

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

**Notes to the interim financial report for the period ended 31 March 2015**

**A EXPLANATORY NOTES**

**1 Basis of Preparation**

These condensed consolidated interim financial reports, have been prepared in accordance with MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The significant accounting policies adopted for the interim financial statements are consistent with those adopted in the annual audited financial statements for the year ended 31 March 2014, except for the adoption of the following standards, amendments and interpretation effective for the financial periods beginning on or after 1 January 2014 :

- Amendment to MFRS 132 : Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 136 : Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to MFRS 139 : Novation of Derivatives and Continuation Hedge Accounting
- IC Interpretation 21 : Levies

The adoption of the above amendments and interpretation does not have significant impact on the Company's financial statements.

**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 scheduled maintenance shut-down.

**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 Company paid a first and final single-tier dividend of 18.5 sen per ordinary share amounting to RM11,247,729 in respect of the financial year ended 31 March 2014 on 21 October 2014. There was no dividend paid in the current quarter under review.

## 7 Segmental Reporting

### a. Business Segment:

The Company's business may be broadly categorized into two major segments - Umami Segment and Food & Seasoning Segment. Umami Segment consists of the manufacture and distribution of Monosodium Glutamate (MSG) and related products. The Food & Seasoning Segment consists of the manufacture and distribution of Industrial Seasonings, retail flavor seasoning ("TUMIX") and related seasonings. Other segment consists of products sold by the Company including trading goods such as industrial sweetener and frozen food as well as provision of services in relation to food industry.

	Umami Segment RM'000	Food & Seasoning Segment RM'000	Others RM'000	Total RM'000
<b>3 months ended 31 Mar 2015</b>				
Revenue from external customers	54,458	25,920	685	81,063
Operating profit	5,677	1,584	94	7,355
<b>3 months ended 31 Mar 2014</b>				
Revenue from external customers	61,661	25,821	109	87,591
Operating profit	4,603	953	(16)	5,540
<b>12 months ended 31 Mar 2015</b>				
Revenue from external customers	233,773	104,347	2,256	340,376
Operating profit	30,065	5,627	708	36,400
<b>12 months ended 31 Mar 2014</b>				
Revenue from external customers	241,119	103,670	562	345,351
Operating profit	22,877	12,044	(4)	34,917

### 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
3 months ended 31 Mar 2015	51,181	10,049	19,034	799	81,063
3 months ended 31 Mar 2014	57,586	10,835	15,793	3,377	87,591
12 months ended 31 Mar 2015	220,577	41,514	74,301	3,984	340,376
12 months ended 31 Mar 2014	232,620	37,383	69,579	5,769	345,351

**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 2015.

**9 Effects of Changes in the Composition of the Company**

The Company has neither subsidiary nor associated company as at the end of the quarter under review and there were no changes in the composition during the current 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 2015 is as follows:

	<b>RM'000</b>
Approved and contracted for	13,031
Approved but not contracted for	4,919
	17,950
	17,950

**12 Related Party Transactions**

Transactions related to the holding company, Ajinomoto Co., Inc. and its subsidiaries are as follows:

	<b>3 months ended 31 Mar 2015 RM'000</b>	<b>3 months ended 31 Mar 2014 RM'000</b>	<b>12 months ended 31 Mar 2015 RM'000</b>	<b>12 months ended 31 Mar 2014 RM'000</b>
Commission income	(4)	(9)	(10)	(14)
Royalties payable	1,958	2,098	8,229	8,280
Sales	(17,676)	(13,867)	(66,049)	(59,237)
Purchases	34,897	33,309	129,016	129,436
Purchase of assets	585	670	1,028	1,746
Promotion expenses	121	350	159	471
IT shared services and maintenance	489	476	1,953	1,916
Other expenses	192	242	615	331
	192	242	615	331

These transactions have been entered into in 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**

*Current Quarter vs Corresponding Quarter of last year*

The Company recorded revenue of RM81.1 million in the current quarter compared to RM87.6 million in the corresponding quarter last year. Operating profit increased from RM5.5 million in the corresponding quarter last year to RM7.4 million in the current quarter mainly due to lower promotion expenses.

Revenue in current quarter decreased by 7.5% mainly due to drop in sales in Umami segment as a result of reduction in stocking activities by distributors and retailers prior to the implementation of Goods and Services Tax on 1 April 2015. Revenue in Food and Seasoning segment sustained due to improved sales in industrial products.

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

Revenue in the current quarter of RM81.1 million was lower than the RM84.7 million recorded in the immediate preceding quarter. Operating profit of RM7.4 million for the current quarter was lower than the operating profit in the immediate preceding quarter of RM9.5 million mainly due to decrease in sales revenue.

The revenue in Umami segment for the current quarter was lower by 7.5% compared to the revenue in the immediate preceding quarter due to low “AJI-NO-MOTO” consumer sales. Revenue from the Food & Seasoning segment increased by 2.5% compared to the immediate preceding quarter due to higher Industrial product sales.

**3 Commentary on Prospects**

The sales of Umami segment is expected to recover in the beginning of the coming financial year. The business environment is seen to be challenging in view of the uncertainty of consumer sentiment after the implementation of Goods and Services Tax and strengthening of US Dollar as well as increased competition. The Management will continue its effort in improving its efficiency in operations to achieve growth in revenue and profits.

**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: -

	<b>3 months ended 31 Mar 2015 RM'000</b>	<b>3 months ended 31 Mar 2014 RM'000</b>	<b>12 months ended 31 Mar 2015 RM'000</b>	<b>12 months ended 31 Mar 2014 RM'000</b>
Malaysian income tax :				
Current year	2,569	1,629	10,439	9,750
Under/(over)provision in respect of prior year	256	-	90	(79)
Deferred tax :				
Current year	(350)	(130)	306	125
Under/(over)provision in respect of prior year	28	(391)	28	(241)
	<u>2,503</u>	<u>1,108</u>	<u>10,863</u>	<u>9,555</u>

The effective tax rate of the tax provision for the financial period under review is higher than the statutory tax rate due to certain tax disallowed expenses incurred by the Company.

**6 Status of Corporate Proposals**

There were no corporate proposals announced by the Company as at the date of this report.

**7 Borrowings and Debt Securities**

As at the end of the period under review, the Company has no borrowings nor issued any debt securities.

**8 Material Litigation**

There were no material litigation as at 15 May 2015, the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report.

**9 Dividend Payable**

The Directors propose a first and final single-tier dividend of 20.0 sen per ordinary share in respect of the financial year ended 31 March 2015. This dividend is subject to approval by shareholders at the forthcoming Annual General Meeting. The book closure and payment dates for this dividend will be announced in due course.

**10 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.

	<b>3 months ended 31 Mar 2015</b>	<b>3 months ended 31 Mar 2014</b>	<b>12 months ended 31 Mar 2015</b>	<b>12 months ended 31 Mar 2014</b>
Profit attributable to ordinary shareholders of the Company (RM'000)	5,686	5,282	29,733	28,041
Weighted average number of ordinary shares in issue ('000)	60,799	60,799	60,799	60,799
Earnings per share attributable to equity holders of the company (sen)				
-Basic	9.35	8.69	48.90	46.12

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.

**11 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 losses 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 are analysed as follows:

	<b>As at end of 31 Mar 2015 RM'000</b>	<b>As at end of 31 Mar 2014 RM'000</b>
Realised	218,212	200,419
Unrealised	(3,059)	(3,751)
Total retained profits as per statement of financial position	215,153	196,668

The determination of realised and unrealised profits is based on the Guidance 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.

**12 Notes to the Condensed Statement of Comprehensive Income**

Profit before tax is arrived at after charging/(crediting) the following items:

	<b>3 months ended 31 Mar 2015 RM'000</b>	<b>3 months ended 31 Mar 2014 RM'000</b>	<b>12 months ended 31 Mar 2015 RM'000</b>	<b>12 months ended 31 Mar 2014 RM'000</b>
(a) Interest income	(906)	(682)	(3,434)	(2,564)
(b) Other income – rental	(194)	(211)	(778)	(651)
(c) Depreciation and amortization	2,766	2,710	10,627	10,198
(d) Write off of inventories	104	112	357	475
(e) Foreign exchange (gain)/loss – realised	63	164	309	629
(f) Foreign exchange (gain)/loss - unrealised	105	442	(729)	296
(g) (Gain)/loss on derivatives	(24)	(387)	392	(146)

*By Order of the Board*

Kuala Lumpur  
18th May 2015

Chua Siew Chuan  
Company Secretary