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Financial Statements

AJINOMOTO

Annual Report 2004

Directors' Report

The directors have pleasure in presenting their report together with the audited financial statements of the Company for the financial year ended 31 March 2004.

Principle Activities

The principal activities of the Company are manufacturing and selling of monosodium glutamate and other related products.

There have been no significant changes in the nature of the principal activities during the financial year.

Result

	RM
Net profit for the year	13,145,351

There were no material transfers to or from reserves or provisions during the year other than as disclosed in the statement of changes in equity.

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

Dividends

The amount of dividends paid by the Company since 31 March 2003 were as follows:

In respect of the financial year ended 31 March 2003 as reported in the directors' report of that year:

	RM
First and final dividend of 9% less 28% taxation, paid on 29 September 2003	3,939,745

At the forthcoming Annual General Meeting, a first and final dividend in respect of the financial year ended 31 March 2004, of 4% less 28% taxation and 5% tax exempt on 60,798,534 ordinary shares, amounting to a total dividend payable of RM4,790,924 (7.9 sen net per share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 March 2005.

Directors

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Gen (R) Tan Sri (Dr) Dato' Paduka Mohamed Hashim bin Mohd Ali
Takashi Imai
Tetsuhiko Yoshikawa
Takuji Umeda
Dato' Professor Teo Chiang Liang
Adinan bin Husin
Dr. Goh Chin Siew
Mazlan bin Ab. Rahman
Gew Ah Lek
Dato' Hj. Shaharuddin Bin Hj. Haron
Keizo Kawamoto (appointed on 15 July 2004)
Kenji Fukami (appointed on 15 July 2004)
Katsuyuki Inoue (resigned on 15 July 2004)
Osamu Sekiguchi (resigned on 15 July 2004)
Taisuke Oka (alternate to Katsuyuki Inoue - ceased on 15 July 2004)

Directors' Benefit

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivables by the directors as shown in Note 7 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any 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 related corporations during the financial year were as follows:

	Number of Ordinary Shares of RM1 Each			
The Company	**1 April 2003**	**Bought**	**Sold**	**31 March 2004**
Direct Interest				
Gew Ah Lek	6,000	-	-	6,000
Takashi Imai	1,954	444	-	2,398
Indirect Interest				
Dato' Professor (Dr) Teo Chiang Liang	150,000	-	-	150,000

	Number of Shares of Japanese Yen 50 Each			
Holding Company - Ajinomoto Co. Inc	**1 April 2003**	**Bought**	**Sold**	**31 March 2004**
Direct Interest				
Katsuyuki Inoue	4,064	-	64	4,000
Osamu Sekiguchi	3,490	501	-	3,991
Takuji Umeda	2,115	179	-	2,294
Takashi Imai	1,662	174	-	1,836

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

Other Statutory Information

(a) Before the income statement and balance sheet of the Company were made out, the directors took reasonable steps:-

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

(i) it necessary to write off any bad debts or the allowance for doubtful debts inadequate to any substantial extent; and

(ii) the values attributed to the current assets in the financial statements of the Company misleading.

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

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

(e) As at the date of this report, there does not exist:

(i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Company to meet its obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

Subsequent Event

On 7 April 2004, the Company entered into a sale and purchase agreement to dispose a parcel of land held under Geran Mukim 119, Lot No. 11125 Mukim Ampang, Kuala Lumpur, Wilayah Persekutuan for a cash consideration of RM 4,750,000.

Auditors

The auditors, Hanafiah Raslan & Mohamad, have expressed their willingness to continue in office.

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

GEN (R) TAN SRI (DR) DATO' PADUKA MOHAMED HASHIM BIN MOHD ALI

TAKASHI IMAI

Kuala Lumpur, Malaysia
Dated : 15 July 2004

Statement By Directors

Pursuant to Section 169(15) of the Companies Act, 1965

We, Gen (R) Tan Sri (Dr) Dato' Paduka Mohamed Hashim bin Mohd Ali and Takashi Imai, being two of the directors of Ajinomoto (Malaysia) Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 29 to 52 are drawn up in accordance with applicable Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Company as at 31 March 2004 and of the result and the cash flow of the Company for the year then ended.

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

GEN (R) TAN SRI (DR) DATO' PADUKA MOHAMED HASHIM BIN MOHD ALI

TAKASHI IMAI

Kuala Lumpur, Malaysia
Dated : 15 July 2004

Statutory Declaration

Pursuant to Section 169(15) of the Companies Act, 1965

I, Gew Ah Lek, being the Director primarily responsible for the financial management of Ajinomoto (Malaysia) Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 29 to 52 are in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed **GEW AH LEK**
at Kuala Lumpur in the Federal Territory on
15 July 2004

GEW AH LEK

Before me,

Mohd Radzi bin Yasin
(W327)
Commissioner for Oaths
Kuala Lumpur

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

We have audited the accompanying financial statements set out on pages 29 to 52. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion:

(a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia so as to give a true and fair view of:

- (i) the financial position of the Company as at 31 March 2004 and of the result and the cash flow of the Company for the year then ended; and
- (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; 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
AF: 0002
Chartered Accountants

WONG KANG HWEE
No. 1116/01/06 (J)
Partner

Kuala Lumpur, Malaysia
Dated : 15 July 2004

Income Statement
For The Year Ended 31 March 2004

	Note	2004 RM	2003 RM
Revenue	3	164,125,822	151,009,244
Other operating income	4	1,267,254	801,044
Changes in inventories of finished goods, work in progress and goods-in-transit		3,215,930	1,714,032
Raw materials and packaging materials consumed		(72,564,560)	(64,338,766)
Finished goods purchased		(5,534,886)	(3,857,740)
Staff costs	5	(24,458,857)	(21,717,762)
Depreciation		(9,604,863)	(10,665,453)
Other operating expenses		(42,254,246)	(39,330,622)
Profit from operations	6	14,191,594	13,613,977
Interest income		1,040,997	1,280,471
Profit before taxation		15,232,591	14,894,448
Taxation	8	(2,087,240)	(2,721,318)
Net profit for the year		13,145,351	12,173,130
Basic earnings per share (sen)	9	21.6	20.0
Net dividends per share (sen)	10	7.9	6.5

The accompanying notes form an integral part of the financial statements.

Balance Sheet As At 31 March 2004

	Note	2004 RM	2003 RM
Non-Current Assets			
Property, plant and equipment	11	70,611,668	55,232,487
Investments	12	4,119,876	3,068,807
		74,731,544	58,301,294
Current Assets			
Inventories	13	26,921,432	24,005,014
Trade receivables	14	20,790,145	17,693,634
Other receivables	15	3,529,640	2,382,164
Cash and bank balances	16	33,578,317	49,257,903
		84,819,534	93,338,715
Current Liabilities			
Trade payables	17	12,627,196	11,915,332
Other payables	18	5,154,100	7,111,612
Tax payable		717,645	745,595
Post-employment benefit obligations	21	392,151	502,592
		18,891,092	20,275,131
Net Current Assets		65,928,442	73,063,584
		140,659,986	131,364,878
Financed By:			
Share capital	19	60,798,534	60,798,534
Reserves	20	71,524,751	62,319,145
Shareholders’ fund		132,323,285	123,117,679
Post-employment benefit obligations	21	3,245,226	3,071,732
Deferred tax liabilities	22	5,091,475	5,175,467
Non-current liabilities		8,336,701	8,247,199
		140,659,986	131,364,878

The accompanying notes form an integral part of the financial statements.

Statement Of Changes In Equity
For Ther Year Ended 31 March 2004

	Non-distributable			Distributable	
	Share Capital RM	Share Premium RM	Revaluation Reserves RM	Retained Profits (Note 20) RM	Total RM
At 1 April 2002					
As previously stated	40,532,356	4,303,700	18,324,771	53,917,746	117,078,573
Prior year adjustments (Note 23)	-	-	(10,331,619)	7,407,758	(2,923,861)
At 1 April 2002 (restated)	40,532,356	4,303,700	7,993,152	61,325,504	114,154,712
Bonus issue	20,266,178	-	-	(20,266,178)	-
Transfer from revaluation reserves to retained profits	-	-	(121,871)	121,871	-
Net profit for the year	-	-	-	12,173,130	12,173,130
Dividends (Note 10)	-	-	-	(3,210,163)	(3,210,163)
At 31 March 2003	60,798,534	4,303,700	7,871,281	50,144,164	123,117,679
At 1 April 2003					
As previously stated	60,798,534	4,303,700	18,324,771	42,567,141	125,994,146
Prior year adjustments (Note 23)	-	-	(10,453,490)	7,577,023	(2,876,467)
At 1 April 2003 (restated)	60,798,534	4,303,700	7,871,281	50,144,164	123,117,679
Transfer from revaluation reserves to retained profits	-	-	(121,871)	121,871	-
Net profit for the year	-	-	-	13,145,351	13,145,351
Dividends (Note 10)	-	-	-	(3,939,745)	(3,939,745)
At 31 March 2004	60,798,534	4,303,700	7,749,410	59,471,641	132,323,285

The accompanying notes form an integral part of the financial statements.

Cash Flow Statement
For The Year Ended 31 March 2004

	Note	2004 RM	2003 RM
Cash Flow From Operating Activities			
Profit before taxation		15,232,591	14,894,448
Adjustments for:			
Allowance for doubtful debts		-	54,886
Short-term accumulating compensated absences		389,567	-
Depreciation		9,604,863	10,665,453
Property, plant and equipment written off		360,232	768,972
Gain on disposal of property, plant and equipment		(318,990)	(283,740)
Amortisation of club membership		30,992	61,500
Provision for post-employment benefits		729,171	929,501
Dividend income		(171,403)	(149,842)
Interest income		(1,040,997)	(1,280,471)
Operating profit before working capital changes		24,816,026	25,660,707
(Increase) / decrease in receivables		(4,228,764)	1,200,748
Increase in inventories		(2,916,418)	(7,971,737)
(Decrease) / increase in payables		(1,635,215)	5,993,410
Cash generated from operations		16,035,629	24,883,128
Tax paid		(2,162,961)	(6,606,278)
Payment of post-employment benefits		(666,118)	(512,172)
Net cash generated from operating activities		13,206,550	17,764,678
Cash Flow From Investing Activities			
Interest received		994,782	1,280,471
Purchase of property, plant and equipment		(25,344,311)	(10,734,848)
Proceeds from disposal of property, plant and equipment		319,025	383,855
Purchase of investments		(1,051,069)	(20,000)
Dividend received		135,182	119,658
Net cash used in investing activities		(24,946,391)	(8,970,864)
Cash Flow From Financing Activity			
Dividend paid		(3,939,745)	(3,210,163)
Net (Decrease) / Increase In Cash And Cash Equivalents		(15,679,586)	5,583,651
Cash And Cash Equivalents At Beginning Of Year		49,257,903	43,674,252
Cash And Cash Equivalents At End of Year	16	33,578,317	49,257,903

The accompanying notes form an integral part of the financial statements.

1. Corporate Information

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

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of the Bursa Malaysia Securities Berhad. 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 financial year was 393 (2002:391).

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 15 July 2004.

2. Significant Accounting Policies

(a) Basis of Preparation

The financial statements of the Company have been prepared under the historical cost convention unless indicated in the accounting policies below.

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia.

During the financial year ended 31 March 2004, the Company adopted the following Malaysian Accounting Standards Board ("MASB") Standards for the first time:

(i) MASB 25 Income Taxes
(ii) MASB 29 Employee Benefits

The effects of adopting MASB 25 are summarised in the Statement of Changes in Equity and further information is disclosed in Note 23. The adoption of MASB 29 has not given rise to any material adjustments to the opening balances of retained profits of the prior and current year or to changes in comparatives.

(b) Investment in Associates

Associated companies are those companies in which the Company has a long term equity interest and where it exercises significant influence but not control, through participation in the financial and operating policy decisions of the companies.

Investment in associates is stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2 (k). On disposal of such investments, the difference between the net disposal proceeds and their carrying amounts is recognised in the income statement.

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 on the income statement and investments in associated companies had the equity method been applied are disclosed in Note 12.

(c) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2 (k).

Land and buildings are stated at valuation less impairment losses. Land and buildings of the Company have not been revalued since they were revalued in 1984. The directors have not adopted a policy of regular revaluations of such assets. As permitted under the transitional provisions of IAS 16 (Revised): Property, Plant and Equipment, these assets continue to be stated at their valuation less accumulated depreciation.

A revaluation increase is credited to equity as a revaluation surplus, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is recognised to the income statement to the extent of the decrease previously recognised. A revaluation decrease is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised as an expense.

Revaluation surplus will be transferred to retained profits an amount equal to the difference between the depreciation on a revalued asset and the depreciation based on the cost of that asset. Upon the disposal of revalued assets, the attributable revaluation surplus remaining in the revaluation reserve is transferred to retained profits.

2. Significant Accounting Policies (con't)

(c) Property, Plant and Equipment and Depreciation (con't)

Freehold land and capital work-in-progress are not depreciated. Leasehold land is depreciated over the period of the respective leases which range from 71 years to 83 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	7% to 11%
Motor vehicles	25%
Plant, machinery and equipment	10% to 25%
Furniture, fixtures and fittings	10%

Upon the disposal of an item of property, plant or equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in the income statement and the unutilised portion of the revaluation surplus on that item is taken directly to retained profits.

(d) 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. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

(e) Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand and at bank and deposits at call which have an insignificant risk of changes in value.

(f) 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.

(g) Income Tax

Income tax on the profit and loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

Prior to the adoption of MASB 25 Income Taxes on 1 April 2003, deferred tax was provided for using the liability method in respect of significant timing differences and deferred tax assets were not recognised unless there was reasonable expectation of their realisation. This change in accounting policy has been accounted for retrospectively and the effects of this change are disclosed in Note 23.

2. Significant Accounting Policies (con't)

(h) Employee Benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

(a) As required by law, the Company makes contributions to the Employees Provident Fund. Such contributions are recognised as an expense in the income statement as incurred.

(b) The Company has a funded defined contribution benefit Post-Employment scheme for certain executives who have served the required number of years of service. Contributions are made to an approved benefit scheme operated by by independent trustees in accordance with a trust deed.

(iii) Defined benefits plans

The Company has a partly funded defined benefit Post-Employment Scheme ("Scheme") for its eligible employees. The Company's obligation under the Scheme is calculated using the Projected Unit Credit Method, through which the amount of benefit that employees have earned in return for their service in the current and prior years is estimated.

Past service costs are recognised immediately to the extent that the benefits are already vested. The amount recognised in the balance sheet represents the present value of the defined benefit obligations.

(i) Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

(i) Sale of goods

Revenue relating to the sale of goods is recognised net of sales taxes and discounts upon the transfer of risks and rewards.

(ii) Interest income

Interest is recognised on a time proportion basis that reflects the effective yield on the asset.

(iii) Dividend income

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

(iv) Revenue from services

Revenue from services rendered is recognised net of services taxes and discounts as and when the services are performed.

2. Significant Accounting Policies (con't)

(j) Foreign currency transactions

Transactions in foreign currencies are initially recorded in Ringgit Malaysia at rates of exchange ruling at the date of the transaction. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined.

All exchange rate differences are taken to the income statement.

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

	2004 RM	2003 RM
United States Dollar	3.80	3.80
Singapore Dollar	2.26	2.15
Brunei Dollar	2.22	2.11
Japanese Yen	0.03	0.03
Euro	4.65	4.11

(k) Impairment of Assets

At each balance sheet date, the Company reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised as an expense in 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 any unutilised previously recognised revaluation surplus for the same asset. Reversal of impairment losses recognised in prior years is recorded when the impairment losses recognised for the asset no longer exist or have decreased.

(l) Financial Instruments

Financial instruments are recognised in the balance sheet when the Company has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

2. Significant Accounting Policies (con't)

(l) Financial Instruments (con't)

(i) Other Non-Current Investments

Non-current investments other than investments in associates are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2 (k).

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

(ii) Marketable securities

Marketable securities are carried at the lower of cost and market value, determined on an aggregate basis. Cost is determined on the weighted average basis while market value is determined based on quoted market values. Increases or decreases in the carrying amount of marketable securities are recognised in the income statement. On disposal of marketable securities, the difference between net disposal proceeds and the carrying amount is recognised in the income statement.

(iii) Receivables

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

(iv) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(v) Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(m) Affiliated Companies

Affiliated companies refer to associated companies of the holding company.

3. Revenue

Revenue of the Company is relating to the sale of goods and is recognised net of sales taxes and discounts upon the transfer of risks and rewards.

4. Other Operating Income

	2004 RM	2003 RM
Net realised foreign exchange gains	156,056	43,060
Gain on disposal of property, plant and equipment	318,990	283,740
Dividends from:		
An associated company	129,360	107,800
Investment quoted in Malaysia	42,043	42,042
Management fees	108,000	108,000
Commission income	432,405	213,481
Others	80,400	2,921
	1,267,254	801,044