

Notes To The Financial Statements

31 March 2004 (con't)

5. Staff Costs

	2004 RM	2003 RM
Wages and salaries	20,190,695	18,515,934
Gratuity	60,000	40,000
Pension costs - defined contribution plans	2,254,675	1,555,331
Pension costs - defined benefit plans	729,171	929,501
Social security costs	125,257	117,354
Short term accumulating compensated absences	389,567	-
Other staff related expenses	709,492	559,642
	<u>24,458,857</u>	<u>21,717,762</u>

Included in staff costs of the Company are executive directors' remuneration amounting to RM2,639,505 (2003: RM1,866,480) as further disclosed in Note 7.

6. Profit From Operations

	2004 RM	2003 RM
Profit from operations is stated after charging:-		
Auditors' remuneration:		
Statutory audit	30,000	30,000
Other services	5,000	5,000
Non-executive directors' remuneration (Note 7)	245,000	232,917
Allowance for doubtful debts	-	54,886
Amortisation of club membership	30,992	61,500
Property, plant and equipment written off	360,232	768,972
	<u>360,232</u>	<u>768,972</u>

7. Directors' Remuneration

	2004 RM	2003 RM
Executive Directors:		
Salaries and other emoluments	2,026,215	1,388,363
Pension costs - defined contribution plans	235,824	169,644
Fees	150,000	108,333
Gratuity	60,000	40,000
Bonus	167,466	160,140
Benefits-in-kind	74,641	93,018
	<u>2,714,146</u>	<u>1,959,498</u>
Non-Executive Directors:		
Fees	175,000	172,917
Gratuity	70,000	60,000
	<u>245,000</u>	<u>232,917</u>
Total	<u>2,959,146</u>	<u>2,192,415</u>

The number of directors of the Company whose total remuneration during the year fell within the following bands is analysed below:

	Number of Directors	
	2004	2003
Executive Directors:		
RM100,001 - RM150,000	-	1
RM150,001 - RM200,000	-	1
RM200,001 - RM250,000	-	3
RM250,001 - RM300,000	2	1
RM300,001 - RM350,000	-	1
RM400,001 - RM450,000	-	1
RM450,001 - RM500,000	2	-
RM550,001 - RM600,000	2	-
Non-Executive Directors:		
Below RM50,000	5	5
RM50,001 - RM100,000	1	1
	<u>1</u>	<u>1</u>

Notes To The Financial Statements

31 March 2004 (con't)

8. Taxation

	2004 RM	2003 RM
Tax expense for the year:		
Income tax	2,114,271	3,856,000
Deferred tax (Note 22):		
Relating to origination and reversal of temporary differences	(83,992)	(913,394)
Under / (over)provided in prior years:		
Income tax	56,961	(221,288)
	<u>2,087,240</u>	<u>2,721,318</u>

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Company is as follows:

	2004 RM	2003 RM
Profit before taxation	15,232,591	14,894,448
Taxation at Malaysian statutory tax rate of 28% (2002: 28%)	4,265,125	4,170,445
Income not subject to tax	(11,772)	(11,772)
Expenses not deductible for tax purposes	221,331	268,688
Utilisation of current year's reinvestment allowances	(2,444,405)	(1,484,755)
Under / (over) provision of income tax expense in prior years	56,961	(221,288)
Tax expense for the year	<u>2,087,240</u>	<u>2,721,318</u>

9. Earnings Per Share

Basic earnings per share is calculated by dividing the net profit for the year by the weighted average number of ordinary shares in issue during the financial year.

	2004 RM	2003 RM
Net profit for the year	13,145,351	12,173,130
Weighted average number of ordinary shares in issue	60,798,534	60,798,534
	<u>21.6</u>	<u>20.0</u>
Basic earnings per share (sen)		

The comparative basic earnings per share has been restated to take into account the effect of the change in accounting policy on net profit for the year.

10. Dividends

	2004 RM	Amount 2003 RM	Net Dividends per share 2004 Sen	2003 Sen
First and final dividend of 4% less 28% taxation and 5% tax exempt (2003: 9% less 28% taxation paid on 29 September 2003)	<u>4,790,924</u>	<u>3,939,745</u>	<u>7.9</u>	<u>6.5</u>

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.

Notes To The Financial Statement

31 March 2004 (con't)

11. Property, Plant And Equipment

	Land and buildings* RM	Motor vehicles RM	Plant, machinery and equipment RM	Furniture, fixtures and fittings RM	Capital Work- in- progress RM	Total RM
Cost / Valuation						
At 1 April 2003	48,787,535	6,322,350	144,792,837	2,027,644	-	201,930,366
Additions	10,891,427	797,496	7,456,878	80,360	6,118,150	25,344,311
Disposals	-	(807,804)	-	(355)	-	(808,159)
Written off	-	-	(1,484,870)	(26,920)	-	(1,511,790)
At 31 March 2004	<u>59,678,962</u>	<u>6,312,042</u>	<u>150,764,845</u>	<u>2,080,729</u>	<u>6,118,150</u>	<u>224,954,728</u>
Representing:						
At cost	26,088,962	6,312,042	150,764,845	2,080,729	6,118,150	191,364,728
At valuation	<u>33,590,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,590,000</u>
	<u>59,678,962</u>	<u>6,312,042</u>	<u>150,764,845</u>	<u>2,080,729</u>	<u>6,118,150</u>	<u>224,954,728</u>
Accumulated depreciation and impairment losses						
At 1 April 2003	23,518,098	4,398,053	117,347,081	1,434,647	-	146,697,879
Charge for the year	1,477,678	1,065,372	6,942,193	119,620	-	9,604,863
Disposals	-	(807,804)	-	(320)	-	(808,124)
Written off	-	-	(1,126,184)	(25,374)	-	(1,151,558)
At 31 March 2004	<u>24,995,776</u>	<u>4,655,621</u>	<u>123,163,090</u>	<u>1,528,573</u>	<u>-</u>	<u>154,343,060</u>
Net Book Value						
At 31 March 2004						
At cost	14,982,152	1,656,421	27,601,755	552,156	6,118,150	50,910,634
At valuation	<u>19,701,034</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,701,034</u>
	<u>34,683,183</u>	<u>1,656,421</u>	<u>27,601,755</u>	<u>552,156</u>	<u>6,118,150</u>	<u>70,611,668</u>
At 31 March 2003						
At cost	5,258,133	1,924,297	27,445,756	592,997	-	35,221,183
At valuation	<u>20,011,304</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,011,304</u>
	<u>25,269,437</u>	<u>1,924,297</u>	<u>27,445,756</u>	<u>592,997</u>	<u>-</u>	<u>55,232,487</u>
Depreciation charge for 2003	<u>929,883</u>	<u>1,055,644</u>	<u>8,564,276</u>	<u>115,650</u>	<u>-</u>	<u>10,665,453</u>

Notes To The Financial Statement

31 March 2004 (con't)

11. Property, Plant And Equipment (con't)

* Land and buildings

	Freehold land RM	Long term leasehold land RM	Buildings RM	Total RM
Cost / Valuation				
At 1 April 2003	1,059,200	27,420,992	20,307,343	48,787,535
Additions	-	3,308,777	7,582,650	10,891,427
At 31 March 2004	1,059,200	30,729,769	27,889,993	59,678,962
Representing:				
At cost	-	6,192,805	19,896,157	26,088,962
At valuation	1,059,200	24,536,964	7,993,836	33,590,000
	1,059,200	30,729,769	27,889,993	59,678,962
Accumulated Depreciation				
At 1 April 2003	-	6,050,248	17,467,850	23,518,098
Charge for the year	-	399,432	1,078,246	1,477,678
At 31 March 2004	-	6,449,680	18,546,096	24,995,776
Net Book Value				
At 31 March 2004				
At cost	-	5,638,255	9,343,897	14,982,152
At valuation	1,059,200	18,641,834	-	19,701,034
	1,059,200	24,280,089	9,343,897	34,683,186
At 31 March 2003				
At cost	-	2,418,640	2,839,493	5,258,133
At valuation	1,059,200	18,952,104	-	20,011,304
	1,059,200	21,370,744	2,839,493	25,269,437
Depreciation charge for 2003	-	345,190	584,693	929,883

Notes To The Financial Statement

31 March 2004 (con't)

11. Property, Plant And Equipment (con't)

(a) Included in the above are the following property, plant and equipment which have been fully depreciated but are still in use:

	2004 RM	2003 RM
At cost / valuation:		
Land and buildings	16,316,453	15,045,108
Motor vehicles	2,932,768	2,858,357
Plant, machinery and equipment	87,421,787	85,997,395
Furniture, fixtures and fittings	893,040	884,991
	<u>107,564,048</u>	<u>104,785,851</u>

(b) The freehold and leasehold land and buildings were revalued in 1984 by an independent professional valuer, as approved by the relevant authorities and based on open market value on the existing use basis. The surplus arising from the revaluation has been transferred to the capital reserves account in 1985.

□

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.

(c) Long term leasehold land recorded at valuation of RM2,868,684 (2003: RM2,868,684) and at cost of RM6,192,805 (2003: RM2,884,028) have restriction in the transfer of titles or mortgages which require approval by the relevant authorities.

12. Investments

	2004 RM	2004 RM
Unquoted shares in associated companies, at cost	1,678,751	1,678,751
Quoted shares in a Malaysian corporation, at cost	2,173,125	1,122,056
Transferable club memberships	268,000	268,000
	<u>4,119,876</u>	<u>3,068,807</u>
Market value of quoted shares in Malaysia	<u>3,783,853</u>	<u>2,018,054</u>

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

	2004 RM	2003 RM
Investment in associated companies, at cost	1,678,751	1,678,751
Share of post-acquisition profits	8,543,189	8,250,054
	<u>10,221,940</u>	<u>9,928,805</u>
Represented by:		
Share of net assets	13,093,188	12,800,053
Discount on acquisition	(2,871,248)	(2,871,248)
	<u>10,221,940</u>	<u>9,928,805</u>

Notes To The Financial Statement

31 March 2004 (con't)

12. Investments (con't)

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

	RM	2004	RM	RM	2003	RM
Profit before taxation and share of profits of associated companies			15,232,591			14,894,448
Share of profit of associated companies			469,677			457,287
Profit before taxation			15,702,268			15,351,735
Taxation						
Company	(2,087,240)			(2,768,712)		
Associated companies	(176,542)			(127,492)		
			(2,263,782)			(2,896,204)
Profit after taxation			13,438,486			12,455,531

The associated companies are:

Name of Company	Country of Incorporation	Effective Interests (%)		Financial Year End	Principal Activities
		2004	2003		
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

As at 31 March 2004, Malaysia Ve-Tsin Manufacturing Co. Bhd. hold 313,458 shares representing 0.52% equity interest in the Company.

13. Inventories

	2004 RM	2003 RM
At cost:		
Raw materials	9,027,066	10,216,671
Consumables	2,720,269	1,830,176
Work-in-progress	4,108,139	3,913,121
Finished goods	11,024,808	7,787,530
Goods-in-transit	41,150	257,516
	26,921,432	24,005,014

Notes To The Financial Statement

31 March 2004 (con't)

14. Trade Receivables

	2004 RM	2003 RM
Trade receivables	20,922,168	17,825,657
Allowance for doubtful debts	(132,023)	(132,023)
	<u>20,790,145</u>	<u>17,693,634</u>
Included in trade receivables are amounts:		
Due from affiliated companies	472,581	798,180
Due from fellow subsidiaries	629,486	748,236
Due from associated companies	1,082,881	1,142,739
	<u>2,184,948</u>	<u>2,689,155</u>

The Company's normal trade credit term ranges from 14 days to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

□

As at the balance sheet date, the Company has a significant concentration of credit risk in the form of outstanding balances from 2 (2003: 2) customers representing approximately 37% (2003: 44%) of the total trade receivables.

□

The amounts due from related companies are unsecured, interest free and credit terms ranges from 30 days to 90 days (2003: 30 days to 90 days).

15. Other Receivables

	2004 RM	2003 RM
Deposits	251,434	222,744
Prepayments	1,529,793	689,070
Sundry receivables	1,748,413	1,470,350
	<u>3,529,640</u>	<u>2,382,164</u>

The Company has no significant concentration of credit risk that may arise from exposures to a single debtor or groups of debtors.

16. Cash And Cash Equivalents

	2004 RM	2003 RM
Cash on hand and at banks	2,860,771	5,915,260
Deposits with licensed banks	30,717,546	43,342,643
	<u>33,578,317</u>	<u>49,257,903</u>

The weighted average effective interest rates of the deposits with licensed banks at the balance sheet date was 2.6% (2003: 2.6%) per annum.

□

The average maturities of the deposits with licensed banks as at the end of the financial year were 24 days (2003: 30 days).

17. Trade Payables

	2004 RM	2003 RM
Included in trade payables are amounts:		
Due to holding company	23,582	37,057
Due to fellow subsidiaries	153,254	1,155,770
Due to affiliated companies	315,906	388,730
	<u>492,742</u>	<u>1,581,557</u>

The normal trade credit terms granted to the Company ranges from 30 to 60 days.

The amounts due to related companies are unsecured, interest free and have credit term of 30 days.

Notes To The Financial Statement

31 March 2004 (con't)

18. Other Payables

	2004 RM	2003 RM
Accrued expenses	1,869,939	1,806,269
Sundry payables	2,296,779	4,416,184
Due to holding company	987,382	889,159
	<u>5,154,100</u>	<u>7,111,612</u>

The amount due to holding company is unsecured, interest free and has no fixed terms of repayment.

□

19. Share Capital

	Number of Ordinary Shares of RM1 Each		Amount	
	2004	2003	2004 RM	2003 RM
Authorised:				
At beginning of year	80,000,000	60,000,000	80,000,000	60,000,000
Created during the year	-	20,000,000	-	20,000,000
At end of year	<u>80,000,000</u>	<u>80,000,000</u>	<u>80,000,000</u>	<u>80,000,000</u>
Issued and fully paid:				
At beginning / end of year	60,798,534	40,532,356	60,798,534	40,532,356
Issued and paid up during the year	-	20,266,178	-	20,266,178
	<u>60,798,534</u>	<u>60,798,534</u>	<u>60,798,534</u>	<u>60,798,534</u>

20. Retained Profits

As at 31 March 2004, the Company has tax exempt profits available for distribution of approximately RM66,618,000 (2003: RM57,888,000), subject to the agreement of the Inland Revenue Board.

□

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 2004.

Notes To The Financial Statement

31 March 2004 (con't)

21. Post-Employment Benefit Obligations

The Company operates a partly funded, Post-Employment Benefit Scheme ("the Scheme") for its eligible employees. Under the Scheme, eligible employees are entitled to post-employment benefits varying 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.

□

The movements during the financial year in the amount recognised in the balance sheet are as follows:

	2004	2003
	RM	RM
At 1 April	3,574,324	3,156,995
Amount recognised in the income statement	729,171	929,501
Less: Contributions paid	(666,118)	(512,172)
At 31 March	<u>3,637,377</u>	<u>3,574,324</u>

The amounts recognised in the balance sheet are determined as follows:

	2004	2003
	RM	RM
Present value of defined benefit obligation recognised as liabilities in the balance sheet	<u>3,637,377</u>	<u>3,574,324</u>
Analysed as:		
Current	392,151	502,592
Non-current	<u>3,245,226</u>	<u>3,071,732</u>
	<u>3,637,377</u>	<u>3,574,324</u>

The amounts recognised in the income statements are as follows:

	2004	2003
	RM	RM
Current service cost	642,492	818,781
Interest cost	<u>86,679</u>	<u>110,720</u>
	<u>729,171</u>	<u>929,501</u>

The above amounts charged to the income statements has been included in staff cost, as disclosed in Note 5 of the financial statements.

Notes To The Financial Statement

31 March 2004 (con't)

22. Deferred Tax Liabilities

	2004 RM	2003 RM (Restated)
At 1 April	5,175,467	6,088,861
Transfer to income statement (Note 8)	(83,992)	(913,394)
At 31 March	5,091,475	5,175,467

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred Tax Assets:

	Retirement Benefit Obligations RM	Provision for Liabilities RM	Total RM
At 1 April 2003	1,000,811	21,598	1,022,409
Recognised in the income statement	17,655	109,079	126,734
At 31 March 2004	1,018,466	130,677	1,149,143

Deferred Tax Liabilities:

	Revaluation RM	Accelerated Capital Allowances RM	Total RM
At 1 April 2003	2,876,467	3,321,409	6,197,876
Recognised in the income statement	(47,394)	90,136	42,742
At 31 March 2004	2,829,073	3,411,545	6,240,618

23. Changes In Accounting Policies And Prior Year Adjustments

(a) Changes in Accounting Policies

During the financial year, the Company applied two new MASB Standards effective from 1 April 2003, and accordingly modified certain accounting policies. The changes in accounting policies in relation to income tax which resulted in prior year adjustments is discussed below:

□

MASB 25: Income Taxes

Under MASB 25, deferred tax liabilities are recognised for all taxable temporary differences. Previously, deferred tax liabilities were provided for on account of timing differences only to the extent that a tax liability was expected to materialise in the foreseeable future.

□

In addition, MASB 25 allowed enterprise to transfer each year from revaluation surplus to retained earnings an amount equal to the difference between the depreciation on a revalued asset and the depreciation based on the cost of that asset. The amount transferred is net of any related deferred tax.

MASB 29: Employee Benefits

The adoption of MASB 29 has resulted in additional disclosures as in Note 21 which were not included in the prior year.

Notes To The Financial Statement

31 March 2004 (con't)

23. Changes In Accounting Policies And Prior Year Adjustments (con't)

(b) Prior Year Adjustments

The changes in accounting policies have been applied retrospectively and comparatives have been restated. The effects of changes in accounting policies are as follows:

	2004 RM	2003 RM
Effects on retained profits:		
At 1 April, as previously stated	42,567,141	53,917,746
Effects of adopting MASB 25	7,577,023	7,407,758
At 1 April, as restated	50,144,164	61,325,504
Effects on revaluation reserves:		
At 1 April, as previously stated	18,324,771	18,324,771
Effects of adopting MASB 25	(10,453,490)	(10,331,619)
At 1 April, as restated	7,871,281	7,993,152
Effects on net profit for the year:		
Net profit before changes in accounting policies	13,097,957	12,125,736
Effects of adopting MASB 25	47,394	47,394
Net profit for the year	13,145,351	12,173,130

Comparative amount as at 31 March 2003 have been restated as follows:

	Previously Stated RM	Adjustments RM	Restated RM
Deferred tax liabilities	2,299,000	2,876,467	5,175,467

24. Commitments

	2004 RM	2003 RM
Capital expenditure:		
Approved and contracted for:		
Property, plant and equipment	2,923,503	11,303,734
Approved but not contracted for:		
Property, plant and equipment	23,331,497	20,371,266
	26,255,000	31,675,000

Notes To The Financial Statements

31 March 2004 (con't)

25. Significant Related Party Transactions

	2004 RM	2003 RM
(a) Transactions with associated companies:		
Sales to Ajinomoto (Singapore) Pte. Ltd.	3,314,697	3,325,261
Sales to Malaysia Ve-Tsin Manufacturing Co. Bhd.	1,062,525	1,539,711
Purchases from Malaysia Ve-Tsin Manufacturing Co. Bhd.	2,323,028	1,957,460
Purchases from Ajinomoto (Singapore) Pte. Ltd.	1,053,641	1,196,647
Purchases from Nee Seng Ngeng & Sons Sago Industries Sdn. Bhd.	-	826,464
Management fees received from Malaysia Ve-Tsin Manufacturing Co. Bhd.	108,000	108,000
Dividend received from Malaysia Ve-Tsin Manufacturing Co. Bhd.	129,360	107,799
(b) Transactions with affiliated companies:		
Management fees received from Malaysia Packaging Ind. Bhd.	-	8,000
Purchases from Malaysia Packaging Ind. Bhd.	3,517,766	3,700,326
Dividend received from Malaysia Packaging Ind. Bhd.	42,043	42,043
(c) Transactions with holding company and its subsidiaries*:		
Commission income	424,761	195,823
Royalties payable	3,679,545	3,421,520
Sales	4,545,429	4,082,062
Purchases	20,642,809	16,560,696

* Comprises Ajinomoto Co. Inc. and its 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.

26. 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 RM4,750,000.

Notes To The Financial Statement

31 March 2004 (con't)

27. Comparative Figures

The presentation and classification of items in the current year financial statements have been consistent with the previous financial year except that certain comparative amounts have been adjusted as a result of changes in accounting policies as disclosed in Note 2 (a) and Note 23 or have been reclassified to conform with current year presentation.

28. Financial Instruments

(a) Financial Risk Management Objectives and Policies

The Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Company's businesses whilst managing its foreign exchange, liquidity and credit risks. The Company operates within clearly defined guidelines that are approved by the Board and the Company's policy is not to engage in speculative transactions.

(b) Interest Rate Risk

The Company had no substantial long-term interest-bearing assets as at 31 March 2004. The investments in financial assets are mainly short term in nature and they are not held for speculative purposes but have been mostly placed in fixed deposits or occasionally, in short term commercial papers which yield better returns than cash at bank.

□

The information on maturity dates and effective interest rates of financial assets is disclosed in its respective note.

(c) Foreign Exchange Risk

The Company operates internationally and is exposed to various currencies, mainly Japanese Yen, United States Dollar, Euro, Brunei Dollar and Singapore Dollar. Foreign currency denominated assets and liabilities together with expected cash flows from highly probable purchases and sales give rise to foreign exchange exposures.

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level. Material foreign currency transaction exposures are hedged, mainly with derivative financial instruments such as short-term forward foreign currency contracts.

The net unhedged financial assets and financial liabilities of the Company that are not denominated in their functional currencies are as follows:□

Functional Currency	Net Financial Assets / (Liabilities) Held in Non-Functional Currency					
	United States Dollar RM	Brunei Dollar RM	Singapore Dollar RM	Euro RM	Japanese Yen RM	Total RM
At 31 March 2004						
Ringgit Malaysia	5,493,167	643,563	835,133	-	(113,172)	6,858,690
At 31 March 2003						
Ringgit Malaysia	3,594,198	303,103	1,022,062	23,793	(40,071)	4,903,085

As at balance sheet date, the Company entered into forward foreign exchange contracts to hedge its exposure to currency fluctuations affecting certain foreign currency denominated payables amounted to RM288,000 (2003: Nil) equivalent to Euro 67,000 (2003: Nil) and have a maturity period of within 2 months.

□

All gains or losses on foreign exchange contracts are recognised as income or expenses upon realisation.

Notes To The Financial Statement

31 March 2004 (con't)

28. Financial Instruments (con't)

(d) Liquidity Risk

The Company actively manages its operating cash flows. As part of its overall prudent liquidity management, the Company maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements.

(e) Credit Risk

Credit risks, or the risk of counter parties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Company's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Company management reporting procedures.

□

As at the balance sheet date, the Company has a significant concentration of credit risk in the form of outstanding balances from 2 (2003: 2) customers representing approximately 37% (2003: 44%) of the total trade receivables.

(f) Fair Values

The aggregate net fair values of financial assets and financial liabilities which are not carried at fair value on the balance sheet of the Company as at the end of the financial year are represented as follows:

	2004		2003	
	Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
Financial Assets				
Non-current unquoted shares	1,678,751	*	1,678,751	*
Marketable securities	2,173,125	3,783,853	1,122,056	2,018,054
Transferable club memberships	<u>268,000</u>	<u>*</u>	<u>268,000</u>	<u>*</u>
Financial Liabilities				
Amounts due to holding company	<u>987,382</u>	<u>#</u>	<u>889,159</u>	<u>#</u>

* It is not practical to estimate the fair value of the Company's non-current unquoted shares and transferable club memberships because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs.

It is also not practical to estimate the fair values of amounts due to / from related corporations due principally to a lack of fixed repayment term entered by the parties involved and without incurring excessive costs.

The nominal / notional amounts and net fair value of financial instruments not recognised in the balance sheet of the Company as at the end of the financial year are:

	2004		2003	
	Notional Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
Contingent liabilities	259,173	^	249,887	^
Forward foreign exchange contracts	<u>288,000</u>	<u>287,623</u>	<u>-</u>	<u>-</u>

^ It is not practicable to estimate the fair value of contingent liabilities reliably due to the uncertainties of timing, costs and eventual outcome.

Notes To The Financial Statement

31 March 2004 (con't)

28. Financial Instruments (con't)

(f) Fair Values (con't)

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

(i) Cash and Cash Equivalents, Trade and Other Receivables / Payables

The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.

(ii) Marketable securities

The fair value of quoted shares is determined by reference to stock exchange quoted market bid prices at the close of the business on the balance sheet date.

(iii) Derivative Financial Instruments

The fair value of a forward foreign currency contract is the amount that would be payable or receivable on termination of the outstanding position arising and is determined by reference to the difference between the contracted rate and forward exchange rate as at the balance sheet date applied to a contract of similar quantum and maturity profile.

29. Segmental Information

(a) Business Segment

Segmental reporting by business activities has not been prepared as the Company is principally engaged only in the manufacturing and selling of monosodium glutamate and other related products.

(b) Geographical Segment

Segmental reporting by geographical regions has been prepared for revenue, the Company's location of assets are predominantly in Malaysia.

Revenue	Malaysia	Middle East	Other Asian Countries	Others	Total
2004	127,509,861	11,606,253	19,653,788	5,355,920	164,125,822
2003	117,083,457	10,186,403	19,144,727	4,594,657	151,009,244