

Additional Compliance Information

1. Share Buy-Backs

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

2. Options, Warrants or Convertible Securities

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

3. American Depositary Receipt ("ADR") or Global Depositary Receipt ("GDR")

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

4. Imposition of Sanctions and / or Penalties

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

5. Non-Audit Fees

During the financial year, the amount of non-audit fees paid by the Company to the external auditors amounted to RM 4,300.

6. Variation in Results

There were no material variations between the audited results for the financial year ended 31 March 2004 against the unaudited results for the year ended 31 March 2004 released by the Company previously.

7. Profit Guarantee

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

8. Material Contracts

There were no material contracts entered into by the Company involving directors' and major shareholders' interests which were still subsisting, entered into since the end of the previous financial year.

9. Revaluation Policy on Landed Properties

The revaluation policy of the Company is disclosed in Note 2(C) to the financial statements.

10. 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 25 on page 49 of the Company's Annual Report.

Statement Of Internal Control

Introduction

Pursuant to 15.27 (b) of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"), the Board of Ajinomoto (M) Berhad ("herein known as the Company") is pleased to include a statement on the state of the Company's internal controls as guided by the Bursa Malaysia's Statement on Internal Control: Guidance for Directors of Public Listed Companies ("the Guidance"). The statement below outlines the nature and scope of the internal controls of the Company during the financial year.

Board Responsibility

The Board recognises its responsibility for the Company's system of internal controls, inclusive of the risk management framework, and for reviewing the adequacy and integrity of the internal control system so that shareholders' interests and investment are safeguarded. In this respect, the responsibility of reviewing the adequacy and integrity of the internal control system has been delegated to the Audit Committee, which is empowered by its terms of reference to seek the assurance on the adequacy and integrity of the internal control system through independent reviews conducted by the internal audit function and management.

As there are inherent limitations to any system on internal controls, Management can only put into effect an internal control system which is designed to reduce rather than eliminate all the risks that may impede the achievement of the Company's business objectives. Therefore, the internal control system can only provide reasonable and not absolute assurance against material misstatement or loss. In addition, in devising internal control procedures, due consideration is given to the cost of implementation as compared to the expected benefits to be derived from the implementation of the internal control.

Risk Management Framework

The Board maintains an ongoing commitment to strengthen the Company's control environment and processes. Key risks relating to the Company's operations and strategic and business plans are addressed at weekly / monthly management meetings. In addition, the responsibility of managing the risks of each department lies with the respective Heads of Department and it is during the weekly / monthly management meetings, significant risks identified and the corresponding internal controls implemented are communicated to Senior Management.

In addition, a Risk Management Committee was established last year and adopts the framework of the parent company's Risks Management Guideline System. This committee is chaired by the Chief Financial Officer and includes key management staff. Periodic meetings are held to identify, evaluate and manage risks.

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

Internal Audit Function

The Company's internal audit function is outsourced to external consultants whose terms of reference are documented in the Internal Audit Charter. During the financial year ended 31 March 2004, the internal audit team conducted reviews in accordance with the internal audit plan approved by the Audit Committee.

The results of internal audit team's reviews are formally reported to the Audit Committee at their quarterly meetings. The internal audit reviews conducted did not reveal significant weaknesses which would result in material losses, contingencies or uncertainties that would require disclosure in the annual report.

The internal audit team did not perform any review and assessment of Ajinomoto (Malaysia) Berhad's associate companies.

Other Key Elements of Internal Controls

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

- The Company has clearly defined organisation structure with clear lines of responsibility and delegation of authority. The hierarchical reporting provides a very well documented and auditable trail of accountability.
- The quality of staff is enhanced through a rigorous recruitment process, performance appraisal and annual training programs.
- The quality of product is of prime importance to the Board. The compliance to procedures outlined in the ISO9001:2000 accreditation to ensure quality assurance and control are strictly adhered to via regular internal and external quality audit.
- There is a comprehensive budgeting and forecasting system, with an annual business plan and budget approved by the Board and Holding Company. The results of the Company's business are reported on a monthly basis. Forecasts are revised on a semi-annual basis. Monthly operational meetings and regular weekly meetings are conducted among senior management staff to evaluate and monitor the progress of the business operations.

Assurance

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

This Statement on Internal Control is made in accordance with the resolution adopted by the Board at its meeting held on 15 July 2004.

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

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

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

Audit Committee Report

TERMS OF REFERENCE

PURPOSE

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

Composition and Meetings

The members of the Audit Committee, attendance at each Audit Committee Meeting during the financial year ended 31 March 2004 are as follows:

Name		Status	Attendance*
Dato' Professor (Dr) Teo Chiang Liang	Chairman	Independent Non-Executive Director	5/5
Gen (R) Tan Sri (Dr) Dato' Paduka Mohamed Hashim Bin Mohd. Ali	Member	Independent Non-Executive Director	5/5
Adinan Bin Husin	Member	Non-Independent Non-Executive Director	5/5
Dato' Hj. Shaharuddin Bin Hj Harun	Member	Independent Non-Executive Director	3/5
Dr. Goh Chin Siew	Member	Independent Non-Executive Director	5/5
Takashi Imai	Member	Executive Director	5/5
Gew Ah Lek	Member	Executive Director	5/5

* The meetings were held on 28 May 2003, 15 July 2003, 28 August 2003, 18 November 2003 and 17 February 2004 respectively.

The Committee shall be appointed by the Board of Directors from amongst its members and shall consist of not less than 3 members of whom a majority shall be Independent Directors. The Committee shall include at least one person who is a member of the Malaysian Institute of Accountants (MIA) or alternatively a person who must have at least 3 years' working experience and have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967 or is a member of one of the associations specified in Part II of the said Schedule. No alternate Director shall be appointed as a member of the Committee.

The Committee shall elect a Chairperson from amongst its members who shall be an Independent Non-Executive Director. It is the responsibility of the Chairperson to schedule all meetings of the Committee and provide the Committee members with a written agenda for all meetings. In the event that a member of the Audit Committee resigns, dies or for any other reason ceases to be a member, with the result that the number of members is reduced to below three, the Board of Directors shall, within three months of that event, appoint such number of new members as may be required to make up the minimum number of three members.

The Board shall review the term of office of the Committee no less than every three years.

Meetings

The Committee shall meet at least four times a year. In addition, the Chairperson shall convene a meeting of the Committee if requested to do so by any member, the management or the internal or external auditors to consider any matter within the scope and responsibilities of the Committee.

The Chief Financial Officer, the Head of Internal Audit, Company Secretary and a representative of the external auditors shall normally attend meetings. However, the Committee may invite any person to be in attendance to assist it in its deliberations.

A quorum shall consist of a majority of non-executive committee members and shall not be less than two.

Audit Committee Report (con't)

Function

The duties and responsibilities of the Audit Committee shall be:

- To review any financial information for publication, including quarterly and annual financial statements before submission to the Board of Directors.
- To review with the external auditors their audit plan, scope and nature of audit for the Company
- To review external auditors' audit report, areas of concern arising from the audit and any other matters the external auditors may wish to discuss.
- To assess the adequacy and effectiveness of the systems of internal control and accounting control procedures of the Company by reviewing the external and/or internal auditors' management letters and management responses.
- To discuss problems and reservations arising from the interim and final audits and any matters the auditors may wish to discuss.
- To review the internal audit plan and processes, consider the major findings of internal audit, fraud investigations and actions and steps taken by management in response to audit findings.
- To review the adequacy and relevance of the scope, functions and resources of internal audit and the necessary authority to carry out its work.
- To determine extent of cooperation and assistance given by employees.
- To review any related party transactions and conflict of interest situations that may arise within the Company.
- To consider the appointment of the external auditors, the terms of reference of their appointment and any question of resignation and dismissal before making recommendations to the Board.
- To undertake such other responsibilities as may be agreed to by the Committee and the Board.

Authority

The Committee shall have the authority to investigate any matter within its terms of reference. The Committee shall have the resources, including full and unrestricted access to any information pertaining to the Company, which are required to perform its duties. The Committee shall be empowered to obtain independent professional or other advice and have direct communication channels with the external auditors and persons carrying out the internal audit function or activity. The Committee shall be able to convene meetings with the external auditors, excluding the attendance of the executive members of the Committee, whenever deemed necessary.

Summary of Activities

The activities of the Audit Committee during the financial year ended 31 March 2004 are as follows:-

- Review external audit scope and audit plan;
- Review external audit results and audit reports;
- Review Internal Audit's plan and programmes;
- Review Internal Audit reports, recommendations and Management responses and suggest additional improvement opportunities in the areas of internal control, systems and efficiency improvement;
- Review Annual Report and the audited financial statements of the Company prior to submission to the Board for their perusal and approval;
- Review the Company's compliance with the Bursa Malaysia Securities Berhad Listing Requirements, MASB and other relevant legal and regulatory requirements with regards to the quarterly and year-end financial statements;
- Review unaudited financial results announcements before recommending them for the approval of the Board.

Internal Audit Function

The Audit Committee is supported by an independent and adequately resourced internal audit function. The Committee is aware of the fact that an independent and adequately resourced internal audit function is essential to assist in obtaining the assurance it requires regarding the effectiveness of the system of internal control.

The main role of the internal audit function is to review the effectiveness of the system of internal control and this is performed impartially and professionally.

During the financial year, the internal audit activities have been carried out according to the internal audit plan, which have been approved by the Audit Committee.

Environmental Report 2004

As in its last Environmental Report (2003), the Company continues to uphold and enhance its commitment to the environment.

As a responsible corporate citizen, the Company has been complying with all environmental legislations of the country by protecting and respecting the external surroundings of its current operations and by ensuring the health and safety of its internal employees.

The advanced wastewater treatment plant, in which the Company has already invested more than RM10 million, for filtering, treating and cleansing its effluent before discharge into the local inland water system, continues to operate efficiently. The plant ensures that the discharge does not harm the inland water system and meet with the environmental standards set by the relevant authorities.

The Company, in anticipation of new and more stringent regulations on the effluent discharge, took an initiative in May 2003 to commission a competent party to undertake an independent technical study to find out the effects of its discharge on the upstream and, especially, downstream of the local inland water system and to produce recommendations, if necessary. The Company decided to take this bold and proactive measure of such a study rather than wait for the relevant authorities to institute new regulations on the effluent discharge.

The study can also be seen as a contribution by the Company to promote a more transparent understanding and awareness of how its effluent discharge affects the quality of the inland water system concerned.

The above study has confirmed that the Company's effluent discharge has met with the current environmental standards and that there are no harmful or toxic effects on the local inland water system. It must be stressed that the Company is the only one operating amino acid-based fermentation in the country and certain by-products (which are not necessarily harmful) are unavoidable due to the nature of its proprietary production process. Nevertheless, the Company has been able over the years, with the help of its treatment plant mentioned above, to manage, minimize and control the levels of the various parameters found in the effluent discharge.

The report of the above technical study has been submitted to the Department of Environment, Malaysia (DOE) for its due consideration and review of the current environmental regulations. DOE has even praised the Company's action in commissioning such a study as a positive and exemplary move.

Recently, the Company's parent corporation in Tokyo, demonstrating its strong pro-environment position, has also mandated that all its operations worldwide must comply, within a certain timeframe, with a new and common set of high environmental rules and standards set by the head office. For Malaysia, these new standards are generally even more stringent than the current government requirements.

In view of the latest situation as explained above, the Company is reviewing the local business operations to ensure that it will comply with both the local environmental laws and the new rules set by its head office. At the same time, it will continue to do its best in improving efficiency and streamlining its business operations to ensure its commercial viability.

The whole point about "sustainable business development" is to be able to strike a right balance between protecting the environment and maintaining its business profitability in a legitimate and transparent manner. This universal concept has been well debated, publicized and established since the Earth Summit at Rio in 1992, with the United Nations, the Malaysian Government and almost all other countries fully supporting and subscribing to it. The Company, as part of the Ajinomoto Group, is proud to set a good corporate example in Malaysia by implementing "sustainable business development" not just with words, but with real actions and commitments.

The Company will continue to uphold and implement policies and principles aimed at protecting and conserving the environment for the present and future generations.

List of Properties

As At 31 March 2004

Properties	Existing Use/ Description of Building/Land	Land Area	Tenure	Date of Acquisition/ Revaluation	Age of Building	Net Book Value RM
Land and building 124, Jalan U Thant, Kuala Lumpur	1 unit double storey bungalow	22,671 sq. ft.	Freehold	1984 (Revaluation)	23 years	987,675
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)	28 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)	39 years	12,172,612
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)	34 years	4,299,320
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	12 years	171,500
Land and buildings Lot 5710, Jalan Kuchai Lama, Petaling, Kuala Lumpur	Mining pool	304,920 sq. ft.	Leasehold expiring on 2062	1984 (Revaluation)	39 years	2,169,902
Land and buildings Lot 5710, Jalan Kuchai Lama, Petaling, Kuala Lumpur	Factory complex	85,568 sq. ft.	Leasehold expiring on 15.3.2073	1992	12 years	11,556,115
Land Lot 47088, Jalan Kuchai Lama, Petaling, Kuala Lumpur	Industrial vacant land	5,904 sq. mtr.	Leasehold expiring on 20.1.2074	2003	-	3,254,534

Analysis of Shareholdings

As At 30 June 2004

Authorised Share Capital	: RM80,000,000.00
Issued and Paid Up Share Capital	: RM60,798,534.00 comprising 60,798,534 ordinary shares of RM1.00 each
Class of Shares	: Ordinary Shares of RM1.00 each
Voting Rights	: One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS AS AT 30 JUNE 2004

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	122	6.73	2,573	0.00
100 - 1,000	381	21.00	192,750	0.32
1,001 - 10,000	1,160	63.95	3,527,682	5.80
10,001 - 100,000	129	7.11	3,073,723	5.06
100,001 to less than 5% of issued shares	18	0.99	6,996,858	11.51
5% and above of issued shares	4	0.22	47,004,948	77.31
	1,814	100.00	60,798,534	100.00

SUBSTANTIAL SHAREHOLDERS

The substantial shareholders of Ajinomoto (Malaysia) Bhd. based on the Register of Substantial Shareholders of the Company and his respective shareholdings as at 30 June 2004 is as follows:-

No	Name	Direct Holding	%	Indirect Holding	%
1.	Ajinomoto Co., Inc.	30,445,445	50.08	-	-
2.	Pemegang Amanah Raya Malaysia - Skim Amanah Saham Bumiputera	8,856,870	14.57	-	-
3.	Gabriel C. K. Tam	4,419,133	7.27	-	-
4.	Lembaga Tabung Haji	3,283,500	5.40	-	-

DIRECTORS' SHAREHOLDINGS

No	Directors	Direct Interest		Indirect Interest	
		No. of shares	%	No. of shares	%
1.	Adinan Bin Husin	-	-	-	-
2.	Y. Bhg. General (Rtd) Tan Sri (Dr) Dato' Paduka Mohamed Hashim Bin Mohd Ali	-	-	-	-
3.	Katsuyuki Inoue	-	-	-	-
4.	Gew Ah Lek	6,000	0.01%	-	-
5.	Mazlan Bin Ab Rahman	-	-	-	-
6.	Y. Bhg. Dato' Professor (Dr) Teo Chiang Liang	-	-	150,000	0.25%
7.	Dr. Goh Chin Siew	-	-	-	-
8.	Takashi Imai	2,398	0.00%	-	-
9.	Osamu Sekiguchi	-	-	-	-
10.	Taisuke Oka (Alternate Director To Katsuyuki Inoue)	-	-	-	-
11.	Tetsuhiko Yoshikawa	-	-	-	-
12.	Takuji Umeda	-	-	-	-
13.	Y. Bhg. Dato' Hj. Shaharuddin Bin Hj. Haron	-	-	-	-

Analysis of Shareholdings (con't)

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT 30 JUNE 2004

No.	Shareholders	No. of Shares	%
1.	Ajinomoto Co., Inc.	30,445,445	50.08
2.	Amanah Raya Nominees (Tempatan) Sdn. Bhd. - Skim Amanah Saham Bumiputera Permodalan Nasional Berhad	8,856,870	14.57
3.	Tam Chi Kok Gabriel	4,419,133	7.27
4.	Lembaga Tabung Haji	3,283,500	5.40
5.	HDM Nominees (Asing) Sdn. Bhd. - DBS Vickers Secs (S) Pte Ltd for Ettrick Company Limited	1,307,454	2.15
6.	Mayban Nominees (Asing) Sdn. Bhd. - Bank of East Asia (Nominees) Pte Ltd for the Bank of East Asia Ltd Singapore	1,131,030	1.86
7.	Menteri Kewangan Malaysia	1,060,604	1.74
8.	See Hoy Chan Agencies Sendirian Berhad	775,500	1.28
9.	Tee Teh Sdn. Bhd.	524,508	0.86
10.	ECM Libra Securities Nominees (Asing) Sdn. Bhd. - ECM Libra Securities Limited for Fok Ng Fung Yee	392,562	0.65
11.	Malaysia Ve-Tsin Mfg. Co. Bhd.	313,458	0.52
12.	Employees Provident Fund Board	303,000	0.50
13.	Tay How Seng	260,059	0.43
14.	Malaysia Nominees (Asing) Sendirian Berhad - Oversea-Chinese Bank Nominees Pte Ltd for Tan Hin Tat	170,527	0.28
15.	See Hoy Chan Sdn. Berhad	157,675	0.26
16.	Phua Thian Kang Sdn. Berhad	120,000	0.20
17.	Teo Soo Cheng Sdn. Bhd.	120,000	0.20
18.	Malaysia Nominees (Tempatan) Sendirian Berhad - Oriental Realty Sdn. Bhd.	119,536	0.20
19.	Lai Khoo Sin @ Joseph Lai	119,536	0.20
20.	Eng Nominees (Asing) Sdn. Bhd. - Kim Eng Securities Pte Ltd for Tan Pheok Gee	113,011	0.19
21.	RHB Nominees (Asing) Sdn. Bhd. - GK Goh SPL for See Fong Mun	99,475	0.16
22.	Tee Keng Sing	99,462	0.16
23.	Yong Sai Moi @ Yong Chan Ying	95,628	0.16
24.	Poseidon Sendirian Berhad	90,000	0.15
25.	Chia Choon Kwang @ Chai Choon Kwang	85,681	0.14
26.	Goh Yai Heng	78,000	0.13
27.	Thong & Kay Hiaw Nominees (Asing) Sdn. Bhd. - UOB Kay Hian Pte Ltd for Sessylu Ltd (Margin)	71,943	0.12
28.	Chong Shee Jan	70,069	0.12
29.	Syed Badarudin Jamalullail Bin Syed Putra Jamalullail	63,078	0.10
30.	Eng Guan Chan Sdn. Berhad	60,000	0.10
TOTAL		54,806,744	90.18

Financial Highlights

	1999 RM'000	2000/1* RM'000	2002 RM'000	2003** RM'000	2004** RM'000
Revenue	134,906	173,091	142,648	151,009	164,126
Profit Before Tax	8,239	17,373	13,627	14,894	15,233
Profit After Tax	7,409	11,722	10,350	12,173	13,145
Shareholders' Funds	99,465	106,728	117,079	123,118	132,323
Per Share (sen)					
Gross Earnings	20.3	42.9	33.6	24.5	25.1
Net Earnings	18.3	28.9	25.5	20.0	21.6
Net Tangible Asset	245.4	263.3	288.9	202.5	217.6

* The financial period is for a period of 15 months from 1 January 2000 to 31 March 2001

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

