1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

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

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

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

The number of employees in the Company at the end of the year were 361 (2001 : 358).

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 19 June, 2002.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements of the Company have been prepared under the historical cost convention unless otherwise indicated in the accounting policies below and comply with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

The promulgated standard MASB 19: Events After the Balance Sheet Date has been adopted prior to its effective date. Early adoption of this standard did not result in any adjustments to the prior year's financial statements.

(b) Revenue Recognition

Revenue relating to sale of goods is recognised net of sales taxes and discounts when transfer of risks and rewards has been completed.

(c) Associated Companies

The Company treats as associated companies those companies in which the Company has a long term equity interest where it exercises significant influence over the financial and operating policies.

Investment in associated companies is stated at cost less provision for any permanent diminution in value. The results of the associated companies have not been equity accounted as consolidated financial statements are not prepared. Details of the associated companies and the effect of the income statement and investment in associated companies had the equity method been applied is disclosed in Note 4.

(d) Affiliated Companies

Affiliated companies refer to associated companies of the holding company.

(e) Currency Conversion and Translation

Transactions in foreign currencies are converted into Ringgit Malaysia at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the balance sheet date are translated into Ringgit Malaysia at rates of exchange ruling at that date. All exchange differences are taken to the income statement.

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

	2002	**2001**
United States Dollar	**3.80**	3.80
Singapore Dollar	**2.06**	2.13
Brunei Dollar	**2.06**	2.13
Japanese Yen	**0.03**	0.03

(f) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses. Land and buildings of the Company have not been revalued since they were revalued in 1985. The directors have not adopted a policy of regular revaluations of such assets. As permitted under the transitional provisions of IAS16 (Revised) : Property, Plant and Equipment, these assets continue to be stated at their valuation less accumulated depreciation. Any increase arising from valuation is credited to equity as revaluation surplus; any decrease is charged to the income statement. Upon the disposal of revalued assets, the amounts in revaluation reserve relating to those assets are transferred directly to retained profits.

Freehold land is not depreciated. Leasehold land is depreciated over the period of the respective lease which ranges from 78 years to 96 years.

Depreciation of other property, plant and equipment is provided on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life at the following annual rates:

Buildings	4% to 11%
Plant, machinery and equipment	10% to 25%
Motor vehicles	25%
Furniture, fixtures and fittings	10%

The carrying values of property, plant and equipment are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts.

An impairment loss is charged to the income statement immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same asset.

Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

(g) Inventories

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

(h) Trade and Other Receivables

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

(i) Provisions for Liabilities

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

(j) Deferred Taxation

Deferred taxation is provided under the liability method for all material timing differences except where there is reasonable evidence that these timing differences will not reverse.

(k) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and at bank and deposits at call.

(l) Investments

Investments in associated companies and other long term investments are stated at cost less provision for any permanent diminution in value. Such provision is made when there is a decline other than temporary in the value of investments and is recognised as an expense in the period in which the decline occurred. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged or credited to the income statement.

(m) Retirement Benefits

The Company has an unfunded defined benefit retirement benefit scheme for eligible staff who have served the required number of years service under a collective bargaining agreement.

Staff retirement benefits are provided 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.

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

The Company has performed its own computation to determine the provision needed in respect of the scheme and an actuarial valuation has not been carried out. The directors of the Company are of the opinion that if an actuary is engaged, the effect of additional provision if any, in the financial statements is not material and as such does not justify the cost of the engagement of an actuary.

3. PROPERTY, PLANT AND EQUIPMENT

Cost/Valuation	Land and buildings* RM	Plant, machinery and equipment RM	Motor vehicles RM	Furniture, fixtures and fittings RM	Total RM
At 1 April, 2001	46,624,605	139,991,489	5,273,463	1,896,812	193,786,369
Addition	65,167	3,801,902	930,363	101,045	4,898,477
Disposals	-	(804,878)	(546,463)	-	(1,351,341)
Written off	-	(1,383,718)	-	(3,015)	(1,386,733)
At 31 March,2002	46,689,772	141,604,795	5,657,363	1,994,842	195,946,772

Representing:	Land and buildings* RM	Plant, machinery and equipment RM	Motor vehicles RM	Furniture, fixtures and fittings RM	Total RM
At Cost	13,099,772	141,604,795	5,657,363	1,994,842	162,356,772
At Valuation	33,590,000	-	-	-	33,590,000
	46,689,772	141,604,795	5,657,363	1,994,842	195,946,772
Accumulated Depreciation					
At 1 April, 2001	21,858,797	105,055,141	3,800,779	1,223,767	131,938,484
Charge for the year	729,418	8,371,676	1,014,259	121,184	10,236,537
Disposals	-	(554,945)	(546,463)	-	(1,101,408)
Written off	-	(1,157,444)	-	(1,576)	(1,159,020)
At 31 March, 2002	22,588,215	111,714,428	4,268,575	1,343,375	139,914,593
Net Book Value					
At 31 March, 2002					
At Cost	3,779,983	29,890,367	1,388,788	651,467	35,710,605
At Valuation	20,321,574	-	-	-	20,321,574
	24,101,557	29,890,367	1,388,788	651,467	56,032,179
At 31 March, 2001					
At Cost	4,133,964	34,936,348	1,472,684	673,045	41,216,041
At Valuation	20,631,844	-	-	-	20,631,844
	24,765,808	34,936,348	1,472,684	673,045	61,847,885
Depreciation charge for period 1 January, 2000 to 31 March, 2001	1,185,800	10,567,119	1,010,423	116,819	12,880,161

* Land and Buildings

	Freehold land RM	Long term leasehold land RM	Buildings RM	Total RM
At 1 April, 2001	1,059,200	27,420,992	18,144,413	46,624,605
Additions	-	-	65,167	65,167
At 31 March, 2002	1,059,200	27,420,992	18,209,580	46,689,772
Representing				
At Cost	-	2,884,028	10,215,744	13,099,772
At Valuation	1,059,200	24,536,964	7,993,836	33,590,000
	1,059,200	27,420,992	18,209,580	46,689,772
Accumulated Depreciation				
At 1 April, 2001	-	5,359,868	16,498,929	21,858,797
Charge for the year	-	345,190	384,228	729,418
At 31 March, 2002	-	5,705,058	16,883,157	22,588,215
Net Book Value				
At 31 March, 2002				
At Cost	-	2,453,560	1,326,423	3,779,983
At Valuation	1,059,200	19,262,374	-	20,321,574
	1,059,200	21,715,934	1,326,423	24,101,557
At 31 March, 2001				
At Cost	-	2,488,480	1,645,484	4,133,964
At Valuation	1,059,200	19,572,644	-	20,631,844
	1,059,200	22,061,124	1,645,484	24,765,808
Depreciation charge for period 1 January, 2000 to 31 March, 2001	-	343,331	842,469	1,185,800

(a) Included in the property, plant and equipment of the Company are fully depreciated assets which are still in use costing RM95,558,686 (2001: RM65,054,677).

(b) 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 independent professional valuers in 1984. The surplus arising on this revaluation has been transferred to capital reserve in 1985.

(c) Long term leasehold land recorded at valuation of RM2,868,684 (2001 : RM2,868,684) and at cost of RM2,884,028 (2001 : RM2,884,028) have restriction in the transfer of titles or mortgages which require approval by the relevant authorities.

(d) 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.