Notes to the interim financial report for the period ended 31 March 2011

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 statements should be read in conjunction with the annual audited financial statements for the year ended 31 March 2010.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the audited financial statements for the year ended 31 March 2010, incorporating the new and revised FRSs, IC Interpretations and Amendments which the Company adopted and which are effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, except for FRS 4, Insurance Contracts, Amendments to FRS 127, Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate, Amendments to FRS 2 Share-based Payment: Vesting Conditions and Cancellations, IC Interpretation 11, FRS 2 – Company and Treasury Share Transactions and IC Interpretation 14, FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction which are not applicable to the Company.

The new and revised FRSs, IC Interpretations and Amendments adopted by the Company which are relevant to its operations and which have an impact on the Company's interim financial statements for the current and preceding year corresponding period, where applicable, are as follows:

FRS 101(revised) - Presentation of Financial Statements
FRS 139 - Financial Instruments : Recognition and Measurement
FRS 7 - Financial Instruments : Disclosures
FRS 8 - Operating Segments
Amendment to FRS 117 - Leases

The principal effects of the changes in presentation, changes in methods of computation and in accounting policies resulting from the adoption of the new and revised FRSs, IC Interpretations and Amendments are set out below:

FRS 101 (revised), Presentation of Financial Statements

Prior to the adoption of the revised FRS 101, the components of the financial statements presented consisted of a balance sheet, an income statement, a statement of changes in equity, a cash flow statement and notes to the financial statements. With the adoption of the revised FRS 101, the components of the interim financial statements presented consist of a statement of financial position, a statement of comprehensive income, a statement of changes in equity, a statement of cash flow and notes to the financial statements.

FRS 139 Financial Instruments : Recognition and Measurement

With the adoption of FRS 139, the Company classified all its financial assets and financial liabilities recognized and unrecognized in the prior year into categories that would conform to the FRS. The measurement bases applied to the financial assets and financial liabilities in the prior financial year are changed to conform to the measurement standards of FRS139 in the current quarter.

At initial recognition, all financial assets and financial liabilities are measured at their fair value plus transaction costs that are directly attributable to the acquisition or issue of financial asset or financial liability.

Subsequent to the initial recognition, the financial assets and liabilities are measured as follows:

	Category	Measurement Basis
1.	Financial Instruments at fair value through profit and loss	At fair value through profit and loss
2.	Held-to-maturity investments	At amortised cost using effective interest method
3.	Loans and Receivables	At amortised cost using effective interest method
4.	Available for sale Investments	At fair value through other comprehensive income, unless fair value cannot be reliably measured, in which case, they are measured at cost.
5.	Loan and other financial liabilities	At amortised cost using effective interest method other than those categorized as fair value through profit and loss.

The Company has applied the new policies in relation to the financial instruments above in accordance with the transitional provisions in FRS 139 by recognizing and re-measuring all financial assets and financial liabilities as at 1 April 2010 as appropriate. The related adjustments to the previous carrying amounts are made to the opening retained earnings and fair value reserves as appropriate and the comparative figures are not restated.

Following the adoption of FRS 139, the Company's quoted/unquoted investments are now categorised as Available for Sale Investments. Accordingly the opening balance is stated and measured at its fair value as at 1 April 2010 and subsequent measurement of the fair value is reflected in equity through the other comprehensive income.

Effects from the application of the new FRS 139 are summarized as follow:

	At 1 April 2010, as previously stated	Effects of adopting FRS 139	At 1 April 2010, as restated
	RM'000	RM'000	RM'000
Retained Earnings	132,359	(221)	132,138
Trade receivables	23,908	125	24,033
Other receivables	3,222	(301)	2,921
Tax payable	151	(12)	139
Deferred Taxation	4,939	57	4,996

FRS 7 Financial Instruments : Disclosures

Prior to the adoption of FRS 7, the disclosures for financial instruments were based on the requirements of the original FRS 132, Financial Instruments : Disclosure and Presentation. With the adoption of FRS 7, financial assets and financial liabilities are disclosed in the statement of financial position based on their respective classifications.

FRS 8 Operating Segments

FRS 8 requires separate reporting of segmental information for operating segments. Operating segments reflect the Company's management structure and the way financial information is regularly reviewed by the Company's chief operating decision maker, which is defined as the Management Committee which comprised of all Executive Directors.

Amendment to FRS 117: Leases

The Company has adopted the Amendment to FRS 117. The Company has reassessed and determined that all leasehold land of the Company which are in substance finance leases and has reclassified the leasehold land to property, plant and equipment. The change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendment.

The reclassification does not have any effect on reported profit or equity for the current and prior periods. The following comparative figures have been restated following the adoption of the amendment to FRS 117:

	31 March 2010		
	As previously stated	Effects of adopting FRS 117	As restated
	RM'000	RM'000	RM'000
Property, plant and equipment	62,662	40,104	102,766
Prepaid lease payments	40,104	(40,104)	-

2 Seasonality or Cyclicality 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 current 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.

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.

6 Dividends Paid

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

	12 months ended 31/03/2011	12 months ended 31/03/2010
	RM'000	RM'000
First and final dividend in respect of the financial year ended 31 March 2010, of 9% less 25% taxation and 9% tax exempt, paid on 7 September 2010	9,576	9,120

7 Segmental Reporting

a. Business Segment:

The Company is primarily engaged in two major areas of activity, Umami Segment and Food & Seasoning Segment. Umami Segment comprises of products that are derived from the fermentation process such as Monosodium Glutamate (MSG) & related products. The Food & Seasoning Segment consists of products derived from the extraction and mixing process such as Industrial Seasonings, TUMIX and related seasonings. Other products sold by the Company comprises of trading goods such as industrial sweetener, feed-use amino acids and frozen food.

	12 months ended 31 March 2011			
	Umami Segment RM'000	**Food & Seasoning Segment RM'000**	**Others RM'000**	**Total RM'000**
Revenue from external customers	221,417	94,266	482	316,165
Profit for segments	30,067	947	(89)	30,925
Interest income				1,295
Other income/(expenses)				(415)
Profit before taxation				31,806
Tax expense				(6,074)
Profit for the period				25,732

b. Geographical Segment:

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers.

Revenue	Malaysia RM'000	Middle East RM'000	Other Asian Countries RM'000	Others RM'000	Total RM'000
12 months ended 31 March, 2011	236,594	21,091	56,258	2,222	316,165
12 months ended 31 March, 2010	191,416	25,671	64,471	3,059	284,617

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 2011.

9 Effects of Changes in the Composition of the Company

Subsequent to the liquidation of the associated company in the last financial year, the Company has neither subsidiary nor associated company as at 31 March 2011.

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.

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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 2011 is as follows:

	RM'000
Approved and contracted for	1,047
Approved but not contracted for	26,714
	27,761

12 Related Party Transactions

Transactions related to the holding company, Ajinomoto Co., Inc. and its subsidiaries for the period ended 31 March 2011, are as follows:

	3 month ended 31/03/11 RM'000	12 month ended 31/03/11 RM'000
Commission income	54	323
Royalties payable	1,787	7,369
Sales	9,849	51,840
Purchases	27,721	116,300
Purchase of assets	3,830	5,991
Promotion expenses	75	349
Other expenses	139	503

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 final quarter of the fiscal year, the Company registered revenue of RM77.0 million for the quarter under review, an increase of RM5.1 million or 7.1% as compared to corresponding period of last year. The better performance was a result of better pricing achieved from retail products with improved consumer confidence in the domestic market. Correspondingly, profit before tax improved by RM3.5 million against previous corresponding period, aided by lower sales and marketing expenses incurred.

For the current financial year ended 31 March 2011, the Company posted revenue of RM316.2 million and profit before tax of RM31.8 million, an increase of 11.1% and 3.0% respectively against last fiscal year. The improvement in revenue was contributed by the higher domestic sales in terms of both volume and pricing arising from the up turn in the domestic economy and consumer sentiment as well as strong economic growth in the region. As a result profit before tax was higher.

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

Revenue was lower by RM2.4 million, 3.0% against the preceding quarter due to negative impact from the strengthening of the Malaysia Ringgit/US Dollar exchange rate on export sales. Correspondingly, profit before tax for the quarter under review was also lower than the preceding quarter by RM2.3 million coupled with higher input cost and foreign exchange losses incurred in the current quarter, as compared to the preceding quarter.

3 Commentary on Prospects

The first quarter of the year saw Gross Domestic Product (GDP) growth easing to 4.6% year-on-year and sluggish external demand. Possible negative impact of Japan’s earthquake may be felt in coming quarter on the back of disruptions on the global supply chain, all of which may also further dampen export demand. In addition, margins will be put under further pressure by soaring input and energy costs coupled with keen competition in the local food seasoning industry which required more brand building expenses to shore up sales.

In light of the above, the Company expects the next fiscal year to be challenging. To mitigate such adverse effects 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 31/03/2011 RM’000	12 month ended 31/03/2011 RM’000	3 month ended 31/03/2010 RM’000	12 month ended 31/03/2010 RM’000
Current tax expense :				
Malaysian income tax	2,249	8,233	72	6,004
Foreign tax	-	-	-	20
	2,249	8,233		6,024
(Over)/Underprovision in prior year				
Malaysian income tax	(1,216)	(1,216)	-	461
Deferred tax expense	(943)	(943)	452	452
	90	6,074	524	6,937

The effective tax rate of the tax provision for the financial year under review is slightly higher than the statutory tax rate, due to some tax disallowed expenses incurred 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 Financial Instruments - Derivatives

As at 31 March 2011, the outstanding derivative financial instrument, which have been entered into by the Company are as follows:

Foreign Currency Contracts	Contract Value RM'000	Fair Value RM'000	Changes in Fair Value RM'000
US Dollar – less than 1 year	6,585	6,551	(34)

The Company's derivatives are principally in respect of forward foreign currency contracts used to hedge its foreign currency sales.

Derivative financial assets and liabilities are initially recognised, and subsequently measured at fair value. The fair value of the foreign currency contracts is determined using a forward market rate at the end of report period and changes in the fair value are recognised in income statement.

Credit Risk
The above financial instruments were executed with creditworthy financial institutions in line with the Company's policy.

Cash Requirement
The Company will fund the cash requirements of these derivatives from its net cash flow from operating activities when the payments fall due.

11 Material Litigation

There are no material litigation as at 31st May2011, 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 2011 the Board of Directors recommends a first and final dividend of 9 sen less 25% tax and 9 sen tax exempt (previous year : 9 sen less 25% tax and 9 sen tax exempt) per ordinary share of RM1.00 each as well as a special dividend of 2 sen less 25% tax per ordinary share of RM1.00 each, for the shareholders' consideration and approval at the Company's forthcoming Fiftieth 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 are calculated based on the net profit attributable to ordinary shareholders and the number of ordinary shares in issue during the financial year by the company.

	12 month ended 31 Mar 2011	12 month ended 31 Mar 2010
Profit attributable to ordinary shareholders of the Company (RM'000)	25,734	23,939
Weighted average number of ordinary shares in issue ('000)	60,798	60,798
Earnings per share attributable to equity holders of the company (sen)		
-Basic	42.33	39.37

Diluted earnings per share is not applicable, as the Company does not have any convertible financial instrument as at the end of the current quarter under review.

14 Disclosure of Realised And Unrealised Profits/(Losses)

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated lossess as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and the format required.

The retained profits as at 31 March 2011 is analysed as follows:

	RM'000
Realised	152,720
Unrealised	(4,304)
Total retained profits as per statement of financial position	148,416

No Comparative figures for immediate preceding quarter are available as this is the first interim financial report on the consolidated results for the year ended 31 March 2011 announced by the Company in compliance with the Listing Requirements.

The determination of realised and unrealised profits is based on the Guidedance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

By Order of the Board

Kuala Lumpur
31st May2011

Chua Siew Chuan
Company Secretary