



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

Notes to the interim financial report for the period ended 31 March 2008

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 previous 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 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
	<u> </u>	<u> </u>	<u> </u>

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.

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8 Dividends Paid

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

	12 months ended 31/03/2008 RM'000	12 months ended 31/03/2007 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

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
Revenue					
12 months ended 31 March, 2008	147,661	17,936	43,785	6,080	215,462
12 months ended 31 March, 2007	133,940	15,833	34,823	6,033	190,629

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 31 March 2008.



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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.

13 Contingent Liabilities (Unsecured)

	As at 31.03.2008	As at 31.03.2007
	RM'000	RM'000
Staff retirement benefits	<u>286</u>	<u>328</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 31 March 2008 is as follows:

	RM'000
Approved and contracted for	<u>1,465</u>

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES LISTING REQUIREMENTS

1 Review of Performance

For the financial year ended 31 March 2008 the Company's net profit was RM20.94million, with a revenue of RM215million, which are 40% and 13% higher respectively as compared to the previous financial year. The marked improvement in revenue was primarily due to greater sales volume achieved from better market coverage and sales mix for the majority of the Company's products in both the domestic and export markets. The improved earnings was also aided by greater efficient use of plant capacity, higher productivity and benefits arising from cost saving efforts across the entire value chain during the financial year.

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

Revenue was marginally higher by 3% from the previous quarter, representing an increase of RM1.8 million, as compared to RM53.8 million of revenue achieved in the preceding quarter. However, operating profit for the quarter under review was lower than the preceding quarter by 34%. This was significantly affected by the full impact of the steep increase in raw materials and production costs and higher selling expenses from intensified selling and promotion activities during the last quarter. However, this was partly off-set by higher "Other Income" and "Profit from associate company" of RM1.8million and RM0.8million respectively as compared to preceding quarter. Correspondingly, profit before tax for the quarter under review was marginally higher than the preceding quarter by RM0.3 million.

3 Commentary on Prospects

The coming fiscal year will continue to be extremely challenging, as record high raw materials and fuel prices remain a great concern and these prices are anticipated to remain at high and unprecedented levels for the foreseeable future. Nonetheless, the Company will channel greater efforts in pursuing initiatives to further optimize its operations to mitigate the impact of higher input costs. The Company will continue to strive constantly to implement effective marketing and promotion activities to achieve higher sales and continue to protect and grow market shares of its products in both the domestic and export markets.

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: -

	3 month ended 31/03/2008 RM'000	12 month ended 31/03/2008 RM'000	3 month ended 31/3/2007 RM'000	12 month ended 31/3/2007 RM'000
Current tax expense :				
Malaysian income tax	653	6,245	297	2,487
Foreign tax	7	27	6	22
	661	6,272	315	2,509
Under/(Over) provision in prior Year:				
Malaysian income tax	(249)	(149)	21	22
Deferred tax expense	210	210	(171)	(171)
	621	6,333	153	2,360

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.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES LISTING REQUIREMENTS

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.

8 Status of Corporate Proposals

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

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 28th May 2008, 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 28th May 2008, the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report.

12 Dividend Payable

- a. For the financial year ended 31st March 2008 the Board of Directors recommends a first and final dividend of 8 sen less 26% tax (previous year : 6 sen tax exempt and 4 sen less 27% tax) and a special dividend of 7 sen tax exempt per ordinary share of RM1.00 each, for the shareholders' consideration and approval at the Company's forthcoming Forty-Seventh Annual General Meeting.
- b. The date payable of the above dividend shall be announced at a later date.
- c. The closure of the books for the dividend will be notified in due course.



B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES LISTING REQUIREMENTS

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.

	12 month ended 31 March 2008 RM'000
Net profit attributable to ordinary shareholders of the Company	<u>20,940</u>
Number of ordinary shares outstanding	<u>60,798</u>

Diluted earnings per share is not applicable for the Company.

By Order of the Board

Kuala Lumpur
28th May 2008

Chua Siew Chuan
Company Secretary