

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

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

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

	6 months ended 30/9/2008 RM'000	6 months ended 30/9/2007 RM'000
First and final dividend in respect of the financial year ended 31 March 2008, of 8% less 26% taxation and a special dividend of 7% tax exempt, paid on 19 September 2008	7,855	5,423

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
Revenue					
6 months ended 30 September, 2008	93,786	7,908	17,777	1,822	121,293
6 months ended 30 September, 2007	73,546	8,585	21,035	2,973	106,139

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 September 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)

	As at 30.9.2008	As at 30.9.2007
	RM'000	RM'000
Staff retirement benefits	275	313

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 September 2008 is as follows:

	RM'000
Approved and contracted for	6,220
Approved but not contracted for	10,098
	16,318

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES LISTING REQUIREMENTS

1 Review of Performance

The Company posted an increase in revenue of 14% for the first half of the financial year ended 30 September 2008 as compared to previous corresponding period. The favorable growth was achieved through both improvement in sales volume and selling price from the domestic markets for retail and industrial products. However, this did not filter through to operating profit level as operating profit shrank by 4% partly due to unprecedented high input costs.

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

Revenue increased by a commendable 11% quarter on quarter, in absolute terms an increase of RM6 million, as compared to RM57.6 million achieved in the preceding quarter. Nonetheless, pre-tax profit fell by approximately RM0.5 million for the quarter under review as compared to RM7.6 million achieved in the preceding quarter. This is primarily attributed to the impact of rising raw materials and production costs.

3 Commentary on Prospects

The second half of the remaining fiscal year is expected to continue to be challenging, in view of the full impact of the steep increase in raw materials and production costs in the first half of the fiscal year kicking in and the recent negative global economic outlook which may result in lower consumer confidence and consumption. In view of this, the Company will continue its efforts to optimize promotion and marketing expenses, further enhance the supply chain management and emphasize on the efficient use of plant capacity for higher productivity.

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 30/9/2008 RM'000	6 month ended 30/9/2008 RM'000	3 month ended 30/9/2007 RM'000	6 month ended 30/9/2007 RM'000
Current tax expense :				
Malaysian income tax	1,466	3,041	1,689	3,438
Foreign tax	10	20	7	16
	<hr/> 1,476	<hr/> 3,061	<hr/> 1,696	<hr/> 3,454
Deferred tax expense	-	-	-	-
	<hr/> 1,476	<hr/> 3,061	<hr/> 1,696	<hr/> 3,454

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.

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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 18th November 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 18th November 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 September 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.

	6 month ended 30 September 2008 RM'000
Net profit attributable to ordinary shareholders of the Company	<u>11,607</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
18th November 2008

Chua Siew Chuan
Company Secretary