

4. INVESTMENTS

	2002	2001
	RM	RM
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, at cost	309,500	309,500
	<u>3,110,307</u>	<u>3,110,307</u>
Market value of quoted shares in Malaysia	<u>3,258,317</u>	<u>2,354,397</u>

Had the equity method of accounting been applied, the carrying amount of investment in associated companies would have been as follows:

	RM
Investment in associated companies	
At cost	1,678,751
Share of post-acquisition reserves	<u>8,485,243</u>
	<u>10,163,994</u>
Represented by	
Share of net tangible assets	13,035,242
Discount on acquisition	<u>(2,871,248)</u>
	<u>10,163,994</u>

Had the equity method of accounting been applied the income statement of the Company would have been as follows:

	RM	RM
Profit before taxation and share of profits of associated companies		13,627,028
Share of profit of associated companies		<u>455,276</u>
Profit before taxation		14,082,304
Taxation before share of tax of associated companies	(3,276,888)	
Share of tax of associated companies	<u>(190,639)</u>	
Taxation		<u>(3,467,527)</u>
Profit after taxation		<u>10,614,777</u>

The associated companies are:

Name of Company	Country of Incorporation	Effective Interests (%)		Financial Year End	Principal Activities
		2002	2001		
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

5. INVENTORIES

	2002 RM	2001 RM
At cost:		
Raw materials	5,789,142	7,218,620
Work-in-progress	2,658,047	3,252,698
Finished goods	7,514,629	5,333,566
Goods-in-transit	71,459	112,642
	<u>16,033,277</u>	<u>15,917,526</u>

The cost of inventories recognised as an expense during the financial year in the Company amounted to RM169,128 (2001: RM350,136).

6. TRADE RECEIVABLES

	2002 RM	2001 RM
Trade receivables	14,925,029	14,502,871
Provision for doubtful debts	(77,137)	(77,137)
	<u>14,847,892</u>	<u>14,425,734</u>

7. DUE FROM RELATED COMPANIES

	2002 RM	2001 RM
Due from fellow subsidiaries	1,180,743	30,099
Due from associated companies	1,114,920	1,168,653
Due from affiliated companies	579,448	1,021,301
	<u>2,875,111</u>	<u>2,220,053</u>

The amounts due from related companies are trade in nature, unsecured, interest free and have no fixed terms of repayment.

8. CASH AND BANK BALANCES

	2002 RM	2001 RM
Cash on hand and at banks	2,939,754	4,366,833
Deposits with licensed banks	40,734,498	30,253,229
	<u>43,674,252</u>	<u>34,620,062</u>

9. OTHER PAYABLES

	2002 RM	2001 RM
Accruals	1,751,560	2,401,556
Sundry payables	2,194,738	2,059,510
Others	424,025	411,868
	<u>4,370,323</u>	<u>4,872,934</u>

10. DUE TO RELATED COMPANIES

	2002 RM	2001 RM
Due to holding company	939,539	12,296
Due to fellow subsidiaries	-	153,146
Due to associated companies	-	54,054
Due to affiliated companies	7,221	187,089
	<u>946,760</u>	<u>406,585</u>

The amounts due to related companies are trade in nature, unsecured, interest free and have no fixed terms of repayment.

11. SHARE CAPITAL

	Number of Ordinary Shares of RM1 Each		Amount	
	2002	2001	2002 RM	2001 RM
Authorised	<u>60,000,000</u>	<u>60,000,000</u>	<u>60,000,000</u>	<u>60,000,000</u>
Issued and fully paid	<u>40,532,356</u>	<u>40,532,356</u>	<u>40,532,356</u>	<u>40,532,356</u>

12. PROVISION FOR RETIREMENT BENEFITS

	2002 RM	2001 RM
At beginning of year/ period	2,907,821	2,957,436
Charged to income statement	873,395	786,338
Utilised during the year/ period	(624,221)	(835,953)
At end of year/ period	<u>3,156,995</u>	<u>2,907,821</u>

13. DEFERRED TAXATION

	2002 RM	2001 RM
At beginning of year/ period	4,189,000	2,453,300
Transfer (to)/ from income statement (Note 17)	(1,024,000)	1,735,700
At end of year/ period	<u>3,165,000</u>	<u>4,189,000</u>

Deferred taxation amounting to RM916,000 (2001: RM916,000) 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.

14. OTHER OPERATING INCOME

Included in other operating income are:

	1.4.2001 to 31.3.2002 RM	1.1.2000 to 31.3.2001 RM
Gain on disposal of property, plant and equipment	257,076	334,604
Dividends from:		
An associated company	107,800	107,800
Investment quoted in Malaysia	<u>42,042</u>	<u>42,042</u>

15. STAFF COSTS

Included in the staff costs are directors' remuneration with the following details:

	1.4.2001 to 31.3.2002 RM	1.1.2000 to 31.3.2001 RM
Executive directors:		
Salaries and other emoluments	2,427,096	3,591,461
Fees	132,000	132,000
Bonus	46,140	68,480
	<u>2,605,236</u>	<u>3,791,941</u>
Non-executive directors:		
Fees	80,000	80,000
Gratuity	100,000	-
	<u>180,000</u>	<u>80,000</u>
Total	<u>2,785,236</u>	<u>3,871,941</u>

The estimated monetary value of other benefits not included in the above received by certain executive directors was RM136,272 (2001: RM129,984).

The number of directors of the Company whose total remuneration during the year fall within the following bands is as follows:

	Number of Directors	
	2002	2001
Executive directors:		
Below RM50,000	4	-
RM50,001 – RM100,000	-	1
RM100,001 – RM150,000	-	1
RM150,001 – RM200,000	2	1
RM200,001 – RM250,000	-	2
RM250,001 – RM300,000	1	1
RM300,001 – RM350,000	-	1
RM350,001 – RM400,000	3	-
RM400,001 – RM450,000	1	-
RM450,001 – RM500,000	1	3
RM500,001 – RM550,000	-	1
RM600,001 – RM650,000	-	1
Non-executive directors:		
Below RM50,000	2	3
RM100,001 – RM150,000	1	-

16. OTHER OPERATING EXPENSES

Included in other operating expenses are:

	1.4.2001 to 31.3.2002 RM	1.1.2000 to 31.3.2001 RM
Auditors' remuneration	35,000	33,000
Bad debts written off	50,609	32,942
Property, plant and equipment written off	227,713	51,892
Provision for retirement benefits	873,395	786,338
Realised foreign exchange losses	<u>161,183</u>	<u>174,734</u>

17. TAXATION

	1.4.2001 to 31.3.2002 RM	1.1.2000 to 31.3.2001 RM
Current year's provision	4,300,888	4,150,000
Taxation over-provided in prior years	-	(235,402)
Transfer (from)/ to deferred taxation (Note 13)	<u>(1,024,000)</u>	<u>1,735,700</u>
	<u>3,276,888</u>	<u>5,650,298</u>

The effective tax rate on the Company's profit is lower than the statutory tax rate principally due to the reinvestment allowances tax incentive enjoyed by the Company.

The Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and the balance in the tax exempt income account to frank the payment of dividends out of its entire retained profits as at 31 March, 2002.

As at 31 March, 2002, the Company has tax exempt income of approximately RM52,420,000 (2001: RM54,520,000) to frank the payment of tax exempt dividends out of its retained profits.

18. BASIC EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the net profit for the year of RM10,350,140 (1.1.2000 to 31.3.2001 : RM11,722,351) by the number of ordinary shares in issue during the financial year of 40,532,356 (2001 : 40,532,356).

19. DIVIDENDS

Amount		Dividend per share	
1.4.2001 to 31.3.2002 RM	1.1.2000 to 31.3.2001 RM	1.4.2001 to 31.3.2002 Sen	1.1.2000 to 31.3.2001 Sen
Ordinary tax exempt dividend of 11%	- 4,458,560	-	11

20. COMMITMENTS

	2002 RM	2001 RM
Capital expenditure approved but not contracted for	10,623,400	9,448,800

21. CONTINGENT LIABILITIES

	2002 RM	2001 RM
Staff retirement benefits (unsecured)	427,994	477,867

Staff retirement benefits as shown above represent the amounts of the payments to the participating employees and are contingent upon them meeting the length of services with the Company. As at the end of the financial year, the required length of service has not been fulfilled by those employees.

22. SUBSEQUENT EVENT

On 19 June, 2002, the Company announced the following proposals to:

- Increase the authorised share capital of the Company from RM60,000,000 comprising 60,000,000 ordinary shares of RM1 each to RM80,000,000 comprising 80,000,000 ordinary shares of RM1 each and
- Issue 20,266,178 new ordinary shares of RM1 each from its retained profits via a bonus issue, which will be credited as fully paid-up on the basis of one (1) new ordinary share of RM1 each for every two (2) existing ordinary shares of RM1 each held in the Company.

The proposals are subject to the approvals by the shareholders at the forthcoming extraordinary general meeting.

23. SIGNIFICANT RELATED PARTY TRANSACTIONS

	1.4.2001 to 31.3.2002 RM	1.1.2000 to 31.3.2001 RM
(a) Transactions with associated companies		
Sales to Ajinomoto (Singapore) Pte. Ltd.	3,184,329	4,207,228
Sales to Malaysia Ve-Tsin Manufacturing Co. Bhd.	1,965,394	2,167,474
Purchases of services from Malaysia Ve-Tsin Manufacturing Co. Ltd.	2,006,068	2,115,454
Purchases from Ajinomoto (Singapore) Pte. Ltd.	338,260	302,599
Purchases from Nee Seng Ngeng & Sons Sago Industries Sdn. Bhd.	18,728	113,054
(b) Transactions with affiliated companies		
Management fees received from Malaysia Packaging Ind. Bhd.	155,439	262,065
Sales to CPC/AJI (M) Sdn. Bhd.	891,285	1,012,595
Purchases from Malaysia Packaging Ind. Bhd.	3,320,731	2,600,425
(c) Transactions with holding company and its subsidiaries*		
Commission income	267,714	268,236
Royalties payable	3,159,752	3,883,823
Sales	2,781,061	2,824,172
Purchases	18,069,557	18,873,468

* Comprises Ajinomoto Co. Inc. and fellow subsidiaries, excluding Ajinomoto (Singapore) Pte. Ltd.

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.

24. SEGMENT REPORTING

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

25. COMPARATIVE FIGURES

The comparative figures are for the period from 1 January, 2000 to 31 March, 2001. The comparative figures have been reclassified to conform with current year's presentation, where necessary.