

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

Notes to the interim financial report for the period ended 31 March 2009

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 Seasonality or Cyclicity of Interim Operations

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

3 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.

4 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.

5 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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6 Dividends Paid

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

	12 months ended 31/03/2009 RM'000	12 months ended 31/03/2008 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

7 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 Mar, 2009	165,655	19,126	51,705	7,353	243,839
12 months ended 31 March, 2008	147,661	17,936	43,785	6,080	215,462

8 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 2009.

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9 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.

10 Contingent Liabilities (Unsecured)

	As at 31.03.2009 RM'000	As at 31.03.2008 RM'000
Staff retirement benefits	-	286

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 these employees. During the period under review, the entire amount of RM413,000 in relation to retirement benefits for which the required length of service has not been fulfilled by them has been accrued for. 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.

11 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 2009 is as follows:

	RM'000
Approved and contracted for	894
Approved but not contracted for	18,218
	19,112

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES LISTING REQUIREMENTS

1 Review of Performance

For the financial year ended 31 March 2009, revenue rose 13.2% year-on-year to RM243.8 million as compared to preceding year of RM215.4 million, due to double-digit growth in both export business and domestic market in the year in terms of both volume and sale prices. However, margins were put under pressure by high input and energy costs coupled with keen competition in the food seasoning industry which required more sales promotional expenses to support sales. These resulted in lower profit before tax of RM25.6 million as compared to previous year of RM27.3 million. Correspondingly, net profit was lower at RM18.9 million as compared to RM20.9 million attained in the previous year.

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

Revenue was lower by 2% from the previous quarter, representing a contraction of RM1.0 million, as compared to RM61.8 million achieved in the preceding quarter. Profit before tax for the quarter under review was significantly lower than the preceding quarter by 61%, principally due to higher selling expenses from intensified selling and promotion activities during the quarter. However, this was partly off-set by higher "Other Income" from higher interest income. Consequently, net profit for the quarter under review was considerably lower than the preceding quarter by RM3.8 million.

3 Commentary on Prospects

Given the weaker exports and output data for the first quarter of this year, couple with tough macroeconomic conditions GDP may slip for the first half of the year. The dismal regional trade and output performance as well as the prospect of further US consumer demand slowdown backed by rising unemployment rate will continue to weigh on the path to global economic recovery. The Board, therefore, expects the next fiscal year to be more challenging. The Company will continue to improve further its value chain efficiencies in order to meet its long term sustainable and profitable growth.

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 31/03/2009 RM'000	12 month ended 31/03/2009 RM'000	3 month ended 31/03/2008 RM'000	12 month ended 31/03/2008 RM'000
Current tax expense :				
Malaysian income tax	1,163	5,957	653	6,245
Foreign tax	10	34	7	27
	<hr/> 1,173	<hr/> 5,991	<hr/> 661	<hr/> 6,272
Under/(Over) provision in prior Year:				
Malaysian income tax	216	216	(249)	(149)
Deferred tax expense	398	398	210	210
	<hr/> 1,787	<hr/> 6,605	<hr/> 621	<hr/> 6,333

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 financial instruments with off balance sheet risk as at 13th May 2009 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 13th May 2009, 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 2009 the Board of Directors recommends a first and final dividend of 8 sen less 25% tax and 9 sen tax exempt (previous year : 8 sen less 26% tax and 7 sen tax exempt) per ordinary share of RM1.00 each, for the shareholders' consideration and approval at the Company's forthcoming Forty-Eighth 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.

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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 2009 RM'000
Net profit attributable to ordinary shareholders of the Company	<u>18,965</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
13th May 2009

Chua Siew Chuan
Company Secretary