

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

**Notes to the interim financial report for the period ended 30 June 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 2008.

The interim financial statements should be read in conjunction with the annual audited financial statements for the year ended 31 March 2008.

**2 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 2008 was not qualified.

**3 Seasonality or Cyclicity of Interim Operations**

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

**4 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.

**5 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.

**6 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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**7 Dividends Paid**

There was no dividend paid in the current financial period to date.

**8 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>					
3 months ended 30 June, 2008	40,141	4,959	10,855	1,647	57,602
3 months ended 30 June, 2007	37,218	4,377	10,340	1,501	53,436

**9 Property, Plant and Equipment**

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

**10 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 June 2008.

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**11 Effects of Changes in the Composition of the Economic Entity**

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

**12 Contingent Liabilities (Unsecured)**

	<b>As at 30.6.2008 RM'000</b>	<b>As at 30.6.2007 RM'000</b>
Staff retirement benefits	275	328

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.

**13 Capital Commitments**

The amount of commitments for the purchase of plant and equipment not provided for in the interim financial statement as at 30 June 2008 is as follows:

	<b>RM'000</b>
Approved and contracted for	1,475
Approved but not contracted for	18,481
	19,956

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

**1 Review of Performance**

Improvement in sales from both domestic and export markets contributed to higher revenue of 8% for the first financial quarter ended 30 June 2008 as compared to previous corresponding quarter. This, together with better selling prices and adoption of consistent and effective promotion and advertising strategies have contributed to the improvement in the first quarter results. Correspondingly, pre-tax profit was further improved with lower selling expenses and lower losses from associate company.

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

Revenue was higher by 4% from the previous quarter, representing an increase of RM2 million, as compared to RM55.6 million of revenue achieved in the preceding quarter. Correspondingly, operating profit for the quarter under review was higher than the preceding quarter by 88%. Profit before tax for the quarter under review was higher than the preceding quarter by RM1.2 million.

**3 Commentary on Prospects**

The remaining fiscal year will continue to be challenging, in view of rising input cost, the recent rise in the cost of living and the possible slowdown in consumption. Nevertheless, the Company will continue to adopt innovative sales and marketing strategies, improve further the supply chain management and increase productivity to achieve cost efficiency and further enhance the value chain to guard its profitability.

**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 30/6/2008 RM'000</b>	<b>3 month ended 30/6/2007 RM'000</b>
Current tax expense :		
Malaysian income tax	1,575	1,749
Foreign tax	10	9
	<hr/> 1,585	<hr/> 1,758
Deferred tax expense	-	-
	<hr/> <b>1,585</b>	<hr/> <b>1,758</b>

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 20th August 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 20th August 2008, 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 June 2008.

**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.

	<b>3 month ended 30 June 2008 RM'000</b>
Net profit attributable to ordinary shareholders of the Company	<u>6,001</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  
20<sup>th</sup> August 2008

Chua Siew Chuan  
Company Secretary