

AJINOMOTO (MALAYSIA) BERHAD
(Company No. 196101000252 (4295-W))
(Incorporated in Malaysia)

Notes to the interim financial report for the period ended 30 September 2024

A EXPLANATORY NOTES

1 Basis of Preparation

These condensed 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 2024, except for the adoption of the following:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 April 2024

- Amendments to MFRS 16, Leases – Lease Liability in a Sale and Leaseback
- Amendments to MFRS 101, Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current
- Amendments to MFRS 107, Statement of Cash Flows and MFRS 7, Financial Instruments: Disclosures – Supplier Finance Arrangements

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.

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 declared and paid a special one-off single-tier dividend of RM2.12 per ordinary share amounting to RM128,892,892 in respect of the financial year ending 31 March 2025 on 30 May 2024.

The Company paid a first and final single-tier dividend of 38.4 sen per ordinary share amounting to RM23,346,637 in respect of the financial year ended 31 March 2024 on 25 September 2024.

7 Segmental Reporting

a. Business Segment:

The Company's business may be broadly categorized into two major segments – Consumer Business Segment and Industrial Business Segment. Consumer Business Segment consists of manufacture and distribution of consumer products including AJI-NO-MOTO®, flavor seasoning TUMIX®, menu seasoning Seri-Aji®, jelly drink with amino acids aminoVITAL® and other seasonings. Industrial Business Segment consists of manufacture and distribution of Monosodium Glutamate (MSG) for industry-use, industrial seasonings and related products.

	Consumer Business Segment RM'000	Industrial Business Segment RM'000	Total RM'000
3 months ended 30 Sep 2024			
Revenue from external customers	137,346	46,096	183,442
Operating profit	14,676	7,050	21,726
3 months ended 30 Sep 2023			
Revenue from external customers	127,142	37,221	164,363
Operating profit	13,609	787	14,396
6 months ended 30 Sep 2024			
Revenue from external customers	268,095	86,782	354,877
Operating profit	31,582	12,125	43,707
6 months ended 30 Sep 2023			
Revenue from external customers	240,073	72,817	312,890
Operating profit	26,415	4,867	31,282

7 Segmental Reporting (continued)

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 30 Sep 2024	99,550	42,449	38,221	3,222	183,442
3 months ended 30 Sep 2023	92,518	38,546	31,270	2,029	164,363
6 months ended 30 Sep 2024	193,266	83,319	72,114	6,178	354,877
6 months ended 30 Sep 2023	174,856	71,394	62,188	4,452	312,890

8 Material Events Subsequent to the Reporting Period

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 30 September 2024.

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 announcement, there were no contingent liabilities which have become enforceable, or likely to become enforceable to the Company.

11 Capital Commitments

The commitments for the purchase of property, plant and equipment which are approved and contracted but not provided for in the interim financial statement as at 30 September 2024 is RM6.1 million.

12 Related Party Transactions

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

	3 months ended 30 Sep 2024	3 months ended 30 Sep 2023	6 months ended 30 Sep 2024	6 months ended 30 Sep 2023
	RM'000	RM'000	RM'000	RM'000
Commission income	(12)	(1)	(17)	(29)
Royalties payable	2,761	2,408	5,392	4,581
Sales	(38,484)	(30,231)	(72,510)	(58,639)
Purchases	79,111	76,964	155,328	159,847
Purchase of assets	-	-	-	51
IT shared services and maintenance	285	695	1,467	1,421
Other expenses	411	164	752	482
Interest expense on advance from holding company	-	264	-	525

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 a higher revenue of RM183.4 million in the current quarter compared to RM164.4 million in the corresponding quarter last year. The Consumer Business segment recorded revenue of RM137.3 million in the current quarter, marking an 8% increase from RM127.1 million in the corresponding quarter last year. The growth was mainly contributed by higher sales volume of AJI-NO-MOTO® in both domestic and export markets. The Industrial Business segment revenue grew by 23.8%, from RM37.2 million to RM46.1 million. The increase was contributed by higher sales volume of industrial seasoning products.

The Company's operating profit was RM21.7 million in the current quarter as compared to the operating profit of RM14.4 million in the corresponding quarter last year. The increase was contributed by both Consumer Business and Industrial Business segments due to higher revenue and lower raw material costs. Finance income was at RM2.0 million, contributed by higher placement of funds with licensed financial institutions. As a result, profit before tax was RM23.5 million in the current quarter as compared to profit before tax of RM13.8 million in the corresponding quarter last year.

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

The Company's revenue in the current quarter was at RM183.4 million, compared to RM171.4 million in the immediate preceding quarter. The increase in revenue was mainly driven by higher sales volume in both business segments.

Operating profit was RM21.7 million in the current quarter, slightly lower than the RM22.0 million recorded in the immediate preceding quarter.

3 Commentary on Prospects

Despite the continued uncertainties in the global economy and geopolitical conflicts, the recent improvement in Malaysian economy is expected to help in boosting the consumer sentiment which is favorable to our product sales and distribution. The management will monitor the changes in the market situations and conditions, review impacts on our business and react timely with effective sales strategies and cost monitoring measures.

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 months ended 30 Sep 2024 RM'000	3 months ended 30 Sep 2023 RM'000	6 months ended 30 Sep 2024 RM'000	6 months ended 30 Sep 2023 RM'000
Malaysian income tax :				
Current year	1,869	69	2,897	123
Deferred tax :				
Current year	3,372	3,359	7,752	7,145
	5,241	3,428	10,649	7,268

The effective tax rate of the tax provision for the financial period under review is lower than the statutory tax rate due to certain non-taxable income.

6 Status of Corporate Proposals

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

Utilization of proceeds

As at the end of the period under review, the summary of the utilization of proceeds received by the Company from the disposal of right-of-used assets and property, plant and equipment in the end of the fourth quarter of previous financial year are as follows:

	As at 30 Sep 2024	Intended timeframe for utilization	Proposed utilization RM'000	Actual utilization RM'000	Reallocate to RM'000	Balance proceeds unutilized RM'000
(i)	Repayment of bank borrowing	Within 3 months	83,393	83,393	-	-
(ii)	Repayment of advance from Ajinomoto Co., Inc	Within 2 months	30,000	30,000	-	-
(iii)	Proposed Special Dividend	Within 6 months	128,893	128,893	-	-
(iv)	Payment of RPGT	Within 12 months from SPA date	35,161	35,161	-	-
(v)	Estimated expenses related to the Disposal	Immediately	1,775	1,477	(298)	-
(vi)	Working capital	Within 18 months	128,778	51,274	298	77,802
		Total	408,000	330,198	-	77,802

7 Borrowings and Debt Securities

As at the end of the period under review, the Company has no borrowings nor issued any debt securities after full settlement of the Islamic financing in the first quarter of the current financial year.

8 Material Litigation

There was no material litigation as at 13th Nov 2024, the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report.

9 Dividend Payable

There was no dividend payable as at the end of the current quarter.

The Directors do not recommend any dividend for the current quarter.

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 of the Company.

	3 months ended 30 Sep 2024	3 months ended 30 Sep 2023	6 months ended 30 Sep 2024	6 months ended 30 Sep 2023
Profit attributable to ordinary shareholders of the Company (RM'000)	18,291	10,354	37,217	22,565
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	30.08	17.03	61.21	37.11

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 Notes to the Condensed Statement of Comprehensive Income

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

	3 months ended 30 Sep 2024 RM'000	3 months ended 30 Sep 2023 RM'000	6 months ended 30 Sep 2024 RM'000	6 months ended 30 Sep 2023 RM'000
(a) Finance income:				
Interest income	(817)	(245)	(1,548)	(455)
Distribution from liquid investments	(198)	(43)	(556)	(57)
(b) Profit on Islamic financing	-	641	25	1,340
(c) Interest expense on advance from holding company	-	264	-	525
(d) Depreciation of property, plant and equipment	5,680	5,483	11,267	10,914
(e) Amortization of intangible assets	1,256	898	2,394	1,740
(f) Depreciation of right-of-use assets	438	424	888	874
(g) Write off of inventories	483	1,163	962	1,507
(h) Foreign exchange (gain)/loss – realized	(182)	269	411	732
(i) Foreign exchange loss/(gain) – unrealized	3,856	446	4,298	(706)
(j) Gain on disposal of property, plant and equipment	(152)	(42)	(152)	(44)
(k) Property, plant and equipment written off	25	18	57	65
(l) Fair value gain on liquid investments	(1,033)	(227)	(2,550)	(370)
(m) (Gain)/loss on derivatives	(581)	(287)	(645)	164

12 Liquid Investments

Liquid investments represent funds placed with licensed financial institutions which are highly liquid and allow prompt redemption at any time.

By Order of the Board

Kuala Lumpur
18th November 2024

Chua Siew Chuan
Yeow Sze Min
Company Secretaries