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**AJINOMOTO**

Annual Report 2004

# Corporate Information

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## Directors

Gen (R) Tan Sri (Dr) Dato' Paduka Mohamed Hashim Bin Mohd. Ali (Chairman)  
Takashi Imai (Chief Executive Officer / Managing Director)  
Adinan Bin Husin  
Dato' Professor (Dr) Teo Chiang Liang  
Dr. Goh Chin Siew  
Tn. Hj. Mazlan Bin Ab. Rahman  
Gew Ah Lek  
Tetsuhiko Yoshikawa  
Takuji Umeda  
Dato' Hj. Shahrudin Bin Hj. Haron  
Keizo Kawamoto  
Kenji Fukami

## Bankers

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

## Auditors

Hanafiah Raslan & Mohamad

## Solicitors

Lee, Ling & Partners

## Secretary

Chua Siew Chuan (F)  
(MAICSA 0777689)

## Registered Office

Lot 5710, Jalan Kuchai Lama, Petaling, 58200 Kuala Lumpur  
Tel: 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 Board of the Bursa Malaysia Securities Berhad

# Chairman's Statement

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On behalf of the Board of Directors of Ajinomoto (Malaysia) Berhad, I am pleased to present the Annual Report and the Audited Financial Statements of the Company for the financial year ended 31 March 2004.

## Operating Results

The Company recorded a healthy growth after a challenging 2003.

Turnover increased by 8.7% or RM13.1 million to RM164.1 million and Net Profits increased by 8.0% from RM12.1 million to RM13.1 million. The increase in revenue was primarily due to an increase in sales volume. It was the culmination of the introduction of new products, renovation and innovation of existing product lines, trade and consumer promotions and efforts in distribution improvements. However Operating Profits reflected only a marginal increase due to lower selling price arising from the intense and protracted price competition in the market, higher marketing and selling expenses, and higher operating cost.

## Operational Review

During the financial year ended March 2004, the economy improved after the events of the Middle East and Severe Acute Respiratory Syndrome ("SARS"). Consumer base was normalized and consumer demand picked-up in the later part of 2003. However, competition was intense during this period.

**AJINOMOTO** brand remains central to Ajinomoto's success and enjoy strong local and international recognition and acceptance. We will continue to expand the seasonings segment based on customers' solid and continued trust and support for the **AJINOMOTO** brand, while concurrently using well-established sales and distribution channels to extend our presence in the profitable processed foods sector.

The household name flavour enhancer, **AJI-NO-MOTO**, remains the core product of the Company. The increased presence of low-priced imported flavour enhancers, and competitive activities within the industry was intense, and this in turn affected prices and margins during the period under review. This situation is expected to continue to put pressure on the marketing of **AJI-NO-MOTO**.

Several new and improved products were introduced in 2003. The extended range introduced in the **SERI-AJI** ("complete mix seasonings") proved to be a success and contributed significantly to the Company's turnover and revenue. The Company will continue to extend its product mix which will, amongst other things, impact positively on the capacity utilisation of the production facilities. More product variants are expected to be launched in year 2004.

The established **AJINOMOTO** brand in the food seasoning and enhancer market and industry played an important role in the Company's introduction and launch of new products during the year 2003.

This is further underpinned by the Company's continuing extensive market research and product development programmes. New product, **TUMIX** ("cooking base seasonings"), for example was successfully launched in October 2003 with three variants, viz. Chicken, Shrimp and Ikan Bilis.

Providing safe and quality products to our valued customers is given prime importance by the Company. As for our shareholders, many of whom are also our customers, we like to assure you that we review plans and strategies periodically for the continued growth and development of the Company and its business.

## Prospect

Food business will remain highly competitive. Sales, selling prices and market share will continue to come under pressure. New product launches, brand building activities, numerous marketing activities and trade promotions will be continued in order to further strengthen our market leadership position by keeping in pace with consumer trends. Barring any unforeseen circumstances, the Company expects improvements in shareholder value in the coming year.

## Dividend

The Board, after taking into consideration the Company's funding requirements for operational and strategic needs, recommends a First and Final dividend comprised of tax exempt dividend of 5 sen per share and 4 sen less 28% tax per share. The above dividends are subject to shareholders' approval.

## Appreciation

Since the last Annual General Meeting, Mr. Katsuyuki Inoue and Mr. Osamu Sekiguchi had resigned from the Board. The Board wishes to record its appreciation to each of them for their invaluable contributions and guidance to the Company. On behalf of the Board, I would like to welcome Mr. Kenji Fukami and Mr. Keizo Kawamoto who were appointed to the Board on 15 July 2004 as Executive Directors.

Equally, I wish to take this opportunity, on behalf of the Board and Management of Ajinomoto (Malaysia) Berhad, to thank our valued customers and consumers for their continued patronage; our suppliers, distributors and other business partners, for their invaluable support; and our shareholders, for their confidence in Ajinomoto (Malaysia) Berhad. I also wish to express the Board's appreciation to the Management and all the employees of the Company for their continued efforts, commitment and dedication.

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

*Chairman of the Board*

# Directors' Profile

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

**Chairman, Independent Non-Executive Director**

**69 years of age – Malaysian**

Gen (R) Tan Sri (Dr) Dato' Paduka Mohamed Hashim Bin Mohd. Ali was appointed Chairman of Ajinomoto (Malaysia) Berhad on 5 September 1995. He is a member of the Audit Committee. 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.

He joined the Malaysian Armed Forces in 1953 and was first commissioned in the Royal Malay Regiment in 1956 after attending a series of Military Officer Cadet Courses both in Malaysia and overseas. He has served for 38 years and 9 months before retiring in April 1992 as the Chief of the Defence Forces. In May 1992, he joined Perwira Niaga Malaysia (PERNAMA) as Chairman.

He is also the Chairman of Country Height Holdings Berhad Group and sits on the Boards of Arab-Malaysian Corporation Berhad, Delloyd Ventures Berhad, Hong Leong Credit Berhad, Konsortium Logistik Berhad, IOI Oleochemical Industries Berhad (formerly known as Palmco Holdings Berhad), Mines Golf Resort Berhad (formerly Country Heights Golf Resort Berhad), Pioneer Oscar Berhad, Borneo Highlands Hornbill Golf & Jungle Club Berhad and various private 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.

## Takashi Imai

**Managing Director – Executive Director**

**55 years of age – Japanese**

Mr. Imai was appointed as Chief Executive Officer / Managing Director on 12 July 2002. He is a member of the Audit Committee, Nomination Committee and Remuneration Committee. He attended all five Board meetings held in the financial year.

He holds a Bachelor of Agriculture degree from the Faculty of Agricultural Economics, University of Tokyo, Japan in 1971.

He joined Ajinomoto Co., Inc Japan in 1971 and began his career in the Specialty Chemical Department and has held various positions in Japan and overseas within the Ajinomoto Group of Companies.

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

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

## Adinan Bin Husin

**Non-Independent Non-Executive Director**

**58 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 is an Expert Panel Member for the Intensification Research Priority Areas (IRPA) in food processing for the Ministry of Science Technology and Environment. With his experience, involvement and active contribution to the local food industry, Malaysian Institute of Food Technology (MIFT) has bestowed on him as a 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.

## Directors' Profile (con't)

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### **Dato' Professor (Dr) Teo Chiang Liang**

**Independent Non-Executive Director**

**54 years of age – Malaysian**

Dato' Professor (Dr) 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 Group, a well diversified group of companies, in different levels of management. He was Secretary General of the Malaysian Association of Private Colleges & Universities from 1997 to March 2003. He was appointed as member of the MSC Education Advisory Panel in 1998. He is also a Life Member of the Malaysian Red Crescent Society. In 1998, The Nottingham Trent University in UK appointed Dato' Teo as Visiting Professor of the University and awarded an honorary degree of Doctor of Business Administration to him in 2001.

He is the non-executive Chairman of Malaysia Ve-Tsin Manufacturing Co. Berhad and sits on the Board of Senawang Edible Oil Sdn Bhd.

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.

### **Dr. Goh Chin Siew**

**Independent Non-Executive Director**

**67 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 sits on the Board of Malaysia Packaging Industry Berhad since 1990.

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.

### **Kenji Fukami**

**Executive Director**

**45 years of age – Japanese**

Mr. Fukami was appointed to the Board on 15 July 2004.

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

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

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

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

## Directors' Profile (con't)

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### Keizo Kawamoto

**Executive Director**

**44 years of age – Japanese**

Mr. Kawamoto was appointed to the Board of Ajinomoto (Malaysia) Berhad on 15 July 2004 and assumed the role of Executive Director, Finance of the Company. He is a member of the Nomination Committee and Remuneration Committee.

Mr. Kawamoto graduated from the Department of Economics, Yokohama National University, Japan in 1983.

He joined Ajinomoto Co. Inc., Japan in 1983 and began his career with head office, finance department and had served in various management capacities with numerous departments in head office, including a five-year secondment as Assistant Treasurer of Ajinomoto U.S.A., Inc.

He currently also sits on the Board of Malaysia Ve-Tsin Manufacturing Co. Berhad and Ajinomoto (S) Pte Ltd.

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.

### Tn. Hj. Mazlan Bin Ab. Rahman

**Executive Director**

**52 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 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.

### Gew Ah Lek

**Executive Director**

**54 years of age – Malaysian**

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

He holds a Bachelor of Commerce (Accountancy) degree from Nanyang University, Singapore in 1972. He is a Certified Public Accountant (Singapore) and an Associate Member of Australian Society of Certified Practising Accountants.

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

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 (con't)

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### **Tetsuhiko Yoshikawa**

**Executive Director**

**49 years of age – Japanese**

Mr. Yoshikawa was appointed to the Board of Ajinomoto (Malaysia) Berhad on 31 October 2002 and has attended four out of the five Board meetings held in the financial year.

He holds a Bachelor of Law from the Konan University Kobe, Japan in 1980.

He began his career in Ajinomoto Co. Inc., Japan with the Personnel Departments in 1980 and then served in various departments in head office and its overseas affiliated companies. In 2002, he was posted to Ajinomoto (Malaysia) Berhad to assume the role of Chief Marketing 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.

### **Takuji Umeda**

**Executive Director**

**41 years of age – Japanese**

Mr. Umeda was appointed to the Board of Ajinomoto (Malaysia) Berhad on 31 October 2002 and he has attended all five Board meetings held in the financial year.

He obtained a Bachelor of Engineering from Hiroshima University of Japan in 1985.

He joined Ajinomoto Co., Inc., Japan in 1985 and began his career in the Process Development Laboratories and has held various positions in Tokyo, head office and its overseas affiliated companies prior to his posting to Malaysia to assume the role of Technical Advisor.

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

### **Dato' Hj. Shaharuddin Bin Hj. Haron**

**Independent Non-Executive Director**

**66 years of age – Malaysian**

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

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

Prior to retirement, he was the Secretary General for the Ministry of Domestic Trade and Consumer Affairs from 1992. 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, Southern Steel Berhad, EON Berhad, Gopeng Berhad, Ladang Perbadanan-FIMA Berhad, Export-Import Bank Malaysia 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.