AJINOMOTO

2003 Annual Report

Ajinomoto (Malaysia) Berhad *Incorporated In Malaysia* (4295-W)

Contents | *Kandungan*

Corporate Information *Matlumat Korporat*	2
Chairman's Statement *Penyataan Pengerusi*	3 - 5
Directors'Profile *Profil Para Pengarah*	6 - 9
Statement on Corporate Governance *Penyata Tadbir Urus Korporat*	10 - 14
Statement of Internal Control *Penyata Kawalan Dalam*	15 - 16
Statement of Directors'Responsibility in Relation to the Financial Statements *Penyata Tanggungjawab Para Pengarah Berkaitan dengan Penyataan Kewangan*	17
Audit Committee Report *JawatanKuasa Audit*	18 - 19
Statement of Environmental Protection *Penyata Perlindungan Alam Sekitar*	20
List of Properties *Senarai Hartanah*	21
Analysis of Shareholdings *Analisa Pegangan Saham*	22 - 23
Financial Highlights *Prestasi Kewangan*	24
Financial Statements *Penyata Kewangan*	26 - 50

AJINOMOTO

Corporate Information

Maklumat Korporat

Directors / *Pengarah-Pengarah*

Gen (R) Tan Sri (Dr) Dato' Paduka Mohamed Hashim Bin Mohd.Ali (Chairman)
Takashi Imai (Chief Executive Officer/Managing Director)
Adinan Bin Husin
Osamu Sekiguchi
Katsuyuki Inoue
Dato' Professor Teo Chiang Liang
Dr. Goh Chin Siew
Mazlan Bin Ab. Rahman
Gew Ah Lek
Tetsuhiko Yoshikawa
Takuji Umeda
Dato' Hj.Shaharuddin Bin Hj.Haron
Taisuke Oka (alternate to Katsuyuki Inoue)

Bankers / *Bank-Bank*

Bank of Tokyo-Mitsubishi (Malaysia) Berhad
Citibank Berhad
Malayan Banking Berhad
Standard Chartered Bank Malaysia Berhad

Auditors / *Juruaudit*

Hanafiah Raslan & Mohamad

Solicitors / *Penguamcara*

Lee, Ling & Partners

Secretary / *Setiausaha*

Chua Siew Chuan (F)
(MAICSA 0777689)

Registered Office / *Pejabat Berdaftar*

Lot 5710,Jalan Kuchai Lama, Petaling,58200 Kuala Lumpur
Tel:79806958 Fax:79811731

Share Registrar / *Pendaftar Saham*

Securities Services (Holdings) Sdn Bhd
Level 7,Menara Milenium,Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur
Tel:20957077 Fax:20949940

Stock Exchange Listing / *Penyenaraian Di Bursa Saham*

Kuala Lumpur Stock Exchange Main Board/ Bursa Saham Kuala Lumpur

Chairman Statement

Penyataan Pengerusi

On behalf of the Board of Directors ("the Board") of Ajinomoto (Malaysia) Berhad, I am pleased to present the Annual report and the Audited Financial Statements of the Company for the financial year ending 31 March 2003.

Financial Results

The Financial Year 2003 is another record year as the Company continued to excel despite the uncertain economic conditions and fierce market competition.

Net profit showed an improvement of 17% to RM 12.1 million from previous year's profit of RM 10.4 million; revenue increased to RM 151.0 million from RM 142.6 million. Primarily, the improvements were due to greater sales volume translated from better market coverage and sales mix of the Company's products. In addition, favourable raw material prices and efficiency in manufacturing significantly contributed to better profitability.

Operational Review

The financial year under review is indeed a challenging one. Uncertainties in the global economy, unfavourable regional trade factors, prolonged geopolitical issues coupled with the war in Iraq and the recent Severe Acute Respiratory Syndrome ("SARS") outbreak has far reaching effects on the Malaysian economy.

AJI-NO-MOTO, the household name for flavour enhancer, continues to be successful in maintaining its market leadership of the domestic market. This product remains to be the core product of the Company.

SERI AJI ("food seasonings") was given a fresh look with the launch of a new logo and packaging design. This was supported with intense advertising campaign and sales promotion. These brand building and marketing efforts is aimed at expanding the market share and promoting brand affinity at the same time.

TENCHO ("commercial food seasonings") saw a remarkable growth in demand especially from aboard. Re-action flavour has gradually penetrated the market, creating greater demand and widening its usage.

The Company will embark on plans to broaden the product

Bagi pihak Lembaga Pengarah Ajinomoto (Malaysia) Berhad, saya dengan sukacitanya mengemukakan Laporan Tahunan dan Penyata Kewangan Diaudit bagi Syarikat ini untuk tahun kewangan berakhir 31 Mac 2003.

Tinjauan Kewangan

Tahun kewangan 2003 ialah tahun yang mencatatkan pencapaian yang tinggi bagi Syarikat ini kerana Syarikat terus mencapai prestasi yang cemerlang meskipun keadaan ekonomi yang tidak menentu dan persaingan pasaran yang hebat.

Keuntungan bersih Syarikat ini menunjukkan peningkatan sebanyak 17% kepada RM 12.1 juta berbanding dengan keuntungan tahun sebelumnya sebanyak RM 10.4 juta; pulangan meningkat daripada RM 142.6 juta kepada RM 151.0 juta. Peningkatan ini terutamanya disebabkan oleh jumlah jualan yang lebih banyak sebagai hasil liputan pasaran dan jualan campuran produk Syarikat yang lebih berkesan. Selain itu, harga bahan mentah yang lebih murah dan kegiatan perkilangan yang lebih cekap nyata sekali menyumbang ke arah peningkatan dalam keuntungan.

Tinjauan Operasi

Tahun kewangan yang sedang ditinjau ini sesungguhnya merupakan tahun yang mencabar. Ekonomi global yang tidak menentu, faktor-faktor perdagangan serantau yang tidak menggalakkan, isu geopolitik yang berlanjutan yang dikaitkan dengan peperangan di Iraq dan merebaknya Sindrom Pernafasan Akut Teruk- Severe Acute Respiratory Syndrome (SARS) baru-baru ini membawa kesan yang luas dalam ekonomi Malaysia.

AJI-NO-MOTO, jenama penambah rasa sebutan ramai , terus berjaya mengekalkan kedudukannya sebagai peneraju pasaran dalam pasaran tempatan. Produk ini tetap menjadi produk teras Syarikat ini.

SERI AJI ("serbuk perasa") telah diberi wajah baru dengan pelancaran logo dan reka bentuk pembungkusan yang baru. Usaha ini disokong oleh kempen pengiklanan dan promosi jualan yang intensif. Usaha pembinaan jenama dan usaha pemasaran ini akan meluaskan bahagian pasaran dan pada masa yang sama menggalakkan tarikan terhadap jenama .

TENCHO ("perasa bagi penggunaan dalam perusahaan permakanan") menampakkan peningkatan permintaan yang luar biasa terutamanya dari luar negeri. Perisa yang bertindak

base during the current financial year. We have identified efforts aimed at understanding customers' changing needs and analyzing consumption habits in order to bring our products closer to them. Providing regular Technical Support to existing customers and continuous Research and Development activities are part of these efforts.

In our quest to provide safe and high quality products and services thus fulfilling the Ajinomoto Quality Philosophy, the company has successfully integrated the upgraded version of ISO9001:2000 from ISO9002:1994 Quality Management System. With this integration the Company resources are geared towards fulfilling the requirements of every party. Furthermore, the Good Manufacturing Practice concept was incorporated during the reconstruction and expansion of the MSG packing line. In our journey to attain excellence in quality, the Company will be embarking on implementation by March 2004 of HACCP (Hazard Analysis Critical Control Point) in areas related to suppliers and manufacturing.

Prospects

In view of the current uncertainties in the world political situation and global economy, the Board expects prospects for 2003 to be challenging. The increasing availability of low priced mono-sodium glutamate from neighbouring ASEAN countries and the intensely competitive pricing environment will continue to be unfavourable factors. Nevertheless, the Company is confident to face these challenges and barring any unforeseen circumstances, to achieve satisfactory results for the current financial year.

Dividend

The Board is pleased to announce a First and Final Dividend of 9% less 28% income tax for approval of shareholders at the Annual General Meeting to be held on Thursday, 28 August 2003 after taking into consideration the Company's funding requirements for both operational and strategic needs.

Acknowledgements

A number of changes had occurred at the Board since the last Annual General Meeting. I am pleased to announce the appointment of Y.Bhg. Dato' Hj. Shaharuddin Bin Hj. Haron as an Independent Non-Executive Director. We also welcome the

balas ini mula menembusi pasaran. Hal ini menwujudkan peningkatan permintaan dan peluasan penggunaan.

Syarikat akan memulakan rancangan untuk meluaskan asas produk bagi tahun kewangan ini. Kami telah mengenal pasti usaha-usaha yang perlu dilakukan untuk memahami keperluan pengguna yang selalu berubah dan untuk menganalisis tabiat penggunaan mereka supaya kami dapat mendekatkan produk ini kepada mereka. Penyediaan Bantuan Teknikal yang kerap kepada pelanggan-pelanggan yang sedia ada dan pelaksanaan aktiviti Penyelidikan dan Pembangunan yang berterusan merupakan sebahagian daripada usaha ini.

Dalam usaha kami untuk menyediakan produk dan perkhidmatan yang selamat dan berkualiti tinggi, dengan itu menepati Falsafah Kualiti Ajinomoto, Syarikat ini telah berjaya mengintegrasikan versi ISO9001:2000 Sistem Pengurusan Berkualiti yang telah dimajukan dari versi ISO9002:1994. Dengan pengintegrasian ini, sumber-sumber Syarikat disesuaikan untuk memenuhi keperluan setiap pihak. Tambahan pula, konsep Amalan Perkilangan yang Baik telah digabungkan semasa penyusunan semula dan pengembangan tertib pembungkusan MSG. Dalam usaha kami untuk mencapai kecemerlangan dalam kualiti, Syarikat ini akan mula melaksanakan sistem Mata Kawalan Kritikal Penganalisisan Bahaya - Hazard Analysis Critical Control Point (HACCP) dalam hal-hal yang berkaitan dengan para pembekal dan perkilangan selewat-lewatnya pada bulan Mac 2004.

Prospek

Disebabkan ketidaktentuan dalam situasi politik dunia dan ekonomi global, Lembaga Pengarah menjangkakan prospek bagi tahun 2003 akan tetap mencabar. Terdapatnya harga rendah mono-sodium glutamat yang semakin banyak dari negara-negara jiran ASEAN yang lain dan persekitaran persaingan harga yang hebat akan terus menjadi faktor penghalang. Namun, Syarikat ini yakin untuk menghadapi cabaran ini, jika tiada risiko yang tidak diduga berlaku, untuk mencapai prestasi yang memuaskan.

Dividen

Selepas mempertimbangkan keperluan dana Syarikat bagi keperluan operasi dan keperluan strategik, Lembaga Pengarah dengan bangganya mengumumkan Dividen Pertama dan

appointments of Mr. Tetsuhiko Yoshikawa and Mr. Takuji Umeda, both executives of the Company, to the Board. Their wealth of experience will surely assist the Board in achieving our goals.

On behalf of the Board, I would like to extend our sincere appreciation to the management and staff for their contribution, dedication and commitment to the Company. We would also like to thank all our valuable customers, finance partners, business associates, respected government authorities and shareholders for their continued confidence and support to the Company.

Gen (Rtd) Tan Sri (Dr) Dato' Paduka Mohamed Hashim Bin Mohd Ali
Chairman of the Board

Terakhir sebanyak 9% sesaham ditolak 28% cukai pendapatan untuk mendapatkan kelulusan daripada pemegang saham pada Mesyuarat Agung Tahunan yang akan diadakan pada hari Khamis,28 Ogos 2003.

Penghargaan

Beberapa perubahan telah berlaku dalam Lembaga Pergarah sejak Mesyuarat Agung Tahunan yang lepas.Saya amat sukacita mengumumkan pelantikan Y.Bhg. Dato'Hj.Shaharuddin Bin Hj. Haron sebagai Pengarah Bukan-Eksekutif yang Bebas.Kami juga mengalu-alukan pelantikan En. Tetsuhiko Yoshikawa dan En. Takuji Umeda, kedua-duanya pegawai eksekutif Syarikat ini, ke dalam Lembaga Pengarah ini. Pengalaman mereka yang luas sudah tentu akan membantu Lembaga Pengarah ini ke arah pencapaian matlamat kita.

Bagi pihak Lembaga Pengarah, saya ingin menyampaikan penghargaan ikhlas kepada pihak pengurusan dan kakitangan atas sumbangan, dedikasi dan iltizam mereka kepada Syarikat. Akhirnya, kami juga ingin mengucapkan terima kasih kepada pelanggan-pelanggan yang bernilai, rakan kongsi kewangan, rakan perniagaan, pihak berkuasa kerajaan yang dihormati dan pemegang saham kami atas keyakinan dan sokongan berterusan yang ditunjukkan kepada Syarikat ini.

Jeneral (Bersara) Tan Sri (Dr) Dato' Paduka Mohamed Hashim Bin Mohd Ali
Pengerusi Lembaga Pengarah

Directors' Profile

Gen (R) Tan Sri (Dr) Dato' Paduka Mohamed Hashim Bin Mohd Ali

Chairman,Independent Non-Executive Director	68 years of age, Malaysian.

Gen (R) Tan Sri (Dr) Dato' Paduka Mohamed Hashim Bin Mohd Ali was appointed Chairman of Ajinomoto (Malaysia) Berhad on 5 September 1995. He resigned as the Chairman of the Audit Committee on 1 November 2002 but remained as a Committee member. He is the Chairman of the Remuneration Committee and a member of the Nomination Committee. He attended all five Board meetings held in the financial year.

He holds a Diploma In Advance Management from the Harvard Business School and was conferred the Honorary Doctorate by the University of Salford,United Kingdom in January 1999.

He joined the Malaysian Armed Forces in 1953 and was first commissioned in the Royal Malay Regiment in 1956 after attending a series of Military Officer Cadet Courses both in Malaysia and overseas. He has served for 38 year and 9 months before retiring in April 1992 as the Chief of the Defence Forces. In May 1992, he joined Perwira Niaga Malaysia (PERNAMA) as Chairman.

He is also the Chairman of Country Height Holdings Berhad Group and sits on the Boards of Arab-Malaysian Corporation Berhad,Delloyd Ventures Berhad,Hong Leong Credit Berhad,Konsortium Logistik Berhad, Palmco Holdings Berhad,Mines Golf Resort Berhad (formerly Country Heights Golf Resort Berhad),Pioneer Oscar Berhad,Broneo Highlands Hornbill Golf & Jungle Club Berhad and various private companies.

He has no conflict of interest with the Company or any family relationship with any other Director or shareholder of the Company. He has also not been convicted for any offences other than for traffic offences, if any.

Takashi Imai

Managing Director - Executive Director	54 years of age, Japanese.

Mr. Imai was appointed as Chief Executive Officer/ Managing Director on 12 July 2002.He is a member of the Audit Committee, Nomination Committee and Remuneration Committee. He attended all three Board meetings held since his appointment to the Board.

He holds a Bachelor of Agriculture degree from the Faculty of Agricultural Economics, University of Tokyo, Japan in 1971.

He joined Ajinomoto Co.,Inc Japan in 1971 and began his career in the Specialty Chemical Department and has held various positions in Japan and overseas within the Ajinomoto Group of Companies.

He also sits on the Board of Malaysia Packaging Industry Berhad,Malaysia Ve-Tsin Manufacturing Co. Berhad and Ajinomoto (S) Pte Ltd.He is also a member of the Audit Committee of Malaysia Packaging Industry Berhad.

He has no conflict of interest with the Company or any family relationship with any other Director or shareholder of the Company. He has also not been convicted for any offences other than for traffic offences, if any.

Adinan Bin Husin

Non-Independent Non-Executive Director	56 years of age, Malaysian.

En. Adinan was appointed to the Board of Ajinomoto (Malaysia) Berhad on 26 July 1991. He is a member of the Audit Committee and the Remuneration Committee. He is the Chairman of Nomination Committee. He attended all five Board meetings held in the financial year.

He is a food technologist by training and holds a Master Degree in Food Science from University Hawaii, USA.

He was Director of Food Technology Centre, MARDI for 10 year and was subsequently appointed Director of Technical Services Centre in 1996.Whilst at the post, he was appointed as member of International and National committees which include FAO Expert/Consultative Group for Pacific Region Processing,Network for Education and Curriculum Development in Agro-Industries,National Coordinator of Small Scale Food Industries Asia,various Food/Agriculture related committees.He is an Expert Panel Member for the Intensification Research Priority Areas (IRPA) in food processing for the Ministry of Science Technology and Environment.With his experience, involvement and active contribution to the local food industry, Malaysian Institute of Food Technology (MIFT) has bestowed on him as a Fellow MIFT in 1999.

He has no conflict of interest with the Company or any family relationship with any other Director or shareholder of the Company. He has also not been convicted for any offences other than for traffic offences, if any.

Dato' Professor Teo Chiang Liang

Independent Non-Executive Director	53 years of age, Malaysian.

Dato' Teo was appointed to the Board of Ajinomoto (Malaysia) Berhad on 28 June 2001.He was appointed as the Chairman of the Audit Committee on 1 November 2002.He is also a member of the Nomination Committee and the Remuneration Committee. He attended all five Board meetings held in the financial year.

Graduated with a Bachelor of Arts (Honours) degree in Business Studies and M.Sc in Management & Administration from the United Kingdom, Dato's Teo obtained his training from The Chartered Bank and Pillar Naco Ltd in UK.

Since 1975,he joined and ser ved See Hoy Chan Group, a well diversified group of companies,in different level of management. He was Secretary General of the Malaysian Association of Private Colleges & Universities from 1997 to March 2003.He was appointed as member of the MSC Education Advisory Panel in 1998.He is also a Life Member of the Malaysian Red Crescent Society. In 1998,The Nottingham Trent University in UK appointed Dato' Teo as Visiting Professor of the University and awarded an honourary degree of Doctor of Business Administration to him in 2001.

He sits as an alternate Director of Malaysia Ve-Tsin Manufacturing Co. Berhad and Senawang Edible Oil Sdn Bhd.

He has no conflict of interest with the Company or any family relationship with any other Director or shareholder of the Company. He has also not been convicted for any offences other than for traffic offences, if any.

Dr. Goh Chin Siew

Independent Non-Executive Director	65 years of age, Malaysian.

Dr. Goh was appointed to the Board of Ajinomoto (Malaysia) Berhad on 28 June 2001. He is a member of the Audit Committee, Nomination Committee and Remuneration Committee. He attended all five Board meetings held in the financial year.

Dr. Goh is a medical consultant by profession.He graduated from University of Hong Kong,Medical Faculty in 1964,and was a Chan Weng Scholar. He is a fellow of the Royal Australisian College of Physicians (Occupational Medicine) and a member of the Academy of Medicine Malaysia. He was the medical director for Hamburg Re-Insurance Company, Germany, and medical director/advisor for several local and international insurance companies, besides being a practicing Occupational Health Physician,and family physician.

He sits on the Board of Malaysia Packaging Industry Berhad since 1990.

He has no conflict of interest with the Company or any family relationship with any other Director or shareholder of the Company. He has also not been convicted for any offences other than for traffic offences, if any.

Katsuyuki Inoue

Non-Independent Non-Executive Director	59 years of age, Japanese.

Mr Inoue was appointed to the Board on 5 July 1999.He was the Managing Director of the Company and a member of the Audit Committee until 12 July 2002.He attended all five Board meetings held in the financial year.

He holds a Bachelor of Engineering from Tokyo Denki University of Japan in 1968 and a Safety Control and Hazardous Material Supervisory License.

He joined Ajinomoto Co., Inc., Japan in 1962 and began his career in Central Research Laboratories and has held various positions in head office until 1992. In 1993, he was posted to Malaysia to assume the role of Executive Director/ Factory Manager in Malaysia Packaging Industry Berhad.

He has no conflict of interest with the Company or any family relationship with any other Director or shareholder of the Company. He has also not been convicted for any offences other than for traffic offences, if any.

Osamu Sekiguchi

Executive Director	43 years of age, Japanese.

Mr. Sekiguchi was appointed to the Board of Ajinomoto (Malaysia) Berhad on 12 July 2002 and assumed the role of Executive Director, Finance of the Company. He is a member of the Nomination Committee and Remuneration Committee. He attended all three Board meetings held since his appointment to the Board.

Mr Sekiguchi graduated from the Department of Commerce, Waseda University, Japan in 1982 with a Bachelor of Arts in Commerce.

He joined Ajinomoto Co. Inc. , Japan Fukuoka Branch in 1982 and has vast experience with various departments in head office. In 2001,he was posted to Ajinomoto (Malaysia) Berhad as Marketing Advisor.

He currently, sits on the Board of Malaysia Ve-Tsin Manufacturing Co. Berhad and Ajinomoto (S) Pte Ltd.

He has no conflict of interest with the Company or any family relationship with any other Director or shareholder of the Company. He has also not been convicted for any offences other than for traffic offences, if any.

Mazlan Bin Ab. Rahman

Executive Director	50 years of age, Malaysian.

Tn.Hj.Mazlan was appointed to the Board of Ajinomoto (Malaysia) Berhad on 10 July 2000.He attended all five Board meetings held in the financial year.

Graduated with a Bachelor of Science (Hons) in Food Science from Universiti Kebangsaan Malaysia in 1976,he has attended a series of high level technical and management courses both in Malaysia and overseas,particularly in Japan.He is also a qualified Internal Auditor for the Environmental Management System.

He joined the Technical Department of Ajinomoto (Malaysia) Berhad in 1976. Over the years he moved up the corporate ladder and served under various capacities.In 2000,he was appointed as the first local Factory Manager in 36 years history of the Company.

He has no conflict of interest with the Company or any family relationship with any other Director or shareholder of the Company. He has also not been convicted for any offences other than for traffic offences, if any.

Gew Ah Lek

Executive Director	53 years of age, Malaysian.

Mr. Gew was appointed to the Board of Ajinomoto (Malaysia) Berhad on 10 July 2000. He is a member of the Audit Committee. He attended all five Board meetings held in the financial year.

He holds a Bachelor of Commerce (Accountancy) degree from Nanyang University, Singapore in 1972.He is a Certified Public Accountants (Singapore) and an Associate Member of Australian Society of Certified Practicing Accountants.

He was the Chief Accountant and later promoted to Assistant General Manager of an established food and beverages manufacturing and investment holding company for 20 years. He left the company after 20 years of service and joined Ajinomoto (Malaysia) Berhad in 1995 as Senior Sales Manager.

He has no conflict of interest with the Company or any family relationship with any other Director or shareholder of the Company. He has also not been convicted for any offences other than for traffic offences, if any.

Tetsuhiko Yoshikawa

Executive Director	49 years of age, Japanese.

Mr.Yoshikawa was appointed to the Board of Ajinomoto (Malaysia) Berhad on 31 October 2002 and he attended both Board meetings held since his appointment to the Board.

He holds a Bachelor of Law from the Konan University Kobe, Japan in 1980.

He began his career in Ajinomoto Co., Inc., Japan with the Personnel Departments in 1980 and then served in various departments in head office and its overseas affiliated companies.In 2002, he was posted to Ajinomoto (Malaysia) Berhad to assume the role of Chief Marketing Officer of the Company.

He has no conflict of interest with the Company or any family relationship with any other Director or shareholder of the Company. He has also not been convicted for any offences other than for traffic offences, if any.

Takuji Umeda

Executive Director	41 years of age, Japanese.

Mr Umeda was appointed to the Board of Ajinomoto (Malaysia) Berhad on 31 October 2002 and he has attended both Board meetings held since his appointment to the Board.

He obtained a Bachelor of Engineering from Hiroshima University of Japan in 1985.

He joined Ajinomoto Co., Inc., Japan in 1985 and began his career in the Process Development Laboratories and has held various positions in Tokyo, head office and its overseas affiliated companies prior to his posting to Malaysia to assume the role of Technical Advisor.

He has no conflict of interest with the Company or any family relationship with any other Director or shareholder of the Company. He has also not been convicted for any offences other than for traffic offences, if any.

Dato' Hj. Shaharuddin Bin Hj.Haron

Independent Non-Executive Director	65 years of age, Malaysian.

Dato'Hj.Shaharuddin was appointed to the Board of Ajinomoto (Malaysia) Berhad on 31 October 2002 and he attended both Board meetings held since his appointment to the Board. He also serves as member of the Audit Committee. He holds a Bachelor of Art (Hons) degree from University Malaya and a Master in Economics from University of Pittsburgh,USA.

He has serves the Malaysian Government for thirty years.He began his civil service career in the Prime Minister's Department from 1963 to 1979, holding various positions in the Economic Planning Unit, including the position of the Secretary to the Foreign Investment Committee. He held the position of Director General of Insurance in 1979 to 1983 and was Secretary of the Finance Division of the Federal Treasury. He then serves as Director General of the National Rice and Padi Board.

Prior to retirement, he was the Secretary General for the Ministry of Domestic Trade and Consumer Affairs from 1992. He was also the Secretary General for the Ministry of International Trade and Industry (MITI) from 1990 and the Secretary General of the Ministry of Public Enterprise in 1986.

Currently, he serves as the Chairman of Latitude Tree Holding Berhad and sits on the Board of Malayan Flour Mills Berhad, EONBerhad,Gopeng Berhad,Ladang Perbadanan - FIMA Berhad,Export- Import Bank Malaysia Berhad and various non-listed companies.

He has no conflict of interest with the Company or any family relationship with any other Director or shareholder of the Company. He has also not been convicted for any offences other than for traffic offences, if any.

Statement on Corporate Governance

The Board is committed to ensuring that the Company observes the principles of corporate governance as recommended in Part 1 of the Malaysian Code on Corporate Governance. The Board has therefore taken steps to adopt the best practices as recommended in Part 2 of the Malaysian Code on Corporate Governance.

The Board of Directors

On 31 October, 2002,the Board of Directors increased its membership from nine (9) to twelve (12) Directors to further ensure that there is a better balance of Executive Directors and Non-Executive Directors.This ensures that no individual or small group of individuals can dominate the Board's decision-making process.There are currently six (6) Executive Directors,two (2) Non-Independent Non-Executive Directors and four (4) Independent Non-Executive Directors;so that one third of the Board comprises Independent Non-Executive Directors.The Board is of the opinion that the composition of the Board fairly reflects the investment in the Company by shareholders other than the significant shareholder including the minority shareholders.The profile of each Director is presented on pages 6 to 9 of the Annual Report.

The roles and responsibilities of the Chairman, who is an Independent Non-Executive Director, and the Chief Executive Officer/ Managing Director, who is an Executive Director, are distinct,separate and clearly defined.The Chairman is responsible for ensuring the Board's effectiveness and orderly conduct.The Chief Executive Officer/ Managing Director has overall responsibility for the management and operation of the Company's business and the implementation of Board policies,strategies and decisions.

The Board comprises highly reputable and professional persons.With their combined experience and knowledge they provide sound advice and judgements for the benefits of the Company and its shareholders.

The Board has identified Dr. Goh Chin Siew as a Senior Independent Non-Executive Director, to whom concerns may be conveyed.

All the Directors of the Company have attended the Mandatory Accreditation Programme organised by the Research Institute of Investment Analysts Malaysia (RIIAM).The Company will arrange for further training of the Directors under RIIAM's Continuous Education Programme.

Responsibilities of the Board of Directors

In line with the practice of good corporate governance, the Board has established and implemented various processes to assist members of the Board in the discharge of their duties and responsibilities. The Board's duties and responsibilities include the periodic review of the Company's business policies and strategies,ensuring the implementation of appropriate risk management systems,monitoring the performance of the Company and protecting the Company's assets.The Board is involved in management and staff succession planning; review of the adequacy and the integrity of the Company's internal controls and management information systems; and ensuring that the Company complies with applicable laws, regulations, rules, directives and guidelines of relevant authorities.

Directors have also participated in factory visits as well as food tasting sessions on the Company's new products which underpins the Board member's knowledge of the Company's production processes and product range.

Board Meetings and Supply of Information to the Board

The Board meets at least four (4) times and,as and when required,during the financial year to, amongst others,review and approve the quarterly financial statements and the annual audited financial statements.The agenda for the Board meetings, together with appropriate reports and information on the Company's business operations,and proposal papers for the Board's consideration are circulated to all the Directors prior to the meetings in sufficient time.

All Directors have access to information within the Company whether as a full Board or in their individual capacity to assist them in their decision making.The Board sets yearly objectives,which are guided by the parent company's corporate objectives and the management is delegated with the responsibility of meeting the objectives.

Directors have access to seek the advice ad serves of the Company Secretary and the Company's legal adviser at the Company's expense, if deemed necessary.

The Board meetings held during the financial year ended 31 March 2003 and the attendance at the meetings were as follows:-

Directors	Date of Appointment/ Resignation/ Cessation	No. of Meetings Attended by the Directors/Total No. of Meetings held during the Directors' tenure/ all in respect of the Financial Year Ended 31 March 2003*	Attendance %
Executive Directors			
Mr. Katsuyuki Inoue		5/5	100
Mr.Tadasu Sado ***	12 July 2002	2/2	100
En.Mazlan Bin Ab. Rahman		5/5	100
Mr. Gew Ah Lek		5/5	100
Mr.Taisuke Oka (alternate director to Mr. Kanji Mimoto) ***	12 July 2002	2/2	100
Mr.Taisuke Oka (alternate director to Mr. Katsuyuki Inoue) **	12 July 2002	Not applicable	Not applicable
Mr.Takashi Imai **	12 July 2002	3/3	100
Mr. Osamu Sekiguchi **	12 July 2002	3/3	100
Mr.Tetsuhiko Yoshikawa **	31 October 2002	2/2	100
Mr.Takuji Umeda **	31 October 2002	2/2	100
Non-Executive Directors			
Gen (R) Tan Sri (Dr) Dato' Paduka Mohamed Hashim Bin Mohd Ali		5/5	100
En.Adinan Bin Husin		5/5	100
Mr. Kanji Mimoto ***	12 July 2002	2/2	100
Dato'Professor Teo Chiang Liang		5/5	100
Dr. Goh Chin Siew		5/5	100
Dato'Hj.Shaharuddin Bin Hj.Haron **	31 October 2002	2/2	100

Notes

* *The meetings were held on 22 May 2002,19 June 2002,27 August 2002,31 October 2002 and 17 February 2003 respectively.*

** *Appointment*

*** *Resignation / Cessation*

Appointments to the Board

In order to comply with good practice for the appointment of new directors through a formal and transparent procedure, the Board has set up a Nomination Committee to evaluate and recommend candidates for directorships to the Board.

Re-election of Directors

In accordance with the Company's Articles of Association,all Directors who are appointed by the Board are subject to retirement at the first Annual General Meeting of the Company subsequent to their appointment. One third of all the other Directors shall retire by rotation at each Annual General Meeting provided always that all Directors shall retire from office at least once in three (3) years.The Directors retiring from office shall be eligible for re-election by the shareholders.

Committee

(1) The Nomination Committee

The Nomination Committee consists of two (2) Executive Directors and five (5) Non-Executive Directors, with majority being Independent Directors.The Nomination Committee comprised the following members during the year:-

• En.Adinan Bin Husin	(Chairman,Non-Independent,Non-Executive Director)
• Gen.(R) Tan Sri (Dr) Dato' Paduka Mohamed Hashim Bin Mohd.Ali	(Independent Non-Executive Director)
• Dato'Professor Teo Chiang Liang	(Independent Non-Executive Director)
• Dr Goh Chin Siew	(Independent Non-Executive Director)
• Dato'Hj.Shaharuddin Bin Hj.Haron	(Independent Non-Executive Director)
• Takashi Imai	(Executive Director)
• Osamu Sekiguchi	(Executive Director)

The main responsibilities of this Committee are to propose and recommend new candidates to the Board of Directors,if necessary and to review the structure, size and composition of the Board of Directors.

(2) The Remuneration Committee

The Remuneration Committee consists of two (2) Executive Directors,and five (5) Non-Executive Directors.The majority of the members are Independent Directors.The Nomination Committee comprised the following members during the year:-

• Gen.(R) Tan Sri (Dr) Dato' Paduka Mohamed Hashim Bin Mohd.Ali	(Chairman,Independent Non-Executive Director)
• E.Adinan Bin Husin	(Non-Independent Non-Executive Director)
• Dato'Professor Teo Chiang Liang	(Independent Non-Executive Director)
• Dr Goh Chin Siew	(Independent Non-Executive Director)
• Dato'Hj.Shaharuddin Bin Hj.Haron	(Independent Non-Executive Director)
• Takashi Imai	(Executive Director)
• Osamu Sekiguchi	(Executive Director)

The Independent Directors of the Remuneration Committee is responsible for recommending to the Board the remuneration and compensation of the Executive Directors.

(3) The Audit Committee

The terms of reference and activities during the year of the Audit Committee are set out under the Audit Committee Report on pages 18 to 19.

Directors' Remuneration

The Remuneration Committee, with clearly defined terms of reference, recommends to the Board the remuneration packages of the Directors.

The Board of Directors do not participate in discussing and deciding on their own remuneration.The determination of the remuneration of the Executive Directors are based on the level of responsibilities,experience, contribution,individual performance and corporate performance in accordance with Ajinomoto's Group Remuneration Policy and the Holding Company's recommendations.

The Directors' fees payable to the Non-Executive Directors as recommended by the Remuneration Committee to the Board,are subject to the approval of the shareholders at the Annual General Meeting of the Company.

The aggregate remuneration of the Directors for the financial year under review are as follows:-

	Executive Directors RM'000	Non-Executive Directors RM'000
Salaries and other emoluments	1,558	-
Fees	90	110
Bonus	160	-
Gratuity	53	-
Benefit In Kind	93	-

The number of Directors of the Company whose total remuneration during the financial year under review that fall within the following bands are as follows:-

Range of Remuneration	Executive Directors	Non-Executive Directors
Below RM50,000	1	7
RM100,001 – RM150,000	1	-
RM150,001 – RM200,000	1	-
RM200,001 – RM250,000	4	-
RM250,001 – RM300,000	-	-
RM300,001 – RM350,000	1	-
RM350,001 – RM400,000	1	-

Accountability and Audit

Financial Reporting

The Board is responsible for ensuring that the quarterly and annual financial statements of the Company presents a fair and balance view and assessment of the Company's financial position, performance and prospects. Such financial statements are announced quarterly whilst the final annual audited accounts are announced to the Kuala Lumpur Stock Exchange after they are approved and adopted by shareholders at the Company's Annual General Meeting.The Audit Committee assists the Board in reviewing and scrutinising the information for disclosure to ensure accuracy, adequacy and completeness.

Internal Control

The Board recognises the importance of maintaining a sound system of internal controls which covers risk management, financial, organizational,operational and compliance controls.The Board acknowledges its responsibility and accountability for the Company's system of internal controls and for reviewing the effectiveness, adequacy and integrity of this system.The Board has delegated the implementation and monitoring of the internal control system to the Management and has appointed independent consultants to carry out the Internal Audit and Risk Management functions.

Information on the Company's internal control is presented in the Statement of Internal Control on page 15 to 16.

Relationship with Auditors

The roles of the Audit Committee, the internal and external auditors of the Company are described in the Audit Committee Report as set out on page 18 to 19 of this Annual Report.The Board and the Audit Committee have always maintained a professional and transparent relationship with the Company's auditors.

Shareholders

Relationship with Shareholders

The Board recognises the need for transparency and accountability to the Company's shareholders and regular communication with its shareholders, stakeholders and investors on the performance and major developments in the Company. It ensure that timely releases of the quarterly financial results,press releases,corporate announcements are made to its shareholders and investors.

Annual General Meeting

At the Company's Annual General Meeting shareholders'participation is always encouraged and welcomed.It is a useful opportunity for the Directors and management to communicate face to face with shareholders and to present the Company's business operations,performance and future plans.

Notice of the Annual General Meeting and Annual Reports are sent out with sufficient notice before the date of the meeting.The Statement accompanying the Notice of the Annual General Meeting and explanatory notes on the proposed resolutions under Special Business are given to help the shareholders vote on the resolutions.

Shareholders,investors and the general public can also obtain information on the Company by accessing the Company's website at www.ajinomoto.com.my.

Statement of Internal Control

Pursuant to Paragraph 15.27(b) of the Listing Requirement of the Kuala Lumpur Stock Exchange, the Board of Directors are pleased to provide the following statement, which outlines the nature and scope of the Company's internal control for the financial year ended 31 March 2003.

Directors' Responsibilities

The Board of Directors recognizes the importance of maintaining a sound system of internal control and risk management practices.The internal control system covers financial,operational, compliance and risk management and includes the establishment of an appropriate control environment and framework as well as periodical reviews of its effectiveness, adequacy and integrity so as to safeguard shareholders' interest and investment.The Board regards this as a duty of Management and therefore delegated the implementation and monitoring of the systems to Management.

It is important to note that any system of internal control due to its inherent limitation,are designed to manage, and cannot eliminate, the risk of failure to achieve business objectives and plans,and can only provide reasonable and not absolute assurance against misstatement or loss. It is recognized also that the cost of control procedures should not exceed the expected benefits.

Risk Management Framework

The Board confirms that there is a continuous process for identifying, evaluating and managing the significant risks of the Company, which has been in place throughout the financial year.

The process is regularly reviewed by the Board and is in accordance with the guidelines "Statement of Internal Control: Guidance for Directors of Public Listed Companies".

In close consultation with the parent company and input from Internal Audit Team, the Board has put in place several internal control measures, risk management guidelines and processes. In the middle of the financial year, the Management established a formal Risk Management Committee following the framework of the parent company's Risk Management Guideline System.The committee is chaired by the Chief Financial Officer and the process will help the Company to identify, measure and mitigate risk more effectively.

Internal Audit Function

The Company is supported by an outsourced internal audit team whose terms of reference are documented in the Internal Audit Charter. During the financial year, they performed independent and regular reviews of the business processes and related business risk exposures and system of internal controls and procedures.

During the financial year ended 31 March 2003, the audit plan was reviewed and approved by the Audit Committee. Business and functional units are audited on the basis of a year cycle.The team reports to the Audit Committee on a quarterly basis.Management's responses and action plans are regularly reviewed and followed up by the Internal Audit Team and the Audit Committee.

The internal audit team does not perform any review and assessment of Ajinomoto (Malaysia) Berhad's associate companies.

Other Key Elements of Internal Controls

The Company has a clearly defined organisation structure with clear lines of responsibility and delegation of authority. The hierarchical reporting provides a very well documented and auditable trail of accountability.

The quality of staff is enhanced through a rigorous recruitment process, performance appraisal and annual training programs.

The quality of product is of prime importance to the Board. The compliance to procedures outlined in the ISO9001:2000 accreditation to ensure quality assurance and control are strictly adhered to via regular internal and external quality audit.

There is a comprehensive budgeting and forecasting system,with an annual business plan and budget approved by the Board and Holding Company.The results of the Company's business are reported on a monthly basis. Forecasts are revised on a semi-annual basis. Monthly operational meetings and regular weekly meetings are conducted among senior management staff to evaluate and monitor the progress of business operations.

Statement of Internal Control (con't)

The Managing Director reports to the Board on significant changes in the business and external environment.The Company's financial status, performance and other key business indicators are also reported quarterly by the Chief Financial Officer to the Board.

Conclusion

Based on the areas reviewed by the Internal Audit Team,there were no significant weaknesses noted that have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Company's Annual Report. As such, the internal controls in respect of areas reviewed by the Internal Audit Team appear to be satisfactory.

This Statement of Internal Control is made in accordance with the resolution adopted by the Board of Directors at its meeting held on 15 July 2003.

Statement Of Directors' Responsibility In Relation To The Financial Statements

This statement is prepared as required by the Listing Requirement of the KLSE.

The Directors are required to prepare financial statements which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of their results and their cash flows for that year then ended.

The Directors consider that in preparing the financial statements,

- the Company have used appropriate accounting policies and are consistently applied;
- reasonable and prudent judgments and estimates were made;and
- all applicable approved accounting standards in Malaysia have been followed.

The Directors are responsible for ensuring that the Company maintains accounting records that disclose with reasonable accuracy the financial position of the Company, and which enable them to ensure that the financial statements comply with the Companies Act 1965.

The Directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Company, and to prevent and detect fraud and other irregularities.

Audit Committee Report

TERMS OF REFERENCE

PURPOSE

The Audit Committee assists the Board in carrying out its responsibilities and meeting the Corporate Governance requirements.It reviews the quarterly financial information for accuracy and fairness before recommending to the Board for adoption and release to the Kuala Lumpur Stock Exchange and shareholders, the systems of internal controls which management and the Board of Directors have established,and makes recommendations to management on actions to be taken,if any, based on the Report of the Independent Internal Auditors.

Composition and Meetings

The members of the Audit Committee, attendance at each Audit Committee Meeting during the financial year ended 31 March 2003 are as follows:

Name		Status	Attendance*
Dato'Professor Teo Chiang Liang	Chairman	Independent Non-Executive Director	5/5
Gen (R) Tan Sri (Dr) Dato' Paduka Mohamed Hashim Bin Mohd Ali	Member	Independent Non-Executive Director	5/5
Adinan Bin Husin	Member	Non-Independent Non-Executive Director	5/5
Dato' Hj.Shaharuddin Bin Hj.Haron	Member	Independent Non-Executive Director	2/2 (Appointed 31.10.02)
Dr. Goh Chin Siew	Member	Independent Non-Executive Director	5/5
Takashi Imai	Member	Executive Director	3/3 (Appointed 15.7.02)
Gew Ah Lek	Member	Executive Director	5/5

** The meetings were held on 22 May 2002, 19 June 2002, 27 August 2002, 31 October 2002 and 17 February 2003 respectively.*

The Committee shall be appointed by the Board of Directors from amongst its members and shall consist of not less than 3 members of whom a majority shall be Independent Directors.The Committee shall include at least one person who is a member of the Malaysian Institute of Accountants (MIA) or alternatively a person who must have at least 3 years' working experience and have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967 or is a member of one of the associations specified in Part II of the said Schedule or fulfills such other requirement as prescribed by the exchange. No alternate Director shall be appointed as a member of the Committee.

The Committee shall elect a Chairperson from amongst its members who shall be an Independent Non-Executive Director. It is the responsibility of the Chairman to schedule all meetings of the Committee and provide the Committee members with a written agenda for all meetings. In the event that a member of the Audit Committee resigns,dies or for any other reason ceases to be a member, with the result that the number of members is reduced to below three, the Board of Directors shall,within three months of that event,appoint such number of new members as may be required to make up the minimum number of three members.

The Board shall review the term of office of the Committee at least once in every three years.

Meetings

The Committee shall meet at least four times a year. In addition, the Chairperson shall convene a meeting of the Committee if requested to do so by any member, the management or the internal or external auditors to consider any matter within the scope and responsibilities of the Committee.

The Chief Financial Officer, the Head of Internal Audit, Company Secretary and a representative of the external auditors shall normally attend meetings. However, the Committee may invite any person to be in attendance to assist it in its deliberations.

A quorum shall consist of a majority of non-executive committee members and shall not be less than two.

Function

The duties and responsibilities of the Audit Committee shall be:

- To review any financial information for publication, including quarterly and annual financial statements before submission to the Board of Directors.
- To review with the external auditors their audit plan,scope and nature of audit for the Company
- To review external auditors' audit report, areas of concern arising from the audit and any other matters the external auditors may wish to discuss.
- To assess the adequacy and effectiveness of the systems of internal control and accounting control procedures of the Company by reviewing the external and/or internal auditors' management letters and management responses.
- To discuss problems and reservations arising from the interim and final audits and any matters the auditors may wish to discuss.
- To review the internal audit plan and processes, consider the major findings of internal audit, fraud investigations and actions and steps taken by management in response to audit findings.
- To review the adequacy and relevance of the scope, functions and resources of internal audit and the necessary authority to carry out its work.
- To review any related party transactions and conflict of interest situations that may arise within the Company.
- To consider the appointment of the external auditors, the terms of reference of their appointment and any question of resignation and dismissal before making recommendations to the Board.
- To undertake such other responsibilities as may be agreed to by the Committee and the Board.

Authority

The Committee shall have the authority to investigate any matter within its terms of reference. The Committee shall have the resources, including full and unrestricted access to any information pertaining to the Company, which are required to perform its duties.The Committee shall be empowered to obtain independent professional or other advice and have direct communication channels with the external auditors and persons carrying out the internal audit function or activity.The Committee shall be able to convene meetings with the external auditors, excluding the attendance of the executive members of the Committee, whenever deemed necessary.

Summary of Activities

The activities of the Audit Committee during the financial year ended 31 March 2003 are as follows:-

- Review external audit scope and audit plan;
- Review external audit results and audit reports;
- Review Internal Audit's plan and programmes;
- Review Internal Audit reports, recommendations and Management responses and suggest additional improvement opportunities in the areas of internal control,systems and efficiency improvement;
- Review Annual Report and the audited financial statements of the Company prior to submission to the Board for their perusal and approval;
- Review the Company's compliance with the KLSE Listing Requirements, MASB and other relevant legal and regulatory requirements with regards to the quarterly and year-end financial statements;
- Review unaudited financial results announcements before recommending them for the approval of the Board.
- Review of related party transactions.

Internal Audit Function

The Audit Committee is supported by an independent and adequately resourced internal audit function.The Committee is aware of the fact that an independent and adequately resourced internal audit function is essential to assist in obtaining the assurance it requires regarding the effectiveness of the system of internal control.

The main role of the internal audit function is to review the effectiveness of the system of internal control and this is performed impartially and professionally.

During the financial year, the internal audit activities have been carried out according to the internal audit plan, which have been approved by the Audit Committee.

Statement Of Environmental Protection

Ajinomoto (Malaysia) Berhad is part of the global Ajinomoto Group with its headquarters in Japan and is committed to support the need for environmental protection whilst pursuing its corporate objectives.

The Ajinomoto Group adopts policies that harmonizes the Group's global activities with the environment we live in.

As a company that uses natural (marine and agricultural) resources to manufacture food products, the Company has a vested interest in protecting the environment for the long term. It is in a position to both "affect the environment" and "be affected by the environment".

The Company will make every effort to ensure compliance with all environmental laws and regulations.It will explore ways to reduce environmental burdens, save energy and resources, develop new technologies and effective utilization of natural resources, implement educational and training programs on raising greater awareness and understanding of the environment.The Company will continue to co-operate and work with Government and organizations which have common environmental objectives.

Here in Malaysia, the Company has always been proactive in implementing its own measures and has also co-operated fully with the relevant authorities (for example, the Department of Environment, Malaysia (DOE)) to ensure that all aspects of our manufacturing operations are in compliance with the relevant regulations. The Company has invested more than RM 10 million to date on a highly efficient wastewater treatment plant to filter, treat and cleanse its effluent before discharging into inland water system.At the same time, all efforts are made to create a safe and healthy working environment for all our employees.

If and when the need arises,the Company is prepared to undertake proper studies to monitor and assess the environmental impact of its operations, review existing and new environmental treatment technologies and respond to any new measures so as to stay ahead of all existing and proposed new environmental regulations.

List of Properties

Properties	Existing Use/ Description of Building	Land Area sq.ft.	Tenure	Date of Acquisition/ Revaluation	Age of Building	Net Book Value RM
Land and building 124,Jalan U Thant, Kuala Lumpur	1 unit double storey bungalow	22,671	Freehold	1984 (Revaluation)	23 years	987,675
Land and building 8 & 8A,Lorong 1, Jalan Shahbandar, Bandar Penggaram, Batu Pahat	1 unit double storey shophouse	1,680	Freehold	1984 (Revaluation)	28 years	71,525
Land and buildings Lot 5710,Jalan Kuchai Lama, Petaling, Kuala Lumpur	Office, warehouse and factory complex	536,376	Leasehold expiring on 2.4.2062	1984 (Revaluation)	39 years	12,378,927
Land and buildings Lot 5710,Jalan Kuchai Lama, Petaling, Kuala Lumpur	Office, warehouse and factory complex	174,240	Leasehold expiring on 5.7.2067	1984 (Revaluation)	34 years	4,366,496
Land and buildings Lot 5710,Jalan Kuchai Lama, Petaling, Kuala Lumpur	Office, warehouse and factory complex	36,329	Leasehold expiring on 6.3.2064	1992	12 years	174,359
Land and buildings Lot 5710,Jalan Kuchai Lama, Petaling, Kuala Lumpur	Mining pool	304,920	Leasehold expiring on 2062	1984 (Revaluation)	39 years	2,206,680
Land and buildings Lot 5710,Jalan Kuchai Lama, Petaling, Kuala Lumpur	Factory complex	85,568	Leasehold expiring on 15.3.2073	1992	12 years	5,083,775

Analysis Of Shareholdings
As At 30 June 2003

Authorised Share Capital	:	**RM80,000,000.00**
Issued and Paid Up Capital	:	**RM60,798,534 comprising 60,798,534 ordinary shares of RM1.00 each**
Class of shares	:	Ordinary Shares of RM1.00 each
Voting Rights	:	One vote per Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	%	No. of Shares	%
1- 99	108	6.21	2,113	0.00
100-1,000	317	18.24	136,772	0.23
1,001-10,000	1,164	66.97	3,490,578	5.74
10,001 – 100,000	127	7.31	3,104,158	5.11
100,001 – 3,039,925 (*)	18	1.04	7,855,565	12.92
3,039,926 and above (**)	4	0.23	46,209,348	76.00
TOTAL	1,738	100.00	60,798,534	100.00

REMARK: * Less than 5% of issued shares
** 5% and above of issued shares

SUBSTANTIAL SHAREHOLDERS

No	Name	Direct Holdings	%	Indirect Holdings	%
1.	Ajinomoto Co.,Inc.	30,445,445	50.08	-	-
2.	Pemegang Amanah Raya Malaysia - Skim Amanah Saham Bumiputera	8,856,870	14.57	-	-
3.	Gabriel C. K. Tam,Judicial Trustee for Fok Yin Hee, Deceased	3,623,533	5.96	-	-
4.	Lembaga Tabung Haji	3,283,500	5.40	-	-

DIRECTORS' INTEREST IN SHARES

	Name	No. of Ordinary Shares held Direct	%	Indirect	%
1.	Gew Ah Lek	6,000	0.01	-	-
2.	Takashi Imai	2,398	0.00	-	-
3.	Gen.(R) Tan Sri (Dr) Dato' Paduka Mohamed Hashim Bin Mohd Ali	-	-	-	-
4.	Katsuyuki Inoue	-	-	-	-
5.	Adinan Bin Husin	-	-	-	-
6.	Mazlan Bin Ab Rahman	-	-	-	-
7.	Osamu Sekiguchi	-	-	-	-
8.	Taisuke Oka (Alternate Director To Katsuyuki Inoue)	-	-	-	-
9.	Dato'Professor Teo Chiang Liang	-	-	150,000	0.25
10.	Dr Goh Chin Siew	-	-	-	-
11.	Dato'Hj.Shaharuddin Bin Hj.Haron	-	-	-	-
12.	Takuji Umeda	-	-	-	-
13.	Tetsuhiko Yoshikawa	-	-	-	-

THIRTY (30) LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1.	Ajinomoto Co.,Inc.	30,445,445	50.08
2.	Amanah Raya Nominees (Tempatan) Sdn Bhd	8,856,870	14.57
3.	Mayban Nominees (Asing) Sdn.Bhd. - Gabriel C. K. Tam Judicial Trustee for the Estate of Fok Yin Hee (Deceased)	3,623,533	5.96
4.	Lembaga Tabung Haji	3,283,500	5.40
5.	HDM Nominees (Asing) Sdn.Bhd. - DBS Vickers Secs (S) Pte. Ltd. for Ettrick Company Limited	1,307,454	2.15
6.	Mayban Nominees (Asing) Sdn.Bhd. - Bank of East Asia (Nominees) Pte. Ltd. for the Bank of East Asia Ltd.Singapore	1,131,030	1.86
7.	Menteri Kewangan Malaysia	1,062,309	1.75
8.	Mayban Nominees (Asing) Sdn. Bhd. - Gabriel C. K. Tam Judicial Trustee for the Estate of Fok Chan Sau Miu (Deceased)	795,600	1.31
9.	See Hoy Chan Agencies Sdn. Bhd.	775,500	1.28
10.	Tee Teh Sdn.Bhd.	524,508	0.86
11.	UOBM Nominees (Asing) Sdn Bhd - Libra Asia Securities Limited for Fok Siu Kee	392,562	0.65
12.	Malaysia Ve-Tsin Mfg.Co. Bhd.	313,458	0.52
13.	Employees Provident Fund Board	303,000	0.50
14.	Tan Hin Seng	214,959	0.35
15.	Malaysian Nominees (Asing) Sdn.Bhd. - Oversea-Chinese Bank Nominees Pte. Ltd. for Tan Hin Tat	170,527	0.28
16.	See Hoy Chan Sdn.Bhd.	157,675	0.26
17.	Teo Soo Cheng Sdn.Bhd.	120,000	0.20
18.	Phua Thian Kang Sdn.Bhd.	120,000	0.20
19.	Malaysia Nominees (Tempatan) Sdn.Bhd. - Oriental Realty Sdn.Bhd.	119,536	0.20
20.	Lai Khee Sin @ Joseph Lai	119,536	0.20
21.	Tay How Seng	114,900	0.19
22.	Eng Nominees (Asing) Sdn.Bhd. - Kim Eng Ong Asia Securities Pte. Ltd. for Tan Pheck Gee	113,011	0.19
23.	RHB Nominees (Asing) Sdn.Bhd. - GK Goh SPL for See Fong Mun	99,475	0.16
24.	Tee Keng Sing	99,462	0.16
25.	Yong Sai Moi @ Yong Chan Ying	95,628	0.16
26.	Poseidon Sdn.Bhd.	90,000	0.15
27.	Chia Choon Kwang @ Chai Choon Kwang	84,681	0.14
28.	Goh Yai Heng	78,000	0.13
29.	Syed Badarudin Jamalullail Bin Syed Putra Jamalullail	73,078	0.12
30.	Thong & Kay Hian Nominees (Asing) Sdn.Bhd. - UOB Kay Hian Noms Pte Ltd for Sessylu Ltd	71,943	0.12
	TOTAL	54,757,180	90.10

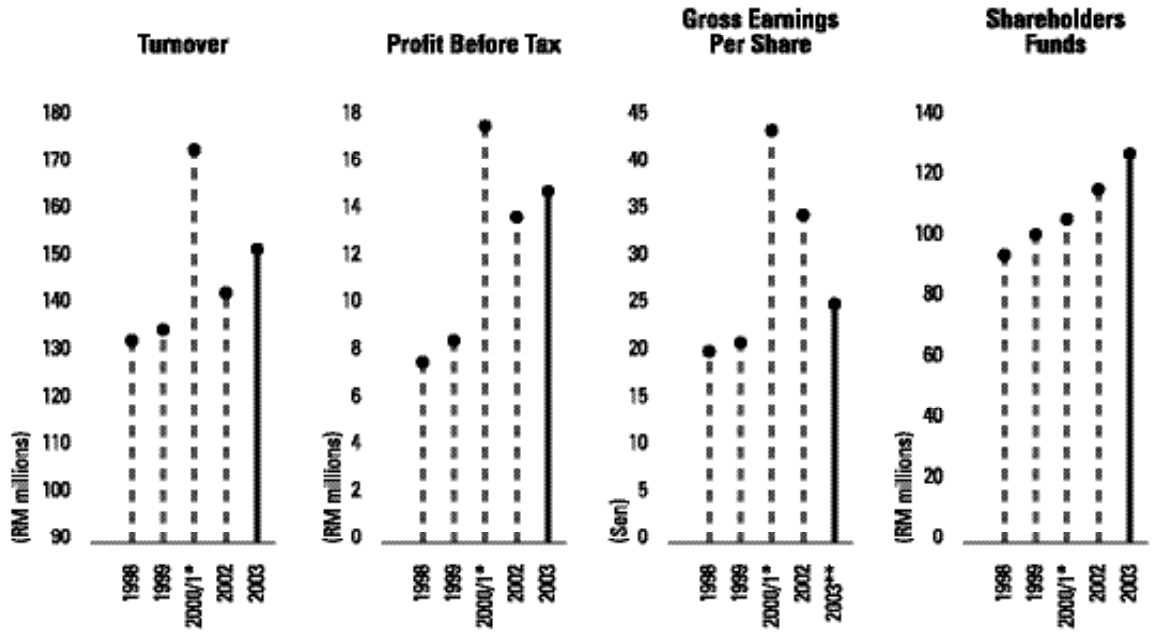
Financial Highlights

Prestasi Kewangan

	1998 RM'000	1999 RM'000	2000/1* RM'000	2002 RM'000	**2003 RM'000**
Turnover *Perolehan*	130,998	134,906	173,091	142,648	**151,009**
Profit Before Tax *Keuntungan Sebelum Cukai*	7,683	8,239	17,373	13,627	**14,894**
Profit After Tax *Keuntungan Selepas Cukai*	6,388	7,409	11,722	10,350	**12,126**
Shareholders Funds *Dana Pemegang Saham*	95,266	99,465	106,728	117,079	**125,994**
Per Share (sen) *Sesaham (Sen)*					
Gross Earnings *Pendapatan Kasar*	19.0	20.3	42.9	33.6	**24.5****
Net Earnings *Pendapatan Bersih*	15.8	18.3	28.9	25.5	**19.9****
Net Tangible Asset *Aset Ketara Bersih*	235.0	245.4	263.3	288.9	**207.2****

* *The 2000/1 financial period is for a period of 15 months from 1 January 2000 to 31 March 2001*

** *Based on an enlarged share capital of 60,798,534 subsequent to a bonus issue of 20,266,178 shares on 18.12.2002*



Contents | *Kandungan*

Financial Statements

Directors'Report *Laporan Pengarah*	26 - 28
Statement by Directors *Kenyataan Pengarah-pangarah*	29
Statutory Declaration *Pangakuan Berkanun*	29
Auditors'Report *Laporan Juruaudit*	30
Income Statement *Penyata Pendapatan*	31
Balance Sheet *Lambaran Imbangan*	32
Statement of Changes in Equity *Penyata Perubahan Ekuiti*	33
Cash Flow Statement *Penyata Aliran Tunai*	34
Notes to the Financial Statements *Nota kepada Akuan*	35 - 50

AJINOMOTO

Directors' Report

The directors have pleasure in presenting their report together with the audited financial statements of the Company for the financial year ended 31 March 2003.

Principal Activities

The principal activities of the Company are manufacturing and selling of monosodium glutamate and other related products. There have been no significant changes in the nature of the principal activities during the financial year.

Result

	RM
Net profit for the year	12,125,736

There were no material transfers to or from reserves or provisions during the year other than as disclosed in the statements of changes in equity.

In the opinion of the directors, the results of the operations of the Company during the financial year have not been substantially affected by any item,transaction or event of a material and unusual nature.

Dividends

The amount of dividends paid by the Company since 31 March 2002 were as follows:

In respect of the financial year ended 31 March 2002 as reported in the directors' report of that year:

	RM
First and final dividend of 11% less 28% taxation,paid on 27 September 2002	3,210,163

At the forthcoming Annual General Meeting, a first and final dividend in respect of the financial year ended 31 March 2003, of 9% less 28% taxation on 60,798,534 ordinary shares,amounting to a total dividend payable of RM3,939,745 (6.48 sen net per share) will be proposed for shareholders' approval.The financial statements for the current financial year do not reflect this proposed dividend.Such dividend,if approved by the shareholders,will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 March 2004.

Directors

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Gen (R) Tan Sri (Dr) Dato' Paduka Mohamed Hashim Bin Mohd Ali	
Katsuyuki Inoue	
Adinan Bin Husin	
Dato' Professor Teo Chiang Liang	
Dr. Goh Chin Siew	
Mazlan Bin Ab. Rahman	
Gew Ah Lek	
Taisuke Oka	(alternate to Katsuyuki Inoue)
Takashi Imai	(appointed on 12 July 2002)
Osamu Sekiguchi	(appointed on 12 July 2002)
Tetsuhiko Yoshikawa	(appointed on 31 October 2002)
Takuji Umeda	(appointed on 31 October 2002)
Dato' Hj.Shaharuddin Bin Hj.Haron	(appointed on 31 October 2002)
Tadasu Sado	(resigned on 12 July 2002)
Kanji Mimoto	(resigned on 12 July 2002)

Directors' Benefit

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivables by the directors as shown in Note 4 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Directors' Interests

According to the register of directors'shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	← Number of Ordinary Shares of RM1 Each →				
	1 April 2002	Bonus Issue	Bought	Sold	31 March 2003
The Company					
Direct Interest					
Katsuyuki Inoue	110	-	-	(110)	-
Taisuke Oka	110	-	-	(110)	-
Gew Ah Lek	4,000	2,000	-	-	6,000
Takashi Imai	-	651	1,303	-	1,954
Indirect Interest					
Dato' Professor Teo Chiang Liang	100,000	50,000	-	-	150,000

	← Number of Ordinary Shares of Japanese Yen 50 Each →			
	1 April 2002	Bought	Sold	31 March 2003
Holding Company - Ajinomoto Co. Inc.				
Direct Interest				
Katsuyuki Inoue	3,823	241	-	4,064
Osamu Sekiguchi	3,174	316	-	3,490
Takuji Umeda	2,041	74	-	2,115
Takashi Imai	1,552	110	-	1,662

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

Issue of shares

During the financial year, the Company increased its:

(a) authorised share capital from RM60,000,000 to RM80,000,000 through the creation of 20,000,000 ordinary shares of RM1 each; and

(b) issued and paid-up capital from RM 40,532,356 to RM60,798,534 by way of a bonus issue of 20,266,178 new ordinary shares of RM1 each from its retained profits on the basis of one bonus share for every two existing ordinary share of RM1 each held.

Other Statutory Information

(a) Before the income statement and balance sheet of the Company were made out,the directors took reasonable steps:-

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts;and

(ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report,the directors are not aware of any circumstances which would render:

(i) it necessary to write off any bad debts or the allowance for doubtful debts inadequate in respect of the financial statements of the Company;and

(ii) the values attributed to current assets in the financial statements of the Company misleading.

(c) At the date of this report,the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

(d) At the date of this report,the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report,there does not exist:

(i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person;or

(ii) any contingent liability in respect of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Company to meet its obligations when they fall due;and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

Auditors

The auditors,Hanafiah Raslan & Mohamad,have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors

GEN (R) TAN SRI (DR) DATO' PADUKA MOHAMED HASHIM BIN MOHD ALI

TAKASHI IMAI

Kuala Lumpur, Malaysia
Dated:15 July 2003

Statement By Directors

Pursuant to Section 169(15) of the Companies Act,1965

We, GEN (R) TAN SRI (DR) DATO' PADUKA MOHAMED HASHIM BIN MOHD ALI and TAKASHI IMAI, being two of the directors of AJINOMOTO (MALAYSIA) BERHAD, do hereby state that,in the opinion of the directors,the accompanying financial statements set out on pages 31 to 50 are drawn up in accordance with applicable Approved Accounting Standards in Malaysia and the provisions of the Companies Act,1965 so as to give a true and fair view of the financial position of the Company as at 31 March 2003 and of the result and the cash flow of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors

GEN (R) TAN SRI (DR) DATO' PADUKA MOHAMED HASHIM BIN MOHD ALI

TAKASHI IMAI

Kuala Lumpur, Malaysia
Dated:15 July 2003

Statutory Declaration

Pursuant to Section 169(16) of the Companies Act,1965

I,GEW AH LEK,being the Director primarily responsible for the financial management of AJINOMOTO (MALAYSIA) BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 31 to 50 are in my opinion,correct,and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act,1960.

Subscribed and solemnly declared by
the abovenamed **GEW AH LEK**
at Kuala Lumpur in the Federal Territory on
15 July 2003

GEW AH LEK

Before me,

Mohd Radzi bin Yasin
(W327)
Commissioner for Oaths
Kuala Lumpur

Report Of The Auditors To The Members Of Ajinomoto (Malaysia) Berhad

We have audited the accompanying financial statements set out on pages 31 to 50.These financial statements are the responsibility of the Company's directors.Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia.Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements.An audit also includes assessing the accounting principles used and significant estimates made by the directors,as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia so as to give a true and fair view of:

  (i) the financial position of the Company at 31 March 2003 and of the result and the cash flow of the Company for the year then ended;and

  (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and

(b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

HANAFIAH RASLAN & MOHAMAD
AF: 0002
Chartered Accountants

WONG KANG HWEE
No. 1116 / 01/ 04 (J)
Partner

Kuala Lumpur, Malaysia
Dated:15 July 2003

Income Statement
For The Year Ended 31 March 2003

	Note	2003 RM	2002 RM
Revenue	3	151,009,244	142,647,670
Other operating income		801,044	1,036,988
Changes in inventories of finished goods, work in progress and goods-in-transit		1,714,032	1,545,229
Raw materials and packaging materials consumed		(64,338,766)	(63,979,499)
Finished goods purchased		(3,857,740)	(6,140,065)
Staff costs	4	(21,569,429)	(19,927,298)
Depreciation		(10,665,453)	(10,236,537)
Other operating expenses		(39,478,955)	(32,390,465)
Profit from operations	5	13,613,977	12,556,023
Interest income		1,280,471	1,071,005
Profit before taxation		14,894,448	13,627,028
Taxation	6	(2,768,712)	(3,276,888)
Net profit for the year		12,125,736	10,350,140
Basic earnings per share (sen)	7	19.9	17.0
Net dividends per share (sen)			
Proposed	8	6.5	7.9

The accompanying notes form an integral part of this financial statements.

Balance Sheet As At 31 March 2003

	Note	2003 RM	2002 RM
Non-Current Assets			
Property, plant and equipment	9	55,232,487	56,032,179
Investments	10	3,068,807	3,110,307
		58,301,294	59,142,486
Current Assets			
Inventories	11	24,005,014	16,033,277
Trade receivables	12	17,693,634	17,723,003
Other receivables	13	2,382,164	3,608,429
Cash and bank balances	14	49,257,903	43,674,252
		93,338,715	81,038,961
Current Liabilities			
Trade payables	15	11,915,332	7,832,131
Other payables	16	7,111,612	5,201,403
Tax payable		745,595	3,747,345
Provision for retirement benefits	19	736,940	629,006
		20,509,479	17,409,885
Net Current Assets		72,829,236	63,629,076
		131,130,530	122,771,562
Financed By:			
Share capital	17	60,798,534	40,532,356
Reserves		65,195,612	76,546,217
		125,994,146	117,078,573
Provision for retirement benefits	19	2,837,384	2,527,989
Deferred tax liabilities	20	2,299,000	3,165,000
		5,136,384	5,692,989
		131,130,530	122,771,562

The accompanying notes form an integral part of this financial statements.

Statement Of Changes In Equity
For The Year Ended 31 March 2003

	Non-distributable			Distributable	
	Share Capital RM	**Share Premium RM**	**Asset Revaluation Reserves RM**	**Retained Profits RM**	**Total RM**
At 1 April 2001	40,532,356	4,303,700	18,324,771	43,567,606	106,728,433
Net profit for the year	-	-	-	10,350,140	10,350,140
At 31 March 2002	40,532,356	4,303,700	18,324,771	53,917,746	117,078,573
Bonus issue	20,266,178	-	-	(20,266,178)	-
Net profit for the year	-	-	-	12,125,736	12,125,736
Dividends (Note 18)	-	-	-	(3,210,163)	(3,210,163)
At 31 March 2003	60,798,534	4,303,700	18,324,771	42,567,141	125,994,146

The accompanying notes form an integral part of this financial statements.

Cash Flow Statement
For The Year Ended 31 March 2003

	2003 RM	2002 RM
Cash Flow From Operating Activities		
Profit before taxation	14,894,448	13,627,028
Adjustments for:		
Allowance for doubtful debts/ bad debts written off	54,886	50,609
Depreciation	10,665,453	10,236,537
Property, plant and equipment written off	768,972	227,713
Gain on disposal of property, plant and equipment	(283,740)	(257,076)
Amortisation of club membership	61,500	-
Provision for retirement benefits	1,046,335	873,395
Dividend income	(149,842)	(149,842)
Interest income	(1,280,471)	(1,071,005)
Operating profit before working capital changes	25,777,541	23,537,359
Decrease/(Increase) in receivables	1,200,748	(2,672,480)
Increase in inventories	(7,971,737)	(115,751)
Increase in payables	5,993,410	228,232
Cash generated from operations	24,999,962	20,977,360
Tax paid	(6,606,278)	(3,639,584)
Payment of retirement benefits	(629,006)	(624,221)
Net cash generated from operating activities	17,764,678	16,713,555
Cash Flow From Investing Activities		
Interest received	1,280,471	1,071,005
Purchase of property, plant and equipment	(10,734,848)	(4,898,477)
Proceeds from disposal of property, plant and equipment	383,855	507,009
Purchase of investments	(20,000)	-
Dividend received	119,658	119,658
Net cash used in investing activities	(8,970,864)	(3,200,805)
Cash Flow From Financing Activity		
Dividend paid representing net cash used in financing activity	(3,210,163)	(4,458,560)
Net Increase In Cash And Cash Equivalents	5,583,651	9,054,190
Cash And Cash Equivalents At Beginning Of Year	43,674,252	34,620,062
Cash And Cash Equivalents At End Of Year	49,257,903	43,674,252
Cash and cash equivalents comprise:		
Cash and bank balances	5,915,260	2,939,754
Deposits with licensed banks	43,342,643	40,734,498
	49,257,903	43,674,252

The accompanying notes form an integral part of this financial statements.

1.Corporate Information

The principal activities of the Company are manufacturing and selling monosodium glutamate and other related products.There have been no significant changes in the nature of the principal activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia,and is listed on the Main Board of the Kuala Lumpur Stock Exchange.The registered office of the Company is located at Lot 5710, Jalan Kuchai Lama, Petaling, 58200 Kuala Lumpur.

The holding and ultimate holding company of the Company is Ajinomoto Co. Inc., a company incorporated in Japan. The number of employees in the Company at the end of the period were 391 (2002 :361).

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 15 July 2003.

2.Significant Accounting Policies

(a) Basis of Preparation

The financial statements of the Company have been prepared under the historical cost convention unless indicated in the accounting policies below.

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia.

During the financial year ended 31 March 2003,the Company adopted the following MASB Standards for the first time:

MASB 23 Impairment of Assets
MASB 24 Financial Instrument:Disclosure and Presentation

(b) Investment in Associates

Associated companies are those companies in which the Company has a long term equity interest and where it exercises significant influence over the financial and operating policies.

Investment in associates are stated at cost less impairment losses.The policy for the recognition and measurement of impairment losses is in accordance with Note 2 (k).On disposal of such investments,the difference between the net disposal proceeds and their carrying amounts is recognised in the income statement.

The results of the associated companies have not been equity accounted as consolidated financial statements are not prepared.Details of the associated companies and the effect on the financial statement and investment in associate had the equity method been applied is disclosed in Note 10.

(c) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses.The policy for the recognition and measurement of impairment losses is in accordance with Note 2 (k).

Land and buildings are stated at valuation less impairment losses.Land and buildings of the Company have not been revalued since they were revalued in 1984.The directors have not adopted a policy of regular revaluations of such assets.As permitted under the transitional provisions of IAS 16 (Revised):Property, Plant and Equipment, these assets continue to be stated at their valuation less accumulated depreciation.

Any revaluation increase is credited to equity as a revaluation surplus, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to the income statement to the extent of the decrease previously recognised. A revaluation decrease is first offset against an increase on earlier valuation in respect of the same asset and is thereafter recognised as an expense. Upon the disposal of revalued assets,the attributable revaluation surplus remaining in the revaluation reserve is transferred to retained profits.

2.Significant Accounting Policies (con't)

Freehold land is not depreciated.Leasehold land is depreciated over the period of the respective lease which ranges from 72 years to 83 years.Depreciation of other property, plant and equipment is provided on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life at the following annual rates:

Buildings	4% to 11%
Plant,machinery and equipment	10% to 25%
Motor vehicles	25%
Furniture, fixtures and fittings	10%

Upon the disposal of an item of property, plant or equipment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement and the attributable portion of the revaluation surplus is taken directly to retained profits.

(d) Inventories

Inventories are stated at the lower of cost (determined on the weighted average basis) and net realisable value. Cost of finished goods and work in-progress includes direct materials, direct labour, other direct cost and appropriate production overheads.Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing,selling and distribution.

(e) Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand and at bank and deposits at call which have an insignificant risk of changes in value.

(f) Provision for Liabilities

Provisions for liabilities are recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation,and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

(g) Income Tax

Income tax on the profit and loss for the year comprises current and deferred tax.Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred taxation is provided for by the liability method for all timing differences except when there is reasonable evidence that these timing differences will not reverse in the foreseeable future. Deferred tax benefits are only recognised when there is a reasonable expectation of realisation in the near future.

(h) Employee Benefits

The Company has an unfunded defined benefit retirement benefit scheme for eligible staff who have served the required number of years service under a collective bargaining agreement.

Staff retirement benefits are provided at 6% and 10% on aggregate basic salaries of eligible staff and the number of completed years of service. Interest is accrued at 6% per annum on these benefits.

For certain executives,contributions are made to an approved retirement benefit scheme operated by independent trustees in accordance with a trust deed.

The Company has performed its own computation to determine the provision needed in respect of the scheme and an actuarial valuation has not been carried out. The directors of the Company are of opinion that if an actuary is engaged, the effect of additional provision if any, in the financial statements is not material and as such does not justify the cost of the engagement of an actuary.

2.Significant Accounting Policies (con't)

(i) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

(i) Sales of goods

Revenue relating to the sale of goods is recognised net of sales taxes and discounts upon the transfer of risks and rewards.

(ii) Interest income

Interest is recognised on a time proportion basis that reflects the effective yield on the asset.

(iii) Dividend income

Dividend income is recognised when the right to receive payment is established.

(j) Foreign Currencies

Foreign currency transactions

Transactions in foreign currencies during the period are converted into Ringgit Malaysia at rates of exchange ruling at the transaction dates. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date. Non-monetary items which are carried at historical cost are translated using the historical rate as of the date of acquisition and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined.

All exchange differences are taken to the income statement.

The exchange rates for every unit of foreign currency ruling at balance sheet date are as follows:

	2003 RM	2002 RM
United States Dollar	3.80	3.80
Singapore Dollar	2.15	2.06
Brunei Dollar	2.11	2.06
Japanese Yen	0.03	0.03

(k) Impairment of Assets

At each balance sheet date, the Company reviews the carrying amounts of its assets to determine whether there is any indication of impairment.If any such indication exists,impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised as an expense in the income statement immediately, unless the asset is carried at revalued amount.Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any unutilised previously recognised revaluation surplus for the same asset.Reversal of impairment losses recognised in prior years is recorded when the impairment losses recognised for the asset no longer exist or have decreased.

(l) Financial instruments

Financial instruments are recognised in the balance sheet when the Company has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest,dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Other Non-Current Investments

Non-current investments other than investments in associates are stated at cost less impairment losses.The policy for the recognition and measurement of impairment losses is in accordance with Note 2 (k).

On disposal of an investment,the difference between net disposal proceeds and its carrying amount is charged or credited to the income statement.

2. Significant Accounting Policies (con't)

(ii) Marketable Securities

Marketable securities are carried at the lower of cost and market value, determined on an aggregate basis.Cost is determined on the weighted average basis while market value is determined based on quote market values. Increases or decreases in the carrying amount of marketable securities are recognised in the income statement.On disposal of marketable securities, the difference between net disposal proceeds and the carrying amount is recognised in the income statement.

(iii) Trade Receivables

Trade receivables are carried at anticipated realisable values.Bad debts are written off when identified.An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(iv) Trade Payables

Trade payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(v) Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are taken to the income statement.Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(m) Affiliated Companies

Affiliated companies refer to associated companies of the holding company.

3. Revenue

Revenue of the Company is relating to the sale of goods and is recognised net of sales taxes and discounts upon the transfer of risks and rewards.

4. Staff Costs

Included in staff costs are Directors' remuneration with the following details:

	2003 RM	2002 RM
Executive Directors		
Salaries and other emoluments	1.558,007	1,843,496
Gratuity	52,800	-
Fees	90,000	102,000
Bonus	160,140	46,140
	1,860,947	1,991,636
Non-Executive Directors:		
Fees	110,000	110,000
Gratuity	-	100,000
	110,000	210,000
Total	1,970,947	2,201,636

4.Staff Costs (con't)

The estimated monetary value of other benefits not included in the above received by certain executive directors was RM93,018 (2002:RM123,760)

The number of directors of the Company whose total remuneration during the year fell within the following bands is analysed below:

	Number of Directors	
	2003	**2002**
Executive Directors:		
Below RM50,000	1	4
RM100,001 - RM 150,000	1	-
RM150,001 - RM200,000	1	2
RM200,001 - RM250,000	4	-
RM250,001 - RM300,000	-	-
RM300,001 - RM350,000	1	-
RM350,001 - RM400,000	1	2
RM400,001 - RM450,000	-	1
RM450,001 - RM500,000	-	1
Non-Executive Directors:		
Below RM50,000	7	4
RM100,001 - RM 150,000	-	1

5.Profit From Operations

Profit from operations is stated after charging/(crediting):

	2003	**2002**
	RM	**RM**
Audit fee	35,000	35,000
Bad debts written of	-	50,609
Allowance for doubtful debts	54,886	-
Property, plant and equipment written off	768,972	227,713
Provision for retirement benefits	1,046,335	873,395
Net realised foreign exchange (gains)/loss	(43,060)	161,183
Gain on disposal of property, plant and equipment	(283,740)	(257,076)
Dividends from:		
An associated company	(107,800)	(107,800)
Investment quoted in Malaysia	(42,042)	(42,042)

6. Taxation

	2003 RM	2002 RM
Tax expense for the year:		
Malaysian income tax	3,856,000	4,300,888
Transfer from deferred taxation (Note 20)	(866,000)	(1,024,000)
Tax expense of prior years:		
Malaysian income tax	(221,288)	-
	2,768,712	3,276,888

The effective tax rate on the Company's profit is lower than the statutory tax rate principally due to the reinvestment allowances tax incentive enjoyed by the Company.

The Company has sufficient tax credit under Section 108 of the Income Tax Act,1967 and the balance in the tax exempt income account to frank the payment of dividends out of its entire retained profits as at 31 March,2003.

As at 31 March,2003,the Company has tax exempt income of approximately RM57,742,000 (2002:RM52,420,000) to frank the payment of tax exempt dividends out of its retained profits.

7.Earnings Per Share

Basic earnings per share is calculated by dividing the net profit for the year by the weighted average number of ordinary shares in issue during the financial year.

	2003 RM	2002 RM
Net profit for the year	12,125,736	10,350,140
Weighted average number of ordinary shares in issue	60,798,534	60,798,534
Basic earnings per share (sen)	19.9	17.0

The comparative basic earnings per share has been restated to take into account the effect of the bonus issue on the weighted average number of ordinary shares in issue.

8.Dividends

	Amount		Net Dividends per share	
	2003 RM	2002 RM	2003 Sen	2002 Sen
First and final dividend of 11% less 28% taxation,paid on 27 September 2002	-	3,210,163	-	7.92

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 March 2003 of 9% less 28% taxation on 60,798,534 ordinary shares,amounting to a dividend payable of RM3,939,745 (6.48 sen net per share) will be proposed for shareholders' approval.The financial statements for the current financial year do not reflect this proposed dividend. Such dividend,if approved by the shareholders will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 March 2004.

9.Property, Plant and Equipment

	Land and buildings* RM	Motor vehicles RM	Plant, machinery and equipment RM	Furniture, fixtures and fittings RM	Total RM
Cost/Valuation					
At 1 April 2002	46,689,772	5,657,363	141,604,795	1,994,842	195,946,772
Additions	2,097,763	1,651,415	6,912,333	73,337	10,734,848
Disposals	-	(986,428)	(83,192)	(3,615)	(1,073,235)
Written off	-	-	(3,641,099)	(36,920)	(3,678,019)
At 31 March 2003	48,787,535	6,322,350	144,792,837	2,027,644	201,930,366
Representing:					
At cost	15,197,535	6,322,350	144,792,837	2,027,644	168,340,366
At valuation	33,590,000	-	-	-	33,590,000
	48,787,535	6,322,350	144,792,837	2,027,644	201,930,366
Accumulated Depreciation					
At 1 April 2002	22,588,215	4,268,575	111,714,428	1,343,375	139,914,593
Charge for the year	929,883	1,055,644	8,564,276	115,650	10,665,453
Disposals	-	(926,166)	(44,458)	(2,496)	(973,120)
Written off	-	-	(2,887,165)	(21,882)	(2,909,047)
At 31 March 2003	23,518,098	4,398,053	117,347,081	1,434,647	146,697,879
Net Book Value					
At 31 March 2003					
At cost	5,258,133	1,924,297	27,445,756	592,997	35,221,183
At valuation	20,011,304	-	-	-	20,011,304
	25,269,437	1,924,297	27,445,756	592,997	55,232,487
At 31 March 2002					
At cost	3,779,983	1,388,788	29,890,367	651,467	35,710,605
At valuation	20,321,574	-	-	-	20,321,574
	24,101,557	1,388,788	29,890,367	651,467	56,032,179
Depreciation charge for 2002	729,418	1,014,259	8,371,676	121,184	10,236,537

9.Property, Plant and Equipment (con't)

*** Land and buildings**

	Freehold land RM	Long term leasehold land RM	Buildings RM	Total RM
Cost/Valuation				
At 1 April 2002	1,059,200	27,420,992	18,209,580	46,689,772
Additions	-	-	2,097,763	2,097,763
At 31 March 2003	1,059,200	27,420,992	20,307,343	48,787,535
Representing:				
At cost	-	2,884,028	12,313,507	15,197,535
At valuation	1,059,200	24,536,964	7,993,836	33,590,000
	1,059,200	27,420,992	20,307,343	48,787,535
Accumulated Depreciation				
At 1 April 2002	-	5,705,058	16,883,157	22,588,215
Charge for the year	-	345,190	584,693	929,883
At 31 March 2003	-	6,050,248	17,467,850	23,518,098
Net Book Value				
At 31 March 2003				
At cost	-	2,418,640	2,839,493	5,258,133
At valuation	1,059,200	18,952,104	-	20,011,304
	1,059,200	21,370,744	2,839,493	25,269,437
At 31 March 2002				
At cost	-	2,453,560	1,326,423	3,779,983
At valuation	1,059,200	19,262,374	-	20,321,574
	1,059,200	21,715,934	1,326,423	24,101,557
Depreciation charge for 2002	-	345,190	384,228	729,418

9.Property, Plant and Equipment (con't)

(a) Included in the above are the following property, plant and equipment which have been fully depreciated but are still in use:

	2003 RM	2002 RM
At cost:		
Land and building	15,045,108	15,045,108
Motor vehicles	2,858,357	2,900,673
Plant,machinery and equipment	85,997,395	76,729,257
Furniture, fixtures and fittings	884,991	883,648
	104,785,851	95,558,686

(b) The freehold and leasehold land and buildings were revalued in 1984 by an independent professional valuer, as approved by the relevant authorities and based on open market value on the existing use basis.The surplus arising from the revaluation has been transferred to the capital reserves account in 1985.

The directors were unable to disclose the net book value of the revalued land and building had it been carried at historical cost less accumulated depreciation due to lack of historical records.

(c) Long term leasehold land recorded at valuation of RM2,868,684 (2002 : RM2,868,684) and at cost of RM2,884,028 (2002 : RM2,884,028) have restriction in the transfer of titles or mortgages which require approval by the relevant authorities.

(d) In the current year, the depreciation rate for office equipment was changed from 10 years to 5 years.The effect of the change in accounting estimate in the current financial year was RM1,299,605.

10. Investments

	2003 RM	2002 RM
Unquoted shares in associated companies, at cost	1,678,751	1,678,751
Quoted shares in a Malaysian corporation,at cost	1,122,056	1,122,056
Transferable club memberships	268,000	309,500
	3,068,807	3,110,307
Market value of quoted shares in Malaysia	2,018,054	3,258,317

Had the equity method of accounting been applied,the carrying amount of investment in associated companies would have been as follows:

	2003 RM
Investment in associated companies	
At cost	1,678,751
Share of post-acquisition profits	8,827,342
	10,506,093
Represented by:	
Share of net assets	13,377,341
Discount on acquisition	(2,871,248)
	10,506,093

10. Investments (con't)

Had the equity method of accounting been applied the income statement of the Company would have been as follows:

		2003
	RM	RM
Profit before taxation and share of profits of associated companies		14,894,448
Share of profit of associated companies		457,287
Profit before taxation		15,351,735
Taxation before share of tax of associated accompanies	(2,768,712)	
Share of tax of associated companies	(127,492)	
Taxation		(2,896,204)
Profit after taxation		12,455,531

The associated companies are:

Name of Company	Country of Incorporation	Effective Interests (%) 2003	2002	Financial Year End	Principal Activities
Malaysia Ve-Tsin Manufacturing Co. Bhd.	Malaysia	49	49	31 December	Manufacturer of monosodium glutamate
Ajinomoto (Singapore) Pte. Ltd.	Singapore	50	50	31 March	Distributor of monosodium glutamate
Nee Seng Ngeng & Sons Sago Industries Sdn.Bhd.	Malaysia	30	30	31 December	Producer of sago starch

11. Inventories

	2003	2002
	RM	RM
At cost:		
Raw materials	12,046,847	5,789,142
Work-in-progress	3,913,121	2,658,047
Finished goods	7,787,530	7,514,629
Goods-in-transit	257,516	71,459
	24,005,014	16,033,277

The cost of inventories recognised as an expense during the financial year in the Company amounted to RM62,624,734 (2002:RM62,434,270).

12. Trade Receivables

	2003 RM	2002 RM
Trade receivables	17,825,657	17,800,140
Provision for doubtful debts	(132,023)	(77,137)
	17,693,634	17,723,003
Included in trade receivables are amounts:		
Due from affiliated companies	798,180	579,448
Due from fellow subsidiaries	748,236	1,180,743
Due from associated companies	1,142,739	1,114,920
	2,689,155	2,875,111

The Company's normal trade credit term ranges from 14 days to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

As at the balance sheet date, the Company has a significant concentration of credit risk in the form of outstanding balances due from two customers representing approximately 44% of the total third party trade receivables.

13. Other Receivables

	2003 RM	2002 RM
Deposits	222,744	214,387
Prepayments	689,070	1,719,492
Sundry receivables	1,470,350	1,674,550
	2,382,164	3,608,429

The Company has no significant concentration of credit risk that may arise from exposures to a single debtor or groups of debtors.

14. Cash And Cash Equivalents

	2003 RM	2002 RM
Cash on hand and at banks	5,915,260	2,939,754
Deposits with licensed banks	43,342,643	40,734,498
	49,257,903	43,674,252

The weighted average effective interest rates of the deposits with licensed banks at the balance sheet date was 2.60% (2002:2.69%).

The average maturities of the deposits with licensed banks as at the end of the financial year were 30 days (2002:30 days)

15. Trade Payables

	2003 RM	2002 RM
Included in trade payables are amounts:		
Due to holding company	37,057	108,459
Due to fellow subsidiaries	1,155,770	-
Due to affiliated companies	388,730	7,221
	1,581,557	115,680

The normal trade credit terms granted to the Company ranges from 30 to 60 days.

16. Other Payables

	2003 RM	2002 RM
Accrued expense	1,806,269	1,751,561
Sundry payables	4,416,184	2,618,762
Due to holding company	889,159	831,080
	7,111,612	5,201,403

The amount due to holding company is unsecured,interest free and has no fixed terms of repayment.

17. Share Capital

	Number of Ordinary Shares of RM1 Each		Amount	
	2003	2002	2003 RM	2002 RM
Authorised:				
At beginning of year	60,000,000	60,000,000	60,000,000	60,000,000
Created during the year	20,000,000	-	20,000,000	-
At end of year	80,000,000	60,000,000	80,000,000	60,000,000
Issued and fully paid:				
At beginning/end of year	40,532,356	40,532,356	40,532,356	40,532,356
Issued and paid up during the year	20,266,178	-	20,266,178	-
	60,798,534	40,532,356	60,798,534	40,532,356

During the financial year, the Company increased its:

(a) authorised share capital from RM60,000,000 to RM80,000,000 through the creation of 20,000,000 ordinary shares of RM1 each;and

(b) issued and paid-up capital from RM40,532,356 to RM60,798,534 by way of a bonus issue of 20,266,178 new ordinary shares of RM1 each from its retained profits on the basis of one bonus share for every two existing ordinary share of RM1 each held.

18. Retained Profits

As at 31 March 2003, the Company has tax exempt income available for distribution of approximately RM57,742,000 (2002:RM52,420,000) to frank the payment of tax exempt dividends out of its retained profits.

The Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and the balance in the tax exempt income account to frank the payment of dividends out of its entire retained profits as at 31 March 2003.

19. Provision For Retirement Benefits

	2003 RM	2002 RM
At beginning of year	3,156,995	2,907,821
Additional provision during the year	1,046,335	873,395
Less:Utilisation of provision during the year	(629,006)	(624,221)
At end of year	3,574,324	3,156,995
Analysed as:		
Current	736,940	629,006
Non-Current	2,837,384	2,527,989
	3,574,324	3,156,995

20. Deferred Tax Liabilities

	2003 RM	2002 RM
At beginning of year	3,165,000	4,189,000
Transfer to income statement (Note 6)	(866,000)	(1,024,000)
At end of year	2,299,000	3,165,000

Deferred taxation amounting to RM916,000 (2002:RM916,000) is not provided on the surplus arising from the revaluation of land and buildings as it is not the intention of the directors to dispose these properties.

21. Commitments

	2003 RM	2002 RM
Capital expenditure:		
Approved and contracted for :		
Property, plant and equipment	11,303,734	-
Approved but not contracted for:		
Property, plant and equipment	20,371,266	10,623,400
	31,675,000	10,623,400

22. Contingent Liabilities

	2003 RM	2002 RM
Unsecured		
Staff retirement benefits	249,887	427,994

Staff retirement benefits as shown above represent the amount of the payments to the participating employees and are contingent upon them meeting the length of services with the Company. As at the end of the financial year, the required length of service has not been fulfilled by those employees.

23. Significant Related Party Transactions

	2003 RM	2002 RM
(a) Transactions with associated companies:		
Sales to Ajinomoto (Singapore) Pte. Ltd.	3,325,261	3,184,329
Sales to Malaysia Ve-Tsin Manufacturing Co. Bhd.	1,539,711	1,965,394
Purchases from Malaysia Ve-Tsin Manufacturing Co. Bhd.	1,957,460	2,006,068
Purchases from Ajinomoto (Singapore) Pte. Ltd.	1,196,647	338,260
Purchases from Nee Seng Ngeng & Sons Sago Industries Sdn.Bhd.	826,464	18,728
Management fees received from Malaysia Ve-Tsin Manufacturing Co. Bhd.	108,000	108,000
Dividend received from Malaysia Ve-Tsin Manufacturing Co. Bhd	107,799	107,799
(b) Transactions with affiliated companies:		
Management fees received from Malaysia Packaging Ind.Bhd.	8,000	155,439
Purchases from Malaysia Packaging Ind.Bhd.	3,700,326	3,320,731
Dividend received from Malaysia Packaging Ind. Bhd.	42,043	42,043
(c) Transactions with holding company and its subsidiaries*:		
Commission income	195,823	267,714
Royalties payable	3,421,520	3,159,752
Sales	4,082,062	2,781,061
Purchases	16,560,696	18,069,557

* Comprises Ajinomoto Co. Inc. and its subsidiaries,excluding Ajinomoto (Singapore) Pte. Ltd.

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.

24. Comparative Figures

Certain comparative figures of the Company have been restated to conform with current year's presentation.

25. Financial Instruments

(a) Financial Risk Management Objectives and Policies

The Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Company's businesses whilst managing its foreign exchange, liquidity and credit risks.The Company operates within clearly defined guidelines that are approved by the Board and the Company's policy is not to engage in speculative transactions.

(b) Interest Rate Risk

The Company had no substantial long-term interest-bearing assets as at 31 March 2003.The investments in financial assets are mainly short term in nature and they are not held for speculative purposes but have been mostly placed in fixed deposits or occasionally, in short term commercial papers which yield better returns than cash at bank.

The information on maturity dates and effective interest rates of financial assets is disclosed in its respective note.

(c) Foreign Exchange Risk

The Company operates internationally and is exposed to various currencies,mainly Japanese Yen,United States Dollar, Euro, Brunei Dollar and Singapore Dollar. Foreign currency denominated assets and liabilities together with expected cash flows from highly probable purchases and sales give rise to foreign exchange exposures.

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.Material foreign currency transaction exposures are hedged,mainly with derivative financial instruments such as short-term forward foreign currency contracts.

As at balance sheet date, there were no material financial instruments contracted.

Subsequent to the balance sheet date, the Company entered into foreign exchange forward contracts to hedge its exposure to currency fluctuations affecting certain foreign currency denominated payables. As at 28 May 2003, the forward contracts amounted to RM2,998,000 equivalent to Euro691,000 and have a maturity period of within 5 months.

All gains or losses on foreign exchange contracts are recognised as income or expenses upon realisation.

(d) Liquidity Risk

The Company actively manages its operating cash flows. As part of its overall prudent liquidity management, the Company maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition,the Company strives to maintain available banking facilities of a reasonable level.

(e) Credits Risk

Credit risks, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Company's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Company management reporting procedures.

As at the balance sheet date, the Company has a significant concentration of credit risk in the form of outstanding balances from two customers representing approximately 44% of the total trade receivables.

25. Financial Instruments (con't)

(f) Fair Values

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

(i) Cash and Cash Equivalents, Trade and Other Receivables/Payables
The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.

(ii) Marketable securities
The fair value of quoted shares is determined by reference to stock exchange quoted market bid prices at the close of the business on the balance sheet date.

(iii) Derivative Financial Instruments
The fair value of a forward foreign currency contract is the amount that would be payable or receivable on termination of the outstanding position arising and is determined by reference to the difference between the contracted rate and forward exchange rate as at the balance sheet date applied to a contract of similar quantum and maturity profile.

26. Segmental Information

(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 not been prepared as the Company's operations are predominantly in Malaysia.