

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

Notes to the interim financial report for the period ended 31 March 2010

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 operations are affected by festive seasons and economic cycles, whereas the manufacturing operations are affected by the planned maintenance shut-down in the early part of the fiscal year.

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:

	12 months ended 31/03/2010 RM'000	12 months ended 31/03/2009 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					
12 months ended 31 Mar, 2010	191,416	26,080	59,283	7,838	284,617
12 months ended 31 Mar, 2009	166,009	19,127	56,511	2,192	243,839

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 fiscal year 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 March 2010 is as follows:

	RM'000
Approved but not contracted for	<u>22,666</u>

12 Related Party Transactions

Transactions related to the holding company, Ajinomoto Co., Inc. and its subsidiaries for the period ended 31 Mar 2010, are as follows:

	3 month ended	12 month ended
	31/03/10	31/03/10
	RM'000	RM'000
Commission income	63	673
Royalties payable	1,658	6,589
Sales	12,058	48,442
Purchases	27,425	106,290
Purchase of assets	1,619	2,270
Promotion expenses	151	365
Other expenses	6	348

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 registered an increase of RM11.1 million or 18.3% growth in revenue as compared to the same period last year. The hike in revenue was attributed to higher sales revenue from both domestic and export markets in terms of higher volume. However, losses from foreign exchange under other expenses in the final quarter against a foreign exchange gain in previous year has resulted in lower profit before tax of RM2.0 million as compared to the corresponding quarter of previous year of RM3.6 million. Consequently, net profit was lower at RM1.5 million as compared to RM1.8 million attained in the previous year corresponding quarter.

For the current financial year ended 31 March 2010, net profits were at RM23.9 million with a revenue of RM284.6 million, which was 25.5% and 16.7% 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 the domestic market and higher export sales. Furthermore, higher productivity and cost saving efforts during the financial year have also contributed significantly to improved earnings.

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

Revenue saw a marginal decline of 1.1% from the previous quarter, representing a decrease of RM0.8 million, as compared to RM72.7 million in the preceding quarter. Profit before tax for the quarter under review was significantly lower than preceding quarter by RM10.5 million due to erosion of earnings from higher input and energy costs coupled with keen competition in the food seasoning industry which required more sales promotional expenses to be incurred in the current quarter under review to support sales and protect market share. For other income/(expenses), unrealized and realized foreign exchange losses amounting to RM1 million was accrued for in the current quarter, as compared to a gain of RM1.67 million from the liquidation of associated company in the preceding quarter has also resulted in the lower profit before tax.

3 Commentary on Prospects

The strong Gross Domestic Product (GDP) growth of 10.1% in the first quarter of this year is an indication of economy recovery. Nevertheless, despite this upside potential to growth, there are uncertainties over the global recovery trend based on the recent developments in the international economic environment, coupled with fluctuating global commodity and fuel prices. To face such challenges, the Company will continue to create consumer value and improve its supply chain efficiencies in order to stabilize earnings while strengthening communications with consumers to meet its long term sustainable profit growth.

4 Variance of Actual Profit from Forecast Profit

Not applicable as the Company did not publish any profit forecast.

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5 Taxation

Tax expense comprises the following: -

	3 month ended 31/03/2010 RM'000	12 month ended 31/03/2010 RM'000	3 month ended 31/03/2009 RM'000	12 month ended 31/03/2009 RM'000
Current tax expense :				
Malaysian income tax	72	6,004	1,163	5,957
Foreign tax	-	20	10	34
	<hr/> 72	<hr/> 6,024	<hr/> 1,173	<hr/> 5,991
Under/(Over) provision in prior year				
Malaysian income tax	-	461	216	216
Deferred tax expense	452	452	398	398
	<hr/> 524	<hr/> 6,937	<hr/> 1,787	<hr/> 6,605

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.

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 25th May 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 25th May 2010, the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES LISTING REQUIREMENTS

12 Dividend Payable

- a. For the financial year ended 31st March 2010 the Board of Directors recommends a first and final dividend of 9 sen less 25% tax and 9 sen tax exempt (previous year : 8 sen less 25% tax and 9 sen tax exempt) per ordinary share of RM1.00 each, for the shareholders' consideration and approval at the Company's forthcoming Forty-Ninth 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.

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 2010 RM'000
Net profit attributable to ordinary shareholders of the Company	<u>23,939</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
25th May 2010

Chua Siew Chuan
Company Secretary