

**AJINOMOTO (MALAYSIA) BERHAD**  
**(Company No. 4295-W)**  
**(Incorporated in Malaysia)**

**Notes to the interim financial report for the period ended 30 September 2007**

**A EXPLANATORY NOTES PURSUANT TO FRS 134**

**1 Basis of Preparation**

The interim financial statements are unaudited and have been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad, including compliance with Financial Reporting Standard (FRS) 134, *Interim Financial Reporting*, issued by the Malaysian Accounting Standard Board (MASB).

The interim financial report has been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 March 2007, except for the accounting policy changes that are expected to be reflected in the annual financial statements for the financial period ending 31 March 2008. Details of these changes in accounting policies are set out in Note A2.

The interim financial statements should be read in conjunction with the annual audited financial statements for the year ended 31 March 2007. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company since the financial year ended 31 March 2007.

The balance sheet relating to the financial year ended 31 March 2007 has been restated as a result of the change in accounting policies.

**2 Changes in Accounting Policies**

The significant accounting policies and methods of computation adopted by the Company in this interim financial statements are consistent with those adopted in the annual financial statements for the year ended 31 March 2007, except for the adoption of new/ revised Financial Reporting Standards (“FRS”) effective for financial statements commencing 1 October 2006, namely FRS 117 – Leases.

The principle effects of the necessary change in accounting policies resulting from the adoption of applicable new/ revised FRS are discussed under note below:

**FRS 117 - Leases**

With the adoption of FRS 117 as from 1 April 2007, the leasehold interest in the land held for own use is accounted for as being held under an operating lease. Such leasehold land will no longer be revalued. Where the leasehold land had been previously revalued, the Company retained the unamortised revalued amount as the surrogate carrying amount of prepaid lease payments as allowed by FRS 117, para 67A. Such prepaid lease payments are amortised on a straight line basis over the remaining lease term of the land.

Prior to 1 April 2007, leasehold land was classified as property, plant and equipment and was stated at valuation less accumulated depreciation. The leasehold interest in land held for own use was last revalued on February 1984 by an independent firm of professional valuers on an open market value on the existing use basis.

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**2 Changes in Accounting Policies (Cont'd.)**

The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively in accordance with FRS 117 by restating the balance sheet presentation as of 31 March 2007 as illustrated below. However, there is no impact to the retained earnings as at 31 March 2007.

	Previously stated RM'000	Effect of changes in accounting policy RM'000	Restated RM'000
Balance sheet as at 31 March 2007			
Non current assets			
Property, plant and equipment	69,407	(23,153)	46,254
Prepaid lease payments	-	23,153	23,153
	-	23,153	23,153

**3 Qualification of Audit Report of the Preceding Annual Financial Statements**

The auditor's report on the financial statements for the financial year ended 31 March 2007 was not qualified.

**4 Seasonality or Cyclicity of Interim Operations**

The results of the Company's trading and operations are not affected by any seasonal or cyclical factors.

**5 Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flow**

There were no items affecting assets, liabilities, equity, net income or cash flows that were unusual or exceptional because of their nature, size or incidence during the financial period to date.

**6 Material Changes in Estimates**

There were no material changes in the nature and amount of estimates reported in prior financial years that have a material effect in the current interim period.

**7 Debt and Equity Securities**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current financial period under review.

**8 Dividends Paid**

The amount of dividends paid during the financial period under review is as follows:

	6 months ended 30/9/2007 RM'000	6 months ended 30/9/2006 RM'000
First and final dividend in respect of the financial year ended 31 March 2007, of 10% comprising 4% less 27% taxation and 6% tax exempt, paid on 21 September 2007	5,423	4,791



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**9 Segmental Reporting**

**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.

	Malaysia RM'000	Middle East RM'000	Other Asian Countries RM'000	Others RM'000	Total RM'000
<b>Revenue</b>					
6 months ended 30 September, 2007	73,546	8,585	21,035	2,973	106,139
6 months ended 30 September, 2006	67,381	8,375	15,775	3,102	94,633

**10 Property, Plant and Equipment**

The valuations of land and buildings have been brought forward, without any amendment from the previous annual audited financial statements.

**11 Material Events Subsequent to the Balance Sheet Date**

There was no material event subsequent to the end of the quarter as at the date of this announcement that will affect the results of the financial period ended 30 September 2007.

**12 Effects of Changes in the Composition of the Company**

There were no changes in the composition of the Company during the current financial period under review.



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**13 Contingent Liabilities (Unsecured)**

	<b>As at 30.9.2007 RM'000</b>	<b>As at 30.9.2006 RM'000</b>
Staff retirement benefits	<u>313</u>	<u>361</u>

Staff retirement benefits shown above represent the amount which will become due to the employees concerned after they have served the required number of years with the Company. As at the end of the reporting period, the required length of service has not been fulfilled by them. Save as disclosed above, there were no other contingent liabilities which have become enforceable, or likely to become enforceable which will affect the ability of the Company to meet its obligations as and when they fall due.

**14 Capital Commitments**

The amount of commitments for the purchase of plant and equipment not provided for in the interim financial statement as at 30 September 2007 is as follows:

	<b>RM'000</b>
Approved and contracted for	<u>1,375</u>

**B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES LISTING REQUIREMENTS**

**1 Review of Performance**

Increase in both domestic and export sales resulted in an increase in revenue by 12% for the first half of the financial year ended 30 September 2007 as compared to previous corresponding period. This, together with the continued efficient use of plant capacity has improved operating profit by 60%. Contribution from “Other Income” also improved. Correspondingly, pre-tax profit for the first half of the financial year ended 30 September 2007 was higher, but was partly off-set by losses from associated company.

**2 Material Changes in the Quarterly Profit Before Taxation Compared to the Results of the Preceding Quarter.**

Profit before tax for the second quarter under review was higher than the preceding quarter by RM0.9 million attributable to improved results from associated company and higher “Other Income” received in the quarter under review.

**3 Commentary on Prospects**

Going into the remaining months of 2007, the domestic economy may be affected by global issues such as possible further surge in oil prices and the economic situation of Malaysia's larger trading partners, all of which may have an impact on our domestic demand. Moreover, the local food seasoning industry will continue to be under intense pressure from imported competitive products. The Company is however, committed to maintain its market competitiveness and baring unforeseen circumstances, the Company expects its performance for this financial year to be better than that of the previous year.

**4 Variance of Actual Profit from Forecast Profit**

Not applicable as the Company did not publish any profit forecast.

**5 Taxation**

Tax expense comprises the following: -

	<b>3 month ended 30/9/2007 RM'000</b>	<b>6 month ended 30/9/2007 RM'000</b>	<b>3 month ended 30/9/2006 RM'000</b>	<b>6 month ended 30/9/2006 RM'000</b>
Current tax expense :				
Malaysian income tax	1,689	3,438	533	909
Foreign tax	7	16	-	6
	<hr/> 1,696	<hr/> 3,454	<hr/> 533	<hr/> 915
Deferred tax expense	-	-	-	-
	<hr/> 1,696	<hr/> 3,454	<hr/> 533	<hr/> 915

The effective tax rate of the tax provision for the quarter under review is slightly lower than the statutory tax rate, due to reinvestment allowances tax incentive enjoyed by the Company.

**6 Profit/(loss) on sale of Unquoted Investment and/or Properties**

There was no sale of unquoted investments and/or properties for the quarter under review and financial period to date.

**7 Particulars of Purchase or Disposal of Quoted Securities**

There was no purchase or disposal of quoted securities for the quarter under review.

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**8 Status of Corporate Proposals**

There were no corporate proposals that have been announced by the Company as at the date of this report. here were no corporate proposals announced.

**9 Borrowings and Debt Securities**

As at the end of the period under review, the Company has no borrowings nor issued any debt securities.

**10 Off Balance Sheet Financial Instruments**

The Company does not have any off balance sheet financial instruments as at 15th November2007, being the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report.

**11 Material Litigation**

There are no material litigation as at 15th November2007, the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report.

**12 Dividend Payable**

No dividend was proposed or declared for the current financial period ended 30 September 2007.

**13 Basic Earnings Per Share**

Basic earnings per share for the current quarter and financial period to date are calculated based on the net profit attributable to ordinary shareholders and the number of ordinary shares outstanding.

	<b>6 month ended 30 September 2007</b>
Net profit attributable to ordinary shareholders of the Company (RM'000)	11,308
Number of ordinary shares outstanding ('000)	60,798

Diluted earnings per share is not applicable for the Company.

*By Order of the Board*