | 628,615 |
| Interest cost | 371,845 | 278,783 |
| | 1,486,408 | 907,398 |

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

Notes to the Financial Statements 31 March 2009 (Contd.)

19. Trade and other payables

| | Economic Entity and Company | |
|-----------------------|-----------------------------|------------|
| | 2009 RM | 2008 RM |
| Trade payables | | |
| Third parties | 5,502,422 | 9,952,346 |
| Holding company | 55,116 | 135,457 |
| Fellow subsidiaries | 3,078,448 | 7,409,417 |
| Affiliated companies | 252,673 | 205,305 |
| | <hr/> | <hr/> |
| | 8,888,659 | 17,702,525 |
| | <hr/> | <hr/> |
| Other payables | | |
| Holding company | 1,453,001 | 1,292,505 |
| Accruals | 4,303,310 | 3,789,052 |
| Other payables | 8,212,269 | 5,446,727 |
| | <hr/> | <hr/> |
| | 13,968,580 | 10,528,284 |
| | <hr/> | <hr/> |
| | 22,857,239 | 28,230,809 |
| | <hr/> | <hr/> |

The normal trade credit terms granted to the Economic Entity and the Company ranges from 30 to 60 days (2008: 30 to 60 days).

The amounts due to related and holding companies are unsecured, interest free and have credit terms of 30 days (2008: 30 days).

20. Deferred taxation

| | Economic Entity and Company | |
|--|-----------------------------|-------------|
| | 2009 RM | 2008 RM |
| At 1 April | 4,088,518 | 3,878,168 |
| Recognised in income statement (Note 8) | 398,807 | 210,350 |
| | <hr/> | <hr/> |
| At 31 March | 4,487,325 | 4,088,518 |
| | <hr/> | <hr/> |
| Presented after appropriate offsetting as follows: | | |
| Deferred tax assets | (1,474,055) | (1,657,401) |
| Deferred tax liabilities | 5,961,380 | 5,745,919 |
| | <hr/> | <hr/> |
| | 4,487,325 | 4,088,518 |
| | <hr/> | <hr/> |

Notes to the Financial Statements 31 March 2009 (Contd.)

20. Deferred taxation (Contd.)

Deferred tax assets of the Economic Entity and the Company:

| | Post-employment benefit obligations RM | Provision for liabilities RM | Provision for doubtful debts RM | Total RM |
|------------------------------------|---|---------------------------------------|--|-------------|
| At 1 April 2008 | 1,237,236 | 360,313 | 59,852 | 1,657,401 |
| Recognised in the income statement | 103,853 | (290,702) | 3,503 | (183,346) |
| At 31 March 2009 | 1,341,089 | 69,611 | 63,355 | 1,474,055 |
| At 1 April 2007 | 1,224,228 | 319,530 | 32,179 | 1,575,937 |
| Recognised in the income statement | 13,008 | 40,783 | 27,673 | 81,464 |
| At 31 March 2008 | 1,237,236 | 360,313 | 59,852 | 1,657,401 |

Deferred tax liabilities of the Economic Entity and the Company:

| | Revaluation reserves RM | Accelerated capital allowances RM | Total RM |
|------------------------------------|-------------------------------|--|-------------|
| At 1 April 2008 | 2,468,141 | 3,277,778 | 5,745,919 |
| Recognised in the income statement | (137,245) | 352,706 | 215,461 |
| At 31 March 2009 | 2,330,896 | 3,630,484 | 5,961,380 |
| At 1 April 2007 | 2,608,771 | 2,845,334 | 5,454,105 |
| Recognised in the income statement | (140,630) | 432,444 | 291,814 |
| At 31 March 2008 | 2,468,141 | 3,277,778 | 5,745,919 |

21. Share capital and share premium

| | Number of ordinary shares of RM1 each | | Amount | |
|-------------------------------|--|------------|------------|------------|
| | 2009 RM | 2008 RM | 2009 RM | 2008 RM |
| Authorised: | | | | |
| At 1 April / 31 March | 80,000,000 | 80,000,000 | 80,000,000 | 80,000,000 |
| Issued and fully paid: | | | | |
| At 1 April / 31 March | 60,798,534 | 60,798,534 | 60,798,534 | 60,798,534 |

Notes to the Financial Statements 31 March 2009 (Contd.)

21. Share capital and share premium (Contd.)

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

The share premium account is not available for distribution but may be applied for bonus issue of shares.

22. Reserves

| | Economic Entity | | Company | |
|---------------------------|--------------------|--------------------|--------------------|--------------------|
| | 2009 RM | 2008 RM | 2009 RM | 2008 RM |
| Non-distributable: | | | | |
| Revaluation reserves | 6,776,877 | 6,898,748 | 6,776,877 | 6,898,748 |
| Distributable: | | | | |
| Retained earnings | 113,585,473 | 102,354,408 | 117,417,886 | 106,078,974 |
| | <u>120,362,350</u> | <u>109,253,156</u> | <u>124,194,763</u> | <u>112,977,722</u> |

(a) Revaluation reserves

The revaluation reserves is used to record increases in the fair value of the leasehold land and building; and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in equity.

(b) Retained earnings

In the past, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 31 March 2009 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007.

As at 31 March 2009, the Company has tax exempt profits available for distribution of approximately RM73,470,000 (2008: RM71,514,000), 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 2009.

(c) Other reserves

Other reserves represents the Company's share of associate's revaluation reserve.

Notes to the Financial Statements 31 March 2009 (Contd.)

23. Capital commitments

| | 2009 RM | 2008 RM |
|----------------------------------|------------|------------|
| Capital expenditure | | |
| Approved but not contracted for: | | |
| Property, plant and equipment | 19,112,200 | 21,420,800 |

24. Related party disclosures

- (a) In addition to the transactions detailed elsewhere in the financial statements, the Economic Entity and the Company had the following transactions with related parties during the financial year:

| | 2009 RM | 2008 RM |
|---|--------------|--------------|
| Economic Entity | | |
| (i) Transactions with associated companies: | | |
| Purchases from Malaysia Ve-Tsin Manufacturing Co. Bhd. | - | 454,363 |
| Management fees received from Malaysia Ve-Tsin Manufacturing Co. Bhd. | - | 27,000 |
| Rental received from Malaysia Ve-Tsin Manufacturing Co. Bhd. | - | 5,412 |
| Rental paid to Malaysia Ve-Tsin Manufacturing Co. Bhd. | - | 474,452 |
| (ii) Transactions with holding company and its subsidiaries: | | |
| Commission income | 729,819 | 611,732 |
| Royalties payable | (5,628,759) | (5,011,553) |
| Sales | 38,983,458 | 18,339,279 |
| Purchases | (95,092,371) | (66,597,110) |
| Purchases of assets | (2,514,636) | (137,281) |
| Promotional expenses | (351,545) | (261,432) |
| Other expenses | (129,296) | (387,602) |
| Company | | |
| (i) Transactions with associated companies: | | |
| Purchases from Malaysia Ve-Tsin Manufacturing Co. Bhd. | - | 454,363 |
| Management fees received from Malaysia Ve-Tsin Manufacturing Co. Bhd. | - | 27,000 |
| Dividend from Malaysia Ve-Tsin Manufacturing Co. Bhd. | - | 13,712,147 |
| Purchases of assets from Malaysia Ve-Tsin Manufacturing Co. Bhd. | 14,400 | 19,350,000 |
| Rental received from Malaysia Ve-Tsin Manufacturing Co. Bhd. | - | 5,412 |
| Rental paid to Malaysia Ve-Tsin Manufacturing Co. Bhd. | - | 474,452 |
| (ii) Transactions with holding company and its subsidiaries: | | |
| Commission income | 729,819 | 611,732 |
| Royalties payable | (5,628,759) | (5,011,553) |
| Sales | 38,983,458 | 18,339,279 |
| Purchases | (95,092,371) | (66,597,110) |
| Purchases of assets | (2,514,636) | (137,281) |
| Promotional expenses | (351,545) | (261,432) |
| Other expenses | (129,296) | (387,602) |

Notes to the Financial Statements 31 March 2009 (Contd.)

24. Related party disclosures (Contd.)

(a) 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 negotiated terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

(b) Compensation of key management personnel

The directors of the Company are the key management personnel during the year whose remuneration is disclosed in Note 7.

25. Financial instruments

(a) Financial risk management objectives and policies

The Economic Entity's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Economic Entity's businesses whilst managing its interest rate risks (both fair value and cash flow), foreign currency risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Economic Entity's policy that no trading in derivative financial instruments shall be undertaken.

(b) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Economic Entity has no significant interest-bearing financial assets, the Economic Entity's income and operating cash flows are substantially independent of changes in market interest rates. The Economic Entity's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits.

(c) Foreign currency risk

The Economic Entity is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States Dollar (USD), Singapore Dollar (SGD) and Japanese Yen (Yen). Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level. Approximately 30% of the Company's sales are denominated in currencies other than the unit's functional currency of the operating unit making the sale, whilst almost 70% of costs are denominated in the unit's functional currency.

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

| Functional currency of Economic Entity | Net financial assets/(liabilities) held in non-functional currency | | | | | Total RM |
|--|--|------------------|---------------------|-----------------|----------|------------|
| | United States Dollar RM | Brunei Dollar RM | Singapore Dollar RM | Japanese Yen RM | Euro RM | |
| At 31 March 2009 | | | | | | |
| Ringgit Malaysia | 10,352,813 | 368,041 | 785,591 | (526,117) | (21,987) | 10,958,341 |
| At 31 March 2008 | | | | | | |
| Ringgit Malaysia | 2,539,094 | 630,030 | 1,161,121 | (238,713) | - | 4,091,532 |

Notes to the Financial Statements 31 March 2009 (Contd.)

25. Financial instruments (Contd.)

(c) Foreign currency risk (contd.)

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

All gains or losses on foreign exchange transactions are recognised as income or expenses upon settlement.

(d) Liquidity risk

The Economic Entity manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Economic Entity maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Economic Entity strives to maintain available banking facilities at a reasonable level to its overall cash flow position.

(e) Credit risk

The Economic Entity's credit risk is primarily attributable to trade receivables. The Economic Entity trades only with recognised and creditworthy third parties. It is the Economic Entity's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Economic Entity's exposure to bad debts is not significant. Since the Economic Entity trades only with recognised and creditworthy third parties, there is no requirement for collateral.

The credit risk of the Economic Entity's other financial assets, which comprise cash and cash equivalents, marketable securities and non-current investments, arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets.

The Economic Entity does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial assets other than as disclosed in Note 16.

(f) Fair values

The carrying amounts of financial assets and liabilities of the Economic Entity and of the Company at the balance sheet date approximated their fair values except for the following:

| | Economic Entity | | Company | |
|--|--------------------------|---------------------|--------------------------|---------------------|
| | Carrying amount RM | Fair value RM | Carrying amount RM | Fair value RM |
| At 31 March 2009 | | | | |
| Financial assets | | | | |
| Non-current unquoted shares in associate | 3,112,601 | * | 1,348,751 | * |
| Amounts due from fellow subsidiaries | 4,743,225 | # | 4,743,225 | # |
| Financial liabilities | | | | |
| Amounts due to | | | | |
| - holding company | 1,508,117 | # | 1,508,117 | # |
| - affiliated companies | 247,613 | # | 247,613 | # |

Notes to the Financial Statements 31 March 2009 (Contd.)

25. Financial instruments (Contd.)

(f) Fair values (contd.)

| | Economic Entity | | Company | |
|--|-----------------|------------|-----------------|------------|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| | RM | RM | RM | RM |

At 31 March 2008

Financial assets

| | | | | |
|--|-----------|---|-----------|---|
| Non-current unquoted shares in associate | 3,220,448 | * | 1,348,751 | * |
| Amounts due from associates | 41,937 | # | 41,937 | # |

Financial liabilities

| | | | | |
|------------------------|-----------|---|-----------|---|
| Amounts due to | | | | |
| - holding company | 1,427,962 | # | 1,427,962 | # |
| - fellow subsidiaries | 2,176,517 | # | 2,176,517 | # |
| - affiliated companies | 205,305 | # | 205,305 | # |

* It is not practical to estimate the fair value of the Company's non-current unquoted shares 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 terms entered by the parties involved and without incurring excessive costs.

26. Segmental information

(a) Business segment:

Segmental reporting by business activities has not been prepared as the Economic Entity 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 Economic Entity's assets are located in Malaysia. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers.

| | Malaysia | Middle East | Other Asian Countries | Others | Total |
|--|----------|-------------|-----------------------|--------|-------|
| | RM | RM | RM | RM | RM |

Revenue

| | | | | | |
|------|-------------|------------|------------|-----------|-------------|
| 2009 | 166,009,055 | 19,126,409 | 56,511,225 | 2,192,110 | 243,838,799 |
| 2008 | 147,660,907 | 17,936,438 | 43,784,720 | 6,080,394 | 215,462,459 |

Notes to the Financial Statements 31 March 2009 (Contd.)

27. Comparatives

The following comparative amounts as at 31 March 2008 have been reclassified to conform with current year's presentation:

| | As previously stated RM | Adjustments RM | At restated RM |
|--------------------------|-------------------------------|-------------------|----------------------|
| Staff costs | 27,344,651 | (227,500) | 27,117,151 |
| Other operating expenses | 36,817,675 | 227,500 | 37,045,175 |

List of Properties As At 31 March 2009

| 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) | 33 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) | 44 years | 13,393,481 |
| 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) | 39years | 4,268,458 |
| Land and buildings Lot 5710, Jalan Kuchai Lama, Petaling, Kuala Lumpur | Mining pool | 304,920 sq. ft. | Leasehold expiring on 2062 | 1984 (Revaluation) | 44 years | 1,986,012 |
| Land and buildings Lot 5710, Jalan Kuchai Lama, Petaling, Kuala Lumpur | Factory complex | 85,568 sq. ft. | Leasehold expiring on 15.3.2073 | 1992 | 17 years | 10,337,978 |
| 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 | 17 years | 168,409 |
| Land and buildings Lot 47088, Jalan Kuchai Lama, Petaling, Kuala Lumpur | Industrial land and store | 5,904 sq. mtr. | Leasehold expiring on 20.1.2074 | 2003 | 4 years | 3,118,703 |
| Land and buildings Lot 14300, Jalan Kuchai Lama, Petaling, Kuala Lumpur | Office, warehouse and factory complex | 10,512 sq. mtr. | Leasehold expiring on 5.5.2067 | 2008 | 24-42 years | 4,512,043 |
| Land Lot 23631, Jalan Kuchai Lama, Petaling, Kuala Lumpur | Fencing | 1,426 sq. mtr. | Leasehold expiring on 14.6.2071 | 2008 | - | 621,669 |
| Land and buildings Lot 23630, Jalan Kuchai Lama, Petaling, Kuala Lumpur | Office, warehouse and factory complex | 27,791 sq. mtr. | Leasehold expiring on 31.7.2066 | 2008 | 27 years | 14,227,352 |

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Forty-Eighth Annual General Meeting of the Company will be held at Bukit Jalil Golf Resort & Country Resort, Jalan 3/155B, Bukit Jalil, 57000 Kuala Lumpur on Monday, 17 August 2009 at 11:00 a.m. for the following purposes :-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 March 2009 together with the Reports of the Directors and the Auditors thereon. (Resolution 1)
2. To declare a first and final dividend of 8 sen per share less 25% income tax and 9 sen tax exempt per share for the financial year ended 31 March 2009. (Resolution 2)
3. To approve the payment of Directors' fees for the financial year ended 31 March 2009. (Resolution 3)
4. To re-elect the following Directors who are retiring in accordance with Article 116 of the Company's Articles of Association and being eligible, have offered themselves for re-election:-
 - (a) Mr. Gew Ah Lek (Resolution 4)
 - (b) Dato' Professor (Dr.) Teo Chiang Liang (Resolution 5)
 - (c) Mr. Makoto Tatsumi (Resolution 6)
5. To re-elect Mr. Hiroshi Amano who is retiring in accordance with Article 122 of the Company's Articles of Association and being eligible, has offered himself for re-election. (Resolution 7)
6. To pass the following resolutions pursuant to Section 129(6) of the Companies Act, 1965 :-
 - (a) "That General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim Bin Mohd Ali (Rtd) who is retiring pursuant to Section 129(6) of the Companies Act, 1965, 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)
 - (b) "That Dr. Goh Chin Siew who is retiring pursuant to Section 129(6) of the Companies Act, 1965, 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 9)
 - (c) "That Dato' Hj. Shaharuddin Bin Hj. Haron who is retiring pursuant to Section 129(6) of the Companies Act, 1965, 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 10)
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 11)

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 to such persons 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 12)

Notice Of Annual General Meeting (Contd.)

9. ORDINARY RESOLUTION NO. 2

- PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE AND PROPOSED SHAREHOLDERS' NEW MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

"That subject to the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for :-

- a) Proposed Renewal of Shareholders' Mandate for the Company to enter into and to give effect to the category of the recurrent transactions of a revenue or trading nature from time to time with the Related Party as specified in Section 2.3 of the Circular to Shareholders dated 24 July 2009; and
- b) Proposed Shareholders' New Mandate for the Company to enter into additional recurrent related party transactions of a revenue or trading nature with the Related Party as specified in Section 2.3 of the Circular to Shareholders dated 24 July 2009,

provided that such transactions are :-

- (i) recurrent transactions of a revenue or trading nature;
- (ii) necessary for the Company's day-to-day operations;
- (iii) carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and
- (iv) not to the detriment of minority shareholders

(the "Mandate");

That such authority shall commence upon the passing of this resolution and shall continue to be in force until:-

- (i) the conclusion of the next Annual General Meeting of the Company following the Annual General Meeting at which the Mandate was passed, at which time it will lapse, unless the authority is renewed by a resolution passed at the meeting;
- (ii) the expiration of the period within which the next Annual General Meeting 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 Companies Act, 1965; or
- (iii) revoked or varied by resolution passed by the shareholders in a general meeting; whichever is the earlier;

And further that the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required), as they may consider expedient or necessary to give effect to the Mandate."

(Resolution 13)

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 a first and final dividend of 8 sen per share less 25% income tax and 9 sen tax exempt per share for the financial year ended 31 March 2009 will be payable on 16 September 2009 to depositors whose names appear in the Record of Depositors at the close of business on 28 August 2009 if approved by the members at the Forty-Eighth Annual General Meeting.

Notice Of Annual General Meeting (Contd.)

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 28 August, 2009 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 Securities Berhad.

By Order of the Board

CHUA SIEW CHUAN (MAICSA 0777689)

Company Secretary

Kuala Lumpur

Dated : 24 July 2009

Explanatory Notes To Special Business: -

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

The proposed adoption of the Ordinary Resolution No. 1 is primarily to give flexibility to the Board of Directors to issue and allot shares at any time to such persons 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 and Proposed Shareholders' New Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.

The Proposed Renewal of Shareholders' Mandate and Proposed Shareholders' New 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 the Circular to Shareholders dated 24 July 2009 for more information.

Notes :-

- 1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 10 August 2009 ("General Meeting Record of Depositors") shall be eligible to attend the Meeting.
- 2. 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.
- 3. 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.
- 4. 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.
- 5. The instrument appointing a proxy must be deposited at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, not less than forty-eight (48) hours before the time fixed for holding the meeting or at any adjournment thereof.

Statement Accompanying Notice Of Annual General Meeting

STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING PURSUANT TO PARAGRAPH 8.28 OF BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

Directors standing for re-election/re-appointment

1. Directors who are standing for re-election/re-appointment at the Forty-Eighth Annual General Meeting of the Company to be held at Bukit Jalil Golf Resort & Country Resort, Jalan 3/155B, Bukit Jalil, 57000 Kuala Lumpur on Monday, 17 August 2009 at 11:00 a.m. are as follows:-
 - (a) Mr. Gew Ah Lek
 - (b) Dato' Professor (Dr.) Teo Chiang Liang
 - (c) Mr. Makoto Tatsumi
 - (d) Mr. Hiroshi Amano
 - (e) General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim Bin Mohd Ali (Rtd)
 - (f) Dr. Goh Chin Siew
 - (g) Dato' Hj. Shahrudin Bin Hj. Haron
2. The details of the above Directors who are standing for re-election/re-appointment at the Forty-Eighth Annual General Meeting and the family relationship with any director and/or substantial shareholder of the Company are in the section of "Directors' Profile" and their shareholdings information are listed in the section of "Analysis of Shareholdings" of the Annual Report.

HEALTHY living through the enjoyment of
DELICIOUS FOOD



Corporate Responsibility

Vision of the Ajinomoto Group's Corporate Responsibility

As a truly global company, we are committed to social and environment sustainability. We will contribute towards this goal through the fields of FOOD and HEALTH like no other company can and will strive to earn the trust of the people of the world for generations to come.

This fundamental Corporate Responsibility is intensively nurtured and being practiced in Ajinomoto (Malaysia) Berhad everyday. Indeed, it is our commitment to 3 major stakeholders, they are :-

- **Employee**

We are committed to build a Company where employees are happy to work, confident and take pride as part of the Company.

- **Customer**

We ensure the safety and quality of the products. We continue to improve and develop our products and services in order to achieve the highest customer satisfaction.

- **Environment**

We preserve and enhance the society's quality of life by improving Company's activities in order to sustain the environment in all areas of the Company's operations.

With Our Employees

To establish a transparent & fair organisation, safe workplace, appropriate development & educational plan and a harmonious working atmosphere to our employees, who are the major stakeholders of our Company.

New Human Resource (HR) Management System for Executive

We believe that employees are the most important and essential asset of the Company. The newly established system provides a solid foundation for the Company HR management and functioning as a code of conduct for employees to follow.



◀ Appraisal & Evaluation Workshop to educate our employees on the HR measures.

Occupational Safety & Health

We value human lives as the ultimate asset. Therefore, the management is committed to ensure that the Occupational Safety and Health of all employees within the Company premises are always protected under good management practices. Upgrading and maintaining the Occupational Safety and Health awareness of all employees through information, education and training programs are essential.



◀ Fire fighting training conducted by the Fire and Rescue Department on the fire prevention and rescue.

Occupational Safety and Health awareness training to ensure our employees take the Occupational Safety and Health as common concern and adhere to the good practices at all time.



Training and Development

We are dedicated to develop world-class human resources with high confidence and pride of the Company and its products. A range of comprehensive training programs in educating and updating our employees on the products knowledge and on-trend information are arranged throughout the year. Motivation and skill development trainings have also been arranged to create a positive working atmosphere and foster high caliber human resource.



▲ Sales personnel and promoters training to educate them with products knowledge and cooking skills.

▲ HACCP Pre-requisite Training to equip our employees' essential knowledge on GMP and HACCP.

With Our Employees

Training and Development (cont'd)



▲ Culinary activities to demonstrate the AJINOMOTO® products concept and applications.



▲ Supervision Skill Training to develop capable employees at supervisory level.



▲ Motivation programs in building the team spirit and positive working attitudes amongst the employees.

Recreational Activities

We take care of the employees' recreation by making every effort to establish a pleasure, enjoyable and harmonious environment. This is for the benefits of refreshing our employees' mind and body after a hard day at work.



▲ Sports activities and Annual Dinner for developing and strengthening the relationship amongst employees.



◀ AJI-NO-MOTO® 100th Anniversary Carnival to kick-off the AJI-NO-MOTO® 100th year announcement and enable employees and their family members to get together outdoor, closer to nature.



With Our Customers

To maintain and continuously improve our quality management system, communicate, respect and act on the voice of the customers, keep our products “fresh” to reach the highest level of deliciousness and pursue patronage amongst the customers.

Quality Management

We contribute to the better life for all by providing safe and high-quality products and services. Our operations and management comply with the international quality assurance standards of ISO9001:2000 and HACCP and meet the requirements of the Ministry of Health of Malaysia.



We contribute to a better life for all by providing safe and high-quality products and services.

Relationship with Customers

We collaborate with the customers to create products and services that meet their needs better. We will communicate, respect and act on the voice of the customers to earn the trust and patronage from them.



Customer Service Center serves as an important pipeline of information between customers and AJINOMOTO®.

“AJINOMOTO® Visit” serves by conducting face-to-face communications with the customers.



Brand New Corporate Website for those internet users to explore information about AJINOMOTO® products and activities.

With Our Customers

Relationship with Customers (cont'd)



◀ AJI-NO-MOTO® National Sales Campaign to celebrate the remarkable AJI-NO-MOTO® 100th anniversary with the public community.

“Cintai Malaysia Expo” Exhibition ▶ to increase AJINOMOTO® products awareness and consumers’ demands.



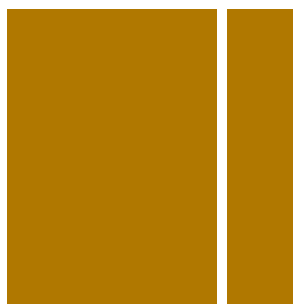
▲ Scientific Symposium in-corporation with the local universities and Scientific Exhibition in the “24th Scientific Conference” organised by the Nutrition Society of Malaysia. These activities are to educate the opinion formers in the field of nutrition, dietetic, food science etc on the recent advances of the umami sensing and physiological stimulates of glutamate and disseminate facts on MSG.



With Our Customers



▲ ▼ VONO® Soup Bar commenced in Klang Valley area around the office buildings, colleges, universities, shopping malls, recreational parks etc.



▲ "Eat Well, Be Well." launching to introduce the campaign to the mass media.



◀ MSG Expansion Project to ensure sufficient supply capacity of MSG both local and abroad.

New Food Development & Application Laboratory equipped with specialised equipments incorporating Good Manufacturing Practice (GMP) to provide innovative and high-quality products to the customers.



With Our Customers

Relationship with Customers (cont'd)



◀ Culinary Activities such as cooking demonstration, cooking class and inter-university cooking competition to promote AJINOMOTO® products' applications and create favourable corporate image.



◀ TUMIX® Roadshows to create awareness and demand for TUMIX®.



For The Global Environment

We regard the environmental matters as one of our priority issues which committed in protecting and improving the environment in all areas of our operations while preserving and enhancing the quality of life for employees, customers and within neighbourhood.

Education & Training

We are working towards to enhance our employees' awareness on environmental issues and communicate with them regarding environmental sustainability through proactive education and training.



◀ ▶ "Smile Earth" Campaign participated by the AJINOMOTO® Group. This project aimed at reducing the environmental impacts in daily life.



▲ "Mottainai", an activity to reuse the dormant resources and distribute to the less privileged families.

For The Global Environment



Environmental Impacts Reduction

We aware and hence formulate comprehensive environmental plans and continuously implement programs for resources and energy conservation in all areas of our operations.

Ajinomoto (Malaysia) Berhad Environment Performance 2008

The Ajinomoto Group Medium to Long Term Environmental Conservation Plan, established in fiscal year 2004 was revised in order to accommodate changes in external and internal circumstances. Ajinomoto (Malaysia) Berhad had also revised its three years plan, 2008 to 2010 according to the new direction. We continue to uphold our commitment to the environment protection and preservation by further reducing environment burden derived from our business activities.

Currently, Ajinomoto (Malaysia) Berhad is moving steadily towards achieving the “2005-2010 Ajinomoto Group Zero Emission Plan”. Planned activities to reduce green house gases had been implemented and continuously improved from time to time. The total nitrogen in the final discharge water was reduced from 20 ppm to below 15 ppm and the solid waste recovery ratio increased from 75% to 92% through proper segregation and recycling activities.

Ajinomoto (Malaysia) Berhad continues making efforts on energy saving activities mainly focusing on reduction of electricity, water and steam consumptions. We successfully achieved significant reduction in 2008 which had contributed to some substantial reduction in our operation cost.

In 2008/09 Ajinomoto (Malaysia) Berhad had successfully extended ISO 14001:2004 certification, which was acquired in February 2006 till March 2010. During the March 2009 re-assessment audit, there was no non-conformity raised by SIRIM QAS. The scope of certification had been also extended to MO which is the newly acquired soya sauce production line.

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Form Of Proxy



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-Eighth Annual General Meeting of the Company to be held at its Bukit Jalil Golf Resort & Country Resort, Jalan 3/155B,Bukit Jalil,57000 Kuala Lumpur on Monday, 17 August 2009 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” | % |
| <hr/> | |
| 100% | |
| <hr/> | |

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. | RESOLUTIONS | FOR | AGAINST |
|-----|--|-----|---------|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 March 2009 together with the Reports of the Directors and the Auditors thereon. | | |
| 2. | To declare a first and final dividend of 8 sen per share less 25% income tax and a special dividend of 9 sen tax exempt per share for the financial year ended 31 March 2009. | | |
| 3. | To approve the payment of Directors’ fees for the financial year ended 31 March 2009. | | |
| 4. | To re-elect Mr. Gew Ah Lek 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 Dato’ Professor (Dr.) Teo Chiang Liang 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 Mr. Makoto Tatsumi who retires in accordance with Article 116 of the Company’s Articles of Association, and being eligible, has offered himself for re-election. | | |

Form Of Proxy (Contd.)

| NO. | RESOLUTIONS | FOR | AGAINST |
|-----|---|-----|---------|
| 7. | To re-elect Mr. Hiroshi Amano 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 General Tan Sri (Dr) Dato’ Paduka Mohamed Hashim Bin Mohd Ali (Rtd) 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 Dr. Goh Chin Siew who is due to retire pursuant to Section 129 of the Companies Act, 1965, and being eligible, has offered himself for re-election. | | |
| 10. | To re-appoint Dato’ Hj. Shaharuddin Bin Hj. Haron who is due to retire pursuant to Section 129 of the Companies Act, 1965, and being eligible, has offered himself for re-election. | | |
| 11. | 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. | | |
| 12. | As Special Business <u>Ordinary Resolution No. 1</u> Authority to issue shares pursuant to Section 132D of the Companies Act, 1965. | | |
| 13. | <u>Ordinary Resolution No. 2</u> Proposed Renewal of Shareholders’ Mandate and Proposed Shareholders’ New Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature. | | |

* Strike out whichever not applicable

As witness my/our hand(s) this day of, 2009

.....
Signature of Member/Common Seal

Notes: -

- In respect of deposited securities, only members whose names appear in the Record of Depositors on 10 August 2009 (“General Meeting Record of Depositors”) shall be eligible to attend the Meeting.
- 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.
- 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.
- 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.
- The instrument appointing a proxy must be deposited at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, not less than forty-eight (48) hours before the time fixed for holding the meeting or at any adjournment thereof.

Form Of Proxy



AJINOMOTO (MALAYSIA) BERHAD (4295-W)

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Form Of Proxy

Stamp

The Company Secretary
AJINOMOTO (MALAYSIA) BERHAD (4295-W)
c/o Securities Services (Holding) Sdn. Bhd.
Level 7, Menara Milenium, Jalan Damanlela,
Pusat Bandar Damansara, Damansara Heights,
50490 Kuala Lumpur.



Fold Here

Vono® in NEW Image



Vono® brings to you the fresh new catchy package design! This new design features the fresh morning concept with appetising soup visual. Vono® continues to provide the **naturally delicious** breakfast to you every morning!



