

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

Notes to the interim financial report for the period ended 31 Dec 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 2009, with the exception that the financial statements of the Economic Entity are no longer prepared pursuant to the return of capital from the liquidation of the associated company. Therefore, the comparative figures have also been re-stated to Company level accordingly.

The interim financial statements should be read in conjunction with the annual audited financial statements for the year ended 31 March 2009.

2 Seasonality or Cyclicity of Interim Operations

The results of the Company's trading and operations are not so much affected by 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, apart from the return of capital amounting to RM3.015 million from the liquidation of the associated company, Malaysia Ve-Tsin Manufacturing Co. Bhd., that has resulted in a gain of RM1.667 million.

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:

	9 months ended 31/12/2009 RM'000	9 months ended 31/12/2008 RM'000
First and final dividend in respect of the financial year ended 31 March 2009, of 8% less 25% taxation and 9% tax exempt, paid on 16 September 2009	9,120	7,855

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					
9 months ended 31 Dec, 2009	141,245	20,530	44,976	5,989	212,740
9 months ended 31 Dec, 2008	124,406	18,834	34,224	5,614	183,078

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 Dec 2009.

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9 Effects of Changes in the Composition of the Economic Entity

During the quarter under review, the Liquidators of the associated company (Malaysia Ve-Tsin Manufacturing Co. Bhd.) under member's voluntary winding up made a first and final return of capital to shareholders. In line with this, Ajinomoto (Malaysia) Berhad received RM3.015 million resulting in a gain of RM1.667 million from the liquidation of the associated company. Hence, only the financial statements of the Company is prepared for the quarter under review.

10 Contingent Liabilities

As at the date of this report, there were no contingent liabilities which have become enforceable, or likely to become enforceable to the Company.

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 Dec 2009 is as follows:

	RM'000
Approved and contracted for	10,715
Approved but not contracted for	8,397
	19,112
	19,112

12 Related Party Transactions

Transactions related to the holding company, Ajinomoto Co., Inc. and its subsidiaries for the period ended 31 Dec 2009, are as follows:

	3 month ended	9 month ended
	31/12/09	31/12/09
	RM'000	RM'000
Commission income	119	610
Royalties payable	1,680	4,931
Sales	12,037	36,384
Purchases	22,393	78,865
Purchase of assets	304	651
Promotion expenses	65	214
Other expenses	119	342

These transactions have been entered into the normal course of business and have been established under negotiated terms.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES LISTING REQUIREMENTS

1 Review of Performance

For the quarter under review, the Company recorded revenue of RM72.7 million compared with RM61.8 million for the same period last year, an increase of 17.6% (RM10.88 million). The increase in revenue was attributed to higher sales revenue from both domestic and export markets in terms of better selling price and higher volume. This, together with lower marketing and other operating expenditure, and gain from liquidation of associated company resulted in increase in profit before tax in the current quarter to RM12.5 million compared with RM7.3 million for the same period last year.

For the current financial year-to-date 31 December 2009, the Company achieved revenue of RM212.7 million and profit before tax of RM28.9 million as compared with revenue of RM183.1 million and profit before tax of RM22.1 million for the corresponding period last year. The increase in revenue and profits was mainly driven by the same factors mentioned above.

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

Revenue saw an increase of 5.6% from the previous quarter, representing an increase of RM3.9 million, as compared to RM68.8 million in the preceding quarter. Profit before tax for the quarter under review was higher than the preceding quarter by RM4.9 million contributed by higher revenue recorded plus lower operating expenses incurred, in addition to the gain of RM1.67 million from the liquidation of associated company in the quarter under review.

3 Commentary on Prospects

Given the current improved regional and domestic economic environment, the Company expects its performance for this financial year to be better than that of previous years.

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 31/12/2009 RM'000	9 month ended 31/12/2009 RM'000	3 month ended 31/12/2008 RM'000	9 month ended 31/12/2008 RM'000
Current tax expense :				
Malaysian income tax	2,934	6,396	1,753	4,794
Foreign tax	-	17	4	24
	2,934	6,413	1,757	4,818
Deferred tax expense	-	-	-	-
	2,934	6,413	1,754	4,818

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 10th February 2010 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 10th February 2010, the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report.

13 Dividend Payable

No dividend was proposed or declared for the current financial period ended 31 Dec 2009.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES LISTING REQUIREMENTS

14 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.

	9 month ended 31 Dec 2009 RM'000
Net profit attributable to ordinary shareholders of the Company	<u>22,457</u>
Number of ordinary shares outstanding	<u><u>60,798</u></u>

Diluted earnings per share is not applicable for the Company.

By Order of the Board

Kuala Lumpur
10th February 2010

Chua Siew Chuan
Company Secretary