

# DIRECTORS' REPORT

The directors hereby submit their report together with the audited accounts of the Company for the financial year ended 31 December, 1999.

## PRINCIPAL ACTIVITIES

The principal activities of the Company consist of the manufacture and sale of monosodium glutamate and other related products.

There have been no significant changes in these activities during the financial year.

## RESULTS

	RM
Profit after taxation	7,408,633
Retained profits brought forward	32,105,345
<hr/>	
Profits available for appropriation	39,513,978
Proposed dividend of 11% less 28% tax	(3,210,163)
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Retained profits carried forward	36,303,815
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## DIVIDENDS

Since the end of the previous financial year, the Company paid a dividend of 11% less 28% tax amounting to RM3,210,163 in respect of the previous financial year as proposed in the directors' report of that year. The directors recommend a final dividend of 11% less 28% tax amounting to RM3,210,163 in respect of the current financial year.

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

## BAD AND DOUBTFUL DEBTS

Before the profit and loss account and balance sheet were made out, the directors took reasonable steps to ascertain that 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 there were no known bad debts and that adequate provision had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would require any debt to be written off or render the amount of provision for doubtful debts in the accounts of the Company inadequate to any substantial extent.

## **CURRENT ASSETS**

Before the profit and loss account and balance sheet were made out, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the accounts of the Company misleading.

## **VALUATION METHODS**

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Company misleading or inappropriate.

## **CONTINGENT AND OTHER LIABILITIES**

At the date of this report, there does not exist:

- (a) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Company to meet its obligations when they fall due.

## **CHANGE OF CIRCUMSTANCES**

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the accounts of the Company which would render any amount stated in the accounts misleading.

## **ITEMS OF AN UNUSUAL NATURE**

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

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Company for the financial year in which this report is made.

## **DIRECTORS**

The directors who served since the date of the last report are:

Dato Chan Keong Hon  
Husni bin Mohd. Taib  
Adinan bin Husin  
Lee Kai Chiang  
Ichiro Mayahara  
Gen (R) Tan Sri Hashim bin Mohd Ali  
Nobuyuki Sugimoto  
Yasushi Akasaka  
Tadasu Sado  
Toshio Kato  
Yoichi Kobayashi (appointed on 24 February, 1999)  
Katsuyuki Inoue (appointed on 5 July, 1999)  
Takahiro Yamashita (alternate to Ichiro Mayahara - appointed on 14 January, 2000)  
Taisuke Oka (alternate to Yoichi Kobayashi - appointed on 5 July, 1999)  
Hiroyuki Furusawa (alternate to Ichiro Mayahara - ceased on 14 January, 2000)  
Takashi Funakoshi (alternate to Keiichi Koseki - resigned on 24 February, 1999; alternate to Yoichi Kobayashi  
- appointed on 24 February, 1999; ceased on 5 July, 1999)  
Keiichi Koseki (resigned on 24 February, 1999)  
Yoshihiko Itagaki (resigned on 5 July, 1999)

In accordance with the Company's Articles of Association, Husni bin Mohd. Taib, Lee Kai Chiang and Ichiro Mayahara retire and being eligible, offer themselves for re-election.

Dato Chan Keong Hon retires pursuant to Section 129 of the Companies Act, 1965 and a resolution is being proposed for his re-appointment as a director under the provision of Section 129(6) of the said Act to hold office until the next Annual General Meeting of the Company.

## **DIRECTORS' BENEFITS**

During and at the end of the financial year, no arrangements subsisted to which the Company is a party with the object of enabling directors of the Company to 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 any benefit (other than benefit included in the aggregate amount of emoluments received or due and receivable by the directors as shown in the accounts or the fixed salaries of a full time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest.

## DIRECTORS' INTERESTS

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

Number of Ordinary Shares of RM1 Each

	At 1.1.99/ date of appointment	Bought	Sold	At 31.12.99
<b>The Company</b>				
<b>Ajinomoto (Malaysia) Berhad</b>				
Husni bin Mohd. Taib	8,800	-	-	8,800
Lee Kai Chiang	29,668	-	-	29,668
Takashi Funakoshi	110	-	110	-
Hiroyuki Furusawa	110	-	-	110
Keiichi Koseki	110	-	-	110
Katsuyuki Inoue	-	110	-	110
Ichiro Mayahara	110	-	-	110
Taisuke Oka	-	110	-	110
Nobuyuki Sugimoto	110	-	-	110
Yoshihiko Itagaki	110	-	110	-
Yasushi Akasaka	203	-	-	203
Tadasu Sado	110	-	-	110
Toshio Kato	110	-	-	110

**Number of Shares of Japanese Yen 50 Each**

	<b>At 1.1.99/ date of appointment</b>	<b>Bought</b>	<b>Sold</b>	<b>At 31.12.99</b>
<b>Holding company</b>				
<b>Ajinomoto Co. Inc.</b>				
Keiichi Koseki	12,021	-	-	12,021
Katsuyuki Inoue	3,114	228	-	3,342
Ichiro Mayahara	11,013	60	-	11,073
Takashi Funakoshi	1,969	-	-	1,969
Hiroyuki Furusawa	1,669	-	-	1,669
Nobuyuki Sugimoto	1,116	-	-	1,116
Yoshihiko Itagaki	3,853	-	-	3,853
Yasushi Akasaka	4,868	166	-	5,034
Toshio Kato	1,000	-	-	1,000

Other than as disclosed above, none of the 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.

**HOLDING COMPANY**

The directors regard Ajinomoto Co. Inc., a company incorporated in Japan, as the holding company.

**AUDITORS**

Hanafiah Raslan & Mohamad retire and have indicated their willingness to accept re-appointment.

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

GEN (R) TAN SRI HASHIM BIN MOHD ALI

YASUSHI AKASAKA

Kuala Lumpur  
Dated : 17th March, 2000

## STATEMENT BY DIRECTORS

We, GEN (R) TAN SRI HASHIM BIN MOHD ALI and YASUSHI AKASAKA, being two of the directors of AJINOMOTO (MALAYSIA) BERHAD, do hereby state that, in the opinion of the directors, the accompanying balance sheet as at 31 December, 1999 and the related profit and loss account and cash flow statement for the year then ended, together with the notes thereto, give a true and fair view of the state of affairs of the Company as at 31 December, 1999 and of its results and cash flows for the year then ended, and have been properly drawn up in accordance with applicable approved accounting standards in Malaysia.

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

GEN (R) TAN SRI HASHIM BIN MOHD ALI

YASUSHI AKASAKA

Kuala Lumpur  
Dated : 17th March, 2000

## STATUTORY DECLARATION

I, TADASU SADO, the director primarily responsible for the financial management of AJINOMOTO (MALAYSIA) BERHAD, do solemnly and sincerely declare that the accompanying balance sheet as at 31 December, 1999 and the related profit and loss account and cash flow statement for the year then ended, together with the notes thereto are, to the best of my knowledge and belief 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 TADASU SADO at )  
Kuala Lumpur in Wilayah Persekutuan )  
on 17th March, 2000 ) TADASU SADO

Before me:

V. Gnaneswaran  
(W319)  
Pesuruhjaya Sumpah  
Commissioner for Oaths  
Kuala Lumpur

## AUDITORS' REPORT

To the Shareholders of  
AJINOMOTO (MALAYSIA) BERHAD

We have audited the accounts of AJINOMOTO (MALAYSIA) BERHAD as at 31 December, 1999. The accounts are the responsibility of the Company's directors. Our responsibility is to express an opinion on the accounts based on our audit.

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

In our opinion,

- (a) the accounts give a true and fair view of the state of affairs of the Company as at 31 December, 1999 and of its results and cash flows for the year then ended, and have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Hanafiah Raslan & Mohamad  
No. AF 0002  
Public Accountants

Adrian Tsen Keng Yam  
No. 1314 / 5 / 00(J)  
Partner of the Firm

Kuala Lumpur  
Dated : 17th March, 2000

# BALANCE SHEET

31 DECEMBER, 1999

	Note	1999 RM	1998 RM
<b>CURRENT ASSETS</b>			
Cash and bank balances	3	<b>14,058,765</b>	4,893,650
Trade debtors	4	<b>14,346,258</b>	11,255,137
Other debtors and prepayments		<b>2,025,825</b>	1,941,406
Inventories	5	<b>19,806,899</b>	24,598,892
Due from related companies	6	<b>1,606,597</b>	392,898
		<b><u>51,844,344</u></b>	<b><u>43,081,983</u></b>
<b>CURRENT LIABILITIES</b>			
Trade creditors		<b>6,686,105</b>	6,814,290
Other creditors and accruals		<b>7,196,047</b>	5,592,318
Taxation		<b>175,819</b>	1,154,971
Proposed dividend		<b>3,210,163</b>	3,210,163
Due to related companies	7	<b>1,657,506</b>	814,927
		<b><u>18,925,640</u></b>	<b><u>17,586,669</u></b>
<b>NET CURRENT ASSETS</b>			
INVESTMENTS	8	<b>32,918,704</b>	25,495,314
FIXED ASSETS	9	<b>3,048,807</b>	3,048,807
PROVISION FOR RETIREMENT BENEFITS		<b>68,907,867</b>	71,135,745
DEFERRED TAXATION	10	<b>(2,957,436)</b>	(2,790,394)
		<b>(2,453,300)</b>	(1,623,300)
		<b><u>99,464,642</u></b>	<b><u>95,266,172</u></b>
<b>SHAREHOLDERS' FUNDS</b>			
Share capital	11	<b>40,532,356</b>	40,532,356
Reserves	12	<b>58,932,286</b>	54,733,816
		<b><u>99,464,642</u></b>	<b><u>95,266,172</u></b>

The accompanying notes are an integral part of this balance sheet.

**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER, 1999**

	Note	1999 RM	1998 RM
Turnover	13	<u>139,626,313</u>	<u>135,283,054</u>
Profit before taxation	14	8,238,633	7,683,534
Taxation	15	<u>(830,000)</u>	<u>(1,295,456)</u>
Profit after taxation		7,408,633	6,388,078
Retained profits brought forward		<u>32,105,345</u>	<u>28,927,430</u>
Profits available for appropriation		39,513,978	35,315,508
Proposed dividend of 11% less 28% tax (1998 : 11% less 28% tax)		(3,210,163)	(3,210,163)
Retained profits carried forward	12	<u>36,303,815</u>	<u>32,105,345</u>
Earnings per share - net	16	18.3 sen	15.8 sen
- gross	16	<u>20.3 sen</u>	<u>19.0 sen</u>

The accompanying notes are an integral part of this account.

# CASH FLOW STATEMENT

## FOR THE YEAR ENDED 31 DECEMBER, 1999

	1999 RM	1998 RM
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	8,238,633	7,683,534
Adjustments for :		
Depreciation	11,319,299	11,061,702
Profit on disposal of fixed assets	(163,885)	(216,000)
Provision for retirement benefits	732,431	862,108
Dividend income	(149,842)	(149,843)
Interest income	(224,556)	(63,877)
Operating profit before working capital changes	<u>19,752,080</u>	<u>19,177,624</u>
Increase in debtors	(3,175,540)	(1,232,819)
Decrease / (Increase) in inventories	4,791,993	(13,903)
(Decrease) / Increase in related companies balances	(371,120)	1,776,795
Increase / (Decrease) in creditors	<u>1,475,544</u>	<u>(3,795,847)</u>
Cash generated from operations	<u>22,472,957</u>	<u>15,911,850</u>
Tax paid	(979,152)	(629,700)
Interest income	224,556	63,877
Payment of retirement benefits	<u>(565,389)</u>	<u>(648,993)</u>
Net cash from operating activities	<u>21,152,972</u>	<u>14,697,034</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(9,160,536)	(9,330,651)
Proceeds from sale of fixed asset	233,000	216,000
Dividend received	149,842	149,843
Net cash used in investing activities	<u>(8,777,694)</u>	<u>(8,964,808)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid representing net cash used in financing activity	<u>(3,210,163)</u>	<u>(3,210,163)</u>
Net increase in cash and cash equivalents	9,165,115	2,522,063
Cash and cash equivalents at beginning of year	<u>4,893,650</u>	<u>2,371,587</u>
Cash and cash equivalents at end of year	<u>14,058,765</u>	<u>4,893,650</u>
Cash and cash equivalents comprise:		
Cash on hand and in banks	3,892,283	3,834,382
Deposits with licensed banks	<u>10,166,482</u>	<u>1,059,268</u>
	<u>14,058,765</u>	<u>4,893,650</u>

The accompanying notes are an integral part of this statement.

# NOTES TO THE ACCOUNTS

31 DECEMBER, 1999

## 1. PRINCIPAL ACTIVITIES

The principal activities of the Company consist of the manufacture and sale of monosodium glutamate and other related products.

There have been no significant changes in these activities during the financial year.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of Accounting

The accounts are prepared under the historical cost convention modified by the revaluation of certain land and buildings and comply with applicable approved accounting standards in Malaysia.

### (b) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis. Cost in the case of work-in-progress and finished goods represents cost of materials, direct labour and appropriate production overheads.

### (c) Fixed Assets and Depreciation

Fixed assets are stated at cost or valuation less accumulated depreciation.

Freehold land is not depreciated. Depreciation of other fixed assets is provided on a straight line basis calculated to write off the cost or valuation of each asset over its estimated useful life.

The principal annual rates of depreciation are:

Freehold buildings	4% and 7%
Long term leasehold land	1.2% and 1.3%
Leasehold buildings	11%
Plant, machinery and equipment	10% to 25%
Motor vehicles	25%
Furniture, fixtures and fittings	10%

Certain freehold and leasehold properties are stated at revaluation. These properties have not been revalued since they were first revalued in 1984. The directors have not adopted a policy of regular revaluation of properties.

### (d) Investments

Investments are stated at cost less provision for any permanent diminution in value.

### (e) Currency Conversion and Translation

Transactions in foreign currencies during the year are converted into Ringgit Malaysia at rates of exchange approximating those ruling at the transaction dates. Foreign currency monetary assets and liabilities at the balance sheet date are translated into Ringgit Malaysia at rates of exchange approximating those ruling at that date. All exchange gains or losses are dealt with in the profit and loss account.

**(f) Retirement Benefits**

The Company has a non-contributory unfunded retirement benefit scheme under a collective bargaining agreement.

Staff retirement benefits are provided at 6% and 10% on aggregate basic salaries of staff who have served the required number of year's service. Interest is accrued at 6% per annum on these benefits.

For certain executives, contributions are made to an approved retirement benefit scheme operated by independent trustees in accordance with a trust deed.

**(g) Holding Company**

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

**(h) Affiliated Companies**

Affiliated companies refer to associated companies of the holding company.

**(i) Associated Companies**

The Company treats as associated companies those companies in which a long term equity interest of between 20 and 50 percent is held and where it exercises significant influence through management participation.

The accounts do not include the Company's share of profits or losses of the associated companies. The amount of unappropriated profits not taken into account is shown in Note 8. These are based on the unaudited accounts of the associated companies.

**(j) Deferred Taxation**

Deferred taxation is provided under the liability method for all material timing differences .

**3. CASH AND BANK BALANCES**

	1999	1998
	RM	RM
Cash on hand and in banks	3,892,283	3,834,382
Deposits with licenced banks	10,166,482	1,059,268
	<u>14,058,765</u>	<u>4,893,650</u>

**4. TRADE DEBTORS**

	1999	1998
	RM	RM
Trade debtors	14,423,395	11,332,274
Provision for doubtful debts	(77,137)	(77,137)
	<u>14,346,258</u>	<u>11,255,137</u>

**5. INVENTORIES**

	1999 RM	1998 RM
Finished goods	8,191,468	11,579,127
Work-in-progress	2,322,770	7,331,230
Raw materials	9,221,151	5,688,535
Goods-in-transit	71,510	–
	<u>19,806,899</u>	<u>24,598,892</u>

**6. DUE FROM RELATED COMPANIES**

	1999 RM	1998 RM
A fellow subsidiary	341,882	–
Associated companies	828,557	392,898
Affiliated companies	436,158	–
	<u>1,606,597</u>	<u>392,898</u>

**7. DUE TO RELATED COMPANIES**

	1999 RM	1998 RM
Holding company	757,025	683,053
Fellow subsidiaries	619,561	–
Associated companies	80,491	117,860
Affiliated companies	200,429	14,014
	<u>1,657,506</u>	<u>814,927</u>

Amounts due to related companies are unsecured, interest-free and have no fixed terms of repayment.

**8. INVESTMENTS**

	1999 RM	1998 RM
Investments in		
Unquoted shares in associated companies, at cost	1,678,751	1,678,751
Quoted shares in a Malaysian corporation, at cost	1,122,056	1,122,056
Transferable club memberships	248,000	248,000
	<u>3,048,807</u>	<u>3,048,807</u>
Market value of quoted shares	<u>3,363,424</u>	<u>3,279,338</u>

	1999 RM	1998 RM
The Company's share of profits and losses in associated companies are as follows:		
Share of profits before taxation	623,453	668,480
Share of taxation	(38,171)	(219,561)
Share of profits for the year after taxation	585,282	448,919
Share of post acquisition profits brought forward	3,587,417	3,138,498
	<u>4,172,699</u>	<u>3,587,417</u>

The associated companies are:

Name of Company	Place of Incorporation	Effective Interests		Year End	Principal Activities
		1999 %	1998 %		
Malaysia Ve-Tsin Manufacturing Co. Bhd.	Malaysia	49	49	31 December	Manufacturer of monosodium-glutamate
Ajinomoto (Singapore) Pte. Ltd.	Singapore	50	50	31 March	Distributor of monosodium-glutamate
Nee Seng Ngeng & Sons Sago Industries Sdn. Bhd.	Malaysia	30	30	31 December	Producer of sago starch

## 9. FIXED ASSETS

1999	Land and Building* RM	Plant, Machinery and Equipment RM	Motor Vehicles RM	Furniture, Fixtures and Fittings RM	Total RM
<b>Valuation / Cost</b>					
Beginning of year	45,877,304	129,825,329	4,648,432	1,624,556	181,975,621
Additions	482,420	7,638,996	888,589	150,531	9,160,536
Disposals	–	(54,749)	(449,153)	–	(503,902)
End of year	<u>46,359,724</u>	<u>137,409,576</u>	<u>5,087,868</u>	<u>1,775,087</u>	<u>190,632,255</u>
<b>Accumulated Depreciation</b>					
Beginning of year	19,572,879	87,236,786	3,008,812	1,021,399	110,839,876
Additions	1,100,118	9,183,168	925,684	110,329	11,319,299
Disposals	–	(27,374)	(407,413)	–	(434,787)
End of year	<u>20,672,997</u>	<u>96,392,580</u>	<u>3,527,083</u>	<u>1,131,728</u>	<u>121,724,388</u>
Net Book Value	<u>25,686,727</u>	<u>41,016,996</u>	<u>1,560,785</u>	<u>643,359</u>	<u>68,907,867</u>
<b>1998</b>					
<b>Valuation / Cost</b>					
Beginning of year	45,824,901	122,032,886	3,989,914	1,439,098	173,286,799
Additions	52,403	7,792,443	1,300,347	185,458	9,330,651
Disposals	–	–	(641,829)	–	(641,829)
End of year	<u>45,877,304</u>	<u>129,825,329</u>	<u>4,648,432</u>	<u>1,624,556</u>	<u>181,975,621</u>
<b>Accumulated Depreciation</b>					
Beginning of year	18,329,915	78,403,653	2,762,916	923,519	100,420,003
Additions	1,242,964	8,833,133	887,725	97,880	11,061,702
Disposals	–	–	(641,829)	–	(641,829)
End of year	<u>19,572,879</u>	<u>87,236,786</u>	<u>3,008,812</u>	<u>1,021,399</u>	<u>110,839,876</u>
Net Book Value	<u>26,304,425</u>	<u>42,588,543</u>	<u>1,639,620</u>	<u>603,157</u>	<u>71,135,745</u>

\* The details of land and building are as follows:

	1999	At Valuation**	At Cost***	Total
		RM	RM	RM
<b>Valuation / Cost</b>				
Beginning of year	33,590,000	12,287,304	45,877,304	
Additions	–	482,420	482,420	
End of year	<u>33,590,000</u>	<u>12,769,724</u>	<u>46,359,724</u>	
<b>Accumulated Depreciation</b>				
Beginning of year	12,189,351	7,383,528	19,572,879	
Additions	337,594	762,524	1,100,118	
End of year	<u>12,526,945</u>	<u>8,146,052</u>	<u>20,672,997</u>	
Net Book Value	<u>21,063,055</u>	<u>4,623,672</u>	<u>25,686,727</u>	
 <b>1998</b>				
<b>Valuation / Cost</b>				
Beginning of year	33,590,000	12,234,901	45,824,901	
Additions	–	52,403	52,403	
End of year	<u>33,590,000</u>	<u>12,287,304</u>	<u>45,877,304</u>	
<b>Accumulated Depreciation</b>				
Beginning of year	11,851,757	6,478,158	18,329,915	
Additions	337,594	905,370	1,242,964	
End of year	<u>12,189,351</u>	<u>7,383,528</u>	<u>19,572,879</u>	
Net Book Value	<u>21,400,649</u>	<u>4,903,776</u>	<u>26,304,425</u>	

\*\* The details of land and building at valuation are as follows :

1999	Freehold Land RM	Freehold Building RM	Long Term Leasehold Land RM	Leasehold Building RM	Total RM
<b>Valuation</b>					
Beginning and end of year	1,059,200	530,800	24,536,964	7,463,036	33,590,000
<b>Accumulated Depreciation</b>					
Beginning of year	–	382,536	4,343,780	7,463,035	12,189,351
Additions	–	27,324	310,270	–	337,594
End of year	–	409,860	4,654,050	7,463,035	12,526,945
Net Book Value	<u>1,059,200</u>	<u>120,940</u>	<u>19,882,914</u>	<u>1</u>	<u>21,063,055</u>

1998

Beginning and end of year	<u>1,059,200</u>	<u>530,800</u>	<u>24,536,964</u>	<u>7,463,036</u>	<u>33,590,000</u>
<b>Accumulated Depreciation</b>					
Beginning of year	–	355,212	4,033,510	7,463,035	11,851,757
Additions	–	27,324	310,270	–	337,594
End of year	–	382,536	4,343,780	7,463,035	12,189,351
Net Book Value	<u>1,059,200</u>	<u>148,264</u>	<u>20,193,184</u>	<u>1</u>	<u>21,400,649</u>

\*\*\* The details of land and building at cost are as follows:

	1999	Long Term	Leasehold	Total
		Leasehold Land RM	Building RM	
<b>Cost</b>				
Beginning of year		2,884,028	9,403,276	12,287,304
Additions		—	482,420	482,420
End of year		<u>2,884,028</u>	<u>9,885,696</u>	<u>12,769,724</u>
<b>Accumulated Depreciation</b>				
Beginning of year		327,568	7,055,960	7,383,528
Additions		34,919	727,605	762,524
End of year		<u>362,487</u>	<u>7,783,565</u>	<u>8,146,052</u>
Net Book Value		<u>2,521,541</u>	<u>2,102,131</u>	<u>4,623,672</u>
 <b>1998</b>				
<b>Cost</b>				
Beginning of year		2,884,028	9,350,873	12,234,901
Additions		—	52,403	52,403
End of year		<u>2,884,028</u>	<u>9,403,276</u>	<u>12,287,304</u>
<b>Accumulated Depreciation</b>				
Beginning of year		292,648	6,185,510	6,478,158
Additions		34,920	870,450	905,370
End of year		<u>327,568</u>	<u>7,055,960</u>	<u>7,383,528</u>
Net Book Value		<u>2,556,460</u>	<u>2,347,316</u>	<u>4,903,776</u>

Included in the cost of fixed assets are the following fixed assets which have been fully depreciated but are still in use:

	1999	1998
	RM	RM
Plant, machinery and equipment	48,263,906	42,804,482
Motor vehicles	1,385,133	1,739,363
Furniture, fixtures and fittings	671,802	645,752
Leasehold building, at valuation	7,463,036	7,463,036
Leasehold building, at cost	2,782,873	1,014,855
	<u>60,566,750</u>	<u>53,667,488</u>

The Company's freehold and leasehold land and buildings at valuation were revalued at open market values on the basis of existing use by a firm of professional valuers in 1984.

Long term leasehold land recorded at valuation of RM2,868,684 (1998 : RM2,868,684) and at cost of RM2,884,028 (1998 : RM2,884,028) can only be transferred or mortgaged upon approval by the relevant authorities.

#### 10. DEFERRED TAXATION

	1999	1998
	RM	RM
At 1 January	1,623,300	1,390,000
Transfer from profit and loss account	830,000	233,300
At 31 December	<u>2,453,300</u>	<u>1,623,300</u>

The deferred taxation provided in the accounts is in respect of:

	1999	1998
	RM	RM
Excess of capital allowances over book depreciation	12,681,000	8,588,200
Other timing differences	(3,921,200)	(2,790,400)
	<u>8,759,800</u>	<u>5,797,800</u>

Deferred taxation is not provided on the surplus arising from the revaluation of land and buildings as it is not the intention of the directors to dispose these properties.

## 11. SHARE CAPITAL

	1999 RM	1998 RM
Ordinary shares of RM1 each:		
Authorised	<u>60,000,000</u>	<u>60,000,000</u>
Issued and fully paid	<u>40,532,356</u>	<u>40,532,356</u>

## 12. RESERVES

	1999 RM	1998 RM
Non-distributable reserves		
Share premium	4,303,700	4,303,700
Asset revaluation reserve	<u>18,324,771</u>	<u>18,324,771</u>
	<u>22,628,471</u>	<u>22,628,471</u>
Distributable reserve		
Retained profits	<u>36,303,815</u>	<u>32,105,345</u>
	<u>58,932,286</u>	<u>54,733,816</u>

The Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 to frank the payment of dividends out of its entire retained profits.

As at 31 December, 1999, the Company has tax exempt income of approximately RM52,149,185 (1998 : RM41,090,517) to frank the payment of tax exempt dividends out of its retained profits.

## 13. TURNOVER

Turnover represents the invoiced value of sales less returns.

The cost of sales incurred in relation to the Company's turnover, i.e. sales of goods was RM101,040,261 (1998 : RM99,709,734). The cost of sales in relation to sales of goods consist of cost of material purchased and related overheads.

#### 14. PROFIT BEFORE TAXATION

	1999 RM	1998 RM
Profit before taxation is stated after charging/ (crediting):		
Auditors' remuneration		
- current year	30,000	30,000
Directors' remuneration:*		
Fees	150,000	150,000
Salaries and other emoluments	3,460,433	3,287,401
Depreciation	11,319,299	11,061,702
Retirement benefits	732,431	862,108
Gain on foreign exchange	(10,570)	(491,724)
Dividend income from		
- shares quoted in Malaysia	(42,042)	(42,042)
- unquoted shares	(107,800)	(107,800)
Interest income	(224,556)	(63,877)
Rental income	-	(5,760)
Profit on disposal of fixed assets	<u>(163,885)</u>	<u>(216,000)</u>

\* The estimated monetary value of other benefits not included in the above received by certain directors was RM117,307 (1998: RM108,925).

#### 15. TAXATION

	1999 RM	1998 RM
Taxation based on the profit for the year	-	735,000
Under provision in previous years	-	327,156
Transfer to deferred taxation	<u>830,000</u>	<u>233,300</u>
	<u>830,000</u>	<u>1,295,456</u>

There is no tax charge for the current financial year as the amount payable is waived in accordance with the Income Tax (Amendment) Bill, 1999. The chargeable income of RM3,098,000 on which the tax is waived shall be credited to an exempt account from which tax exempt dividends can be declared subject to agreement with the Inland Revenue Board.

#### 16. EARNINGS PER SHARE

The net earnings per share is calculated by dividing the profit after taxation of RM7,408,633 (1998 : RM6,388,078) by 40,532,356 ordinary shares in issue.

The gross earnings per share is calculated by dividing the profit before taxation of RM8,238,633 (1998 : RM7,683,534) by 40,532,356 ordinary shares in issue.

## 17. SIGNIFICANT RELATED COMPANY TRANSACTIONS

Significant related company transactions during the year are as follows:

	1999 RM	1998 RM
Royalties payable to holding company	3,006,054	2,813,330
Management fees from associated companies	303,252	303,252
Commission income from fellow subsidiary	248,112	–
Sales to associated companies	5,348,545	5,881,417
Sales to affiliated companies	1,637,805	726,638
Sales to fellow subsidiaries	818,340	965,147
Purchases from associated companies	4,176,969	5,299,296
Purchases from fellow subsidiaries	12,755,246	15,228,117
Purchases from holding company	2,341,557	3,387,705
Purchases from affiliated companies	<u>1,918,003</u>	<u>2,025,601</u>

The directors are of the opinion that the transactions have been entered into in the normal course of business and have been established on a negotiated basis.

## 18. CAPITAL COMMITMENTS

	1999 RM	1998 RM
Authorised but not contracted for	<u>9,122,000</u>	<u>9,895,000</u>

## 19. CONTINGENT LIABILITIES (Unsecured)

	1999 RM	1998 RM
Staff retirement benefits	<u>406,485</u>	<u>320,745</u>

Staff retirement benefits as shown above represent the amount which will become due to the employees concerned after they have served the required number of years' service with the Company. As at the year end, the required length of service has not been fulfilled by them.

## 20. CURRENCY

All amounts are stated in Ringgit Malaysia.

## 21. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.

## 22. SEGMENT REPORTING

No segment reporting is done as the Company's activities involve one sector of operation and is predominantly carried out in Malaysia.

# AUDIT COMMITTEE

## MEMBERS

Gen (R) Tan Sri Hashim Bin Mohd Ali	(Chairman) <i>Independent Non-Executive Director</i>
Dato Chan Keong Hon	(Member) <i>Independent Non-Executive Director</i>
Adinan Bin Husin	(Member) <i>Independent Non-Executive Director</i>
Yasushi Akasaka	(Member) <i>Executive Director</i>

## TERMS OF REFERENCE

### 1. OBJECTIVES

The primary objective of the audit committee is to assist the board of directors in fulfilling its responsibilities relating to accounting and reporting practices of the Company.

In addition, the audit committee shall:

- (a) Oversee and appraise the quality of the audit conducted by the Company's external auditors;
- (b) Maintain open lines of communication between the board of directors and the external auditors for the exchange of views and information as well as to confirm their authority and responsibilities; and
- (c) Determine the adequacy of the Company's administrative, operating and accounting controls so as to provide assurance that the financial information presented by management is relevant, reliable and timely.

### 2. COMPOSITION

The audit committee shall be appointed pursuant to a resolution of the board of directors from among their number and shall be composed of not fewer than three members, the majority of whom shall not be:

- (a) Executive directors of the Company or any related corporations;
- (b) Senior management and operating executives of the Company or any related corporations; or
- (c) Any person having a relationship which, in the opinion of the board of directors, would interfere with the exercise of independent judgement in carrying out the functions of the audit committee.

The members of the audit committee shall elect a chairman from among their number who is not an executive director or employee of the Company or any related corporation.

### 3. TERM OF MEMBERSHIP

Members of the Committee shall be appointed for an initial term of two years after which they will be appointed on such terms as may be determined by the board of directors.

## **4. FUNCTIONS**

The functions of the audit committee are as follows:

- (a) Review the audit plan with the external auditors;
- (b) Review the system of internal accounting controls with the external auditors;
- (c) Review the audit report with the external auditors;
- (d) Review the assistance given by the Company's officers to the external auditors;
- (e) Review the financial statements of the Company before submission to the board of directors;
- (f) Review any related party transactions that may arise;
- (g) To recommend to the board of directors the appointment or reappointment of the external auditors, their remuneration and any question of their resignation or dismissal; and
- (h) To undertake such other responsibilities as may be agreed to by the committee and the board of directors.

## **5. ACCESS**

The audit committee shall have unlimited access to all information and documents relevant to its activities, to the external auditors and to senior management of the Company and its related corporations.

The audit committee is also authorised to consult independent experts where they consider it necessary to carry out their duties.

## **6. MEETINGS**

The audit committee shall hold at least two regular meetings per year and such additional meeting as the chairman shall decide in order to fulfill its duties. In addition, the chairman may call a meeting of the audit committee if a request is made by any committee member, the management of the Company, or the external auditors.

The company secretary or any person appointed by the audit committee shall act as the secretary of the audit committee and shall be responsible, in conjunction with the chairman, for drawing up the agenda and the other supporting explanatory documentation for circulation to committee members prior to each meeting.

The secretary shall also be responsible for keeping the minutes of the meetings of the audit committee and to circulate them to committee members, other members of the board of directors and the external auditors.

A quorum shall consist of a majority of non-executive committee members and shall not be less than two. The audit committee may invite any person to be in attendance at any of its meetings to assist it in its deliberations.

# ANALYSIS OF SHAREHOLDINGS

AS AT 10 APRIL, 2000

Class of Share: RM1.00 Ordinary Share

Voting Rights: 1 Vote Per Ordinary Share

## Distribution of Shareholders

Range	No. of Shareholders	%	No. of Shares	%
Less than 500	482	24.76	72,576	0.18
500 – 5,000	1,269	65.18	2,231,846	5.51
5,001 – 10,000	106	5.44	778,713	1.92
10,001 – 100,000	73	3.75	2,134,832	5.27
100,001 – 1,000,000	13	0.67	4,568,606	11.27
1,000,001 & ABOVE	4	0.20	30,745,783	75.85
TOTAL	1,947	100.00	40,532,356	100.00

## SUBSTANTIAL SHAREHOLDERS

	Name	No. of Shares	%
1.	Ajinomoto Co. Inc.	20,296,887	50.07
2.	Amanah Raya Nominees (Tempatan) Sdn. Bhd. - Sekim Amanah Saham Bumiputra	5,904,580	14.57
3.	Mayban Nominees (Asing) Sdn Bhd - Gabriel C. K. Tam Judicial Trustee for the Estate of Fok Yin Hee	2,355,316	5.81
4.	Lembaga Tabung Haji	2,189,000	5.40
5.	Malpac Nominees (Asing) Sdn Bhd - Vickers Ballas & Company Pte Ltd for Ettrick Company Ltd	871,636	2.15

## 20 Largest Shareholders

	Name	No. of Shares	%
1.	Ajinomoto Co. Inc.	20,296,887	50.07
2.	Amanah Raya Nominees (Tempatan) Sdn. Bhd.	5,904,980	14.57
3.	Mayban Nominees (Asing) Sdn Bhd	3,639,736	8.98
4.	Lembaga Tabung Haji	2,189,000	5.40
5.	Malpac Nominees (Asing) Sdn Bhd	880,739	2.17
6.	See Hoy Chan Agencies Sdn Bhd	519,000	1.28
7.	Tee Teh Sdn Bhd	349,672	0.86
8.	Tunku Tan Sri Mohamed Bin Tunku Besar Burhanuddin (Deceased)	321,926	0.79
9.	UOBM Nominees (Asing) Sdn Bhd	268,781	0.66
10.	Thong & Kay Hian Nominees (Asing) Sdn Bhd	233,167	0.58
11.	Malaysia Ve-Tsin Manufacturing Co Bhd	208,972	0.52
12.	Employees Provident Fund Board	189,000	0.47
13.	Teo Siew Jin (Deceased)	181,764	0.45
14.	Malaysia Nominees (Asing) Sdn Bhd	131,620	0.32
15.	See Hoy Chan Sdn. Berhad	129,117	0.32
16.	Malaysia Nominees (Tempatan) Sdn Bhd	122,691	0.30
17.	Lim Sung Heng	88,400	0.22
18.	Eng Nominees (Asing) Sdn Bhd	85,341	0.21
19.	Phua Thian Kang Sdn Bhd	80,000	0.20
20.	Fok Yin Hee (Deceased)	79,691	0.20
	TOTAL	35,900,484	88.57

## PROPERTIES LIST

Properties	Description	Land Area sq. ft.	Tenure	Current Use	Age of Building	Net Book Value RM
Land and building 124, Jalan U Thant Kuala Lumpur	1 unit double storey bungalow	22,671	Freehold	Residential	20 years	1,079,343
Land and building 8 & 8A, Lorong 1, Jalan Shahbandar, Bandar Penggaram, Batu Pahat	1 unit double storey shophouse	1,680	Freehold	Office and sales depot	25 years	100,797
Land and buildings Lot 5710, Jalan Kuchai Lama, Petaling, Kuala Lumpur	Office, warehouse and factory complex	536,376	Leasehold expiring on 2.4.2062	Office, warehouse and factory	36 years	12,997,874
Land and buildings Lot 5710, Jalan Kuchai Lama, Petaling, Kuala Lumpur	Office, warehouse and factory complex	174,240	Leasehold expiring on 5.7.2067	Office, warehouse and factory	31 years	4,568,027
Land and buildings Lot 5710, Jalan Kuchai Lama, Petaling, Kuala Lumpur	Office, warehouse and factory complex	36,329	Leasehold expiring on 6.3.2064	Office, warehouse and factory	13 years	182,934
Land and buildings Lot 5710, Jalan Kuchai Lama, Petaling, Kuala Lumpur	Mining pool	304,920	Leasehold expiring on 2062	Supplies industrial water to factory complex	36 years	2,317,014
Land and buildings Lot 5710, Jalan Kuchai Lama, Petaling, Kuala Lumpur.	Factory complex	85,568	Leasehold expiring on 15.3.2073	Factory	9 years	4,440,738

## Form of Proxy

### AJINOMOTO (MALAYSIA) BERHAD (Incorporated in Malaysia)

Registered Office: Lot 5710, Jalan Kuchai Lama, Petaling, 58200 Kuala Lumpur.

No. of Shares
---------------

I/We, .....  
of .....  
being a member/members of the abovenamed Company, hereby appoint \* the Chairman of the Meeting or  
.....  
of .....  
or failing him .....  
of .....

as my/our proxy to vote for me/us on my/our behalf at the THIRTY-NINTH ANNUAL GENERAL MEETING of the Company to be held at its Registered Office, Lot 5710, Jalan Kuchai Lama, Petaling, 58200 Kuala Lumpur on Tuesday, 6th June, 2000 at 10.00 a.m. and at any adjournment thereof. The proxy is to vote on the business before the meeting as indicated below (if no indication is given, the proxy will vote as he thinks fit or abstain from voting):-

Resolution No	Resolutions	For	Against
1	Adoption of the Audited Accounts for the year ended 31st December, 1999 and the Reports of the Directors and Auditors thereon.		
2	Declaration and payment of a Dividend of 11% less tax.		
3	Approval of Directors' Fees.		
	Re-election of the following Directors in accordance with Article 92 of the Company's Articles of Association:-		
4	Encik Husni Mohd Taib		
5	Mr. Lee Kai Chiang		
6	Mr. Ichiro Mayahara		
7	Re-election of Dato Chan Keong Hon as Director in accordance with Section 129(6) of the Companies Act, 1965.		
8	Appointment of Auditors		

Dated this..... day of ....., 2000

.....  
Signature / Seal of Member

#### Notes

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote in his stead.
2. A proxy need not be a member of the Company but in accordance with Section 149 of the Companies Act, 1965, a member shall not be entitled to appoint a person who is not a member of the Company as his proxy unless that person is an advocate, an approved company auditor or a person approved by the Registrar of the Companies in a particular case.
3. Proxies or other instruments of appointment shall not be treated as valid unless they are deposited not later than 10.00 a.m. on Friday, 2nd June, 2000 at the Registered Office, Lot 5710, Jalan Kuchai Lama, Petaling, 58200 Kuala Lumpur.

\* Strike out if inapplicable

**Borang Proksi****AJINOMOTO (MALAYSIA) BERHAD**  
(Didaktarkan di Malaysia)

(4295-W)

Pejabat Berdaftar: Lot 5710, Jalan Kuchai Lama, Petaling, 58200 Kuala Lumpur.

Bilangan Saham

Saya/Kami, .....  
 dari .....  
 sebagai ahli Syarikat yang disebutkan di atas, dengan ini melantik \* pengurus mesyuarat tersebut atau .....  
 .....  
 dari .....  
 atau jika beliau tidak dapat hadir .....  
 dari .....

sebagai proksi saya/kami untuk mengundi bagi pihak saya/kami di MESYUARAT AGUNG TAHUNAN SYARIKAT YANG KETIGA-PULUH-SEMBILAN yang akan diadakan di Pejabat Berdaftarnya di Lot 5710, Jalan Kuchai Lama, Petaling, 58200 Kuala Lumpur pada hari Selasa, 6hb Jun, 2000 pada pukul 10.00 pagi dan pada sebarang penangguhannya. Proksi saya/kami akan mengundi seperti berikut (jika tiada sebarang petunjuk diberikan, proksi akan mengundi sepertimana yang dianggap patut atau tidak mengundi):-

No. Resolusi	Resolusi-resolusi	Menyokong	Menentang
1	Penerimaan Penyata Akaun yang diaudit bagi tahun berakhir 31hb Disember, 1999 dan Laporan-laporan Lembaga Pengarah dan Juruaudit yang berkaitan dengannya.		
2	Pengistiharan dan pembayaran dividen sebanyak 11% ditolak cukai.		
3	Meluluskan yuran para Pengarah.		
	Perlantikan semula Pengarah - pengarah berikut menurut Artikel 92 Tataurus Syarikat:-		
4	Encik Husni Mohd Taib		
5	Encik Lee Kai Chiang		
6	Encik Ichiro Mayahara		
7	Perlantikan semula Dato Chan Keong Hon sebagai Pengarah selaras dengan Seksyen 129(6) Akta Syarikat, 1965.		
8	Perlantikan Juruaudit.		

Tandatangan pada..... haribulan ....., 2000

.....  
Tandatangan / Meterai Ahli**Nota-nota**

1. Seorang ahli yang berhak hadir dan mengundi, adalah berhak untuk melantik seorang proksi untuk hadir dan mengundi bagi pihaknya.
2. Seorang proksi itu tidak semestinya ahli Syarikat tetapi mengikut Seksyen 149 Akta Syarikat, 1965, seseorang ahli tidak akan berhak untuk melantik seseorang yang bukan ahli Syarikat sebagai proksinya kecuali seseorang itu adalah peguambela, juruaudit syarikat yang diluluskan atau seseorang yang diluluskan oleh Pendaftar Syarikat di dalam sesuatu kes.
3. Proksi-proksi atau lain-lain suratcara perlantikan tidak akan dianggap sah melainkan ianya dihantar ke Pejabat Berdaftar, Lot 5710, Jalan Kuchai Lama, Petaling, 58200 Kuala Lumpur sebelum pukul 10.00 pagi pada hari Jumaat, 2hb Jun, 2000.

\* Potong jika tidak berkenaan