The cover features a background of warm, overlapping colors in shades of yellow, orange, and red. Abstract, flowing lines in these colors sweep across the page, creating a sense of movement and energy. The text is positioned in the upper right quadrant.

**AJINOMOTO**  
2005  
Annual Report

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# Corporate Information ■

## Directors

Gen (R) Tan Sri (Dr) Dato' Paduka Mohamed Hashim Bin Mohd. Ali  
Shunichi Komatsu  
Adinan Bin Husin  
Dato' Professor (Dr) Teo Chiang Liang  
Dr. Goh Chin Siew  
Tuan Hj. Mazlan Bin Ab. Rahman  
Gew Ah Lek  
Takuji Umeda  
Dato' Hj. Shaharuddin Bin Hj. Haron  
Kenji Fukami  
Makoto Tatsumi  
Taisuke Oka

Chairman, Independent Non-Executive Director  
Managing Director-Executive Director  
Non-Independent Non-Executive Director  
Independent Non-Executive Director  
Independent Non-Executive Director  
Executive Director  
Executive Director  
Executive Director  
Independent Non-Executive Director  
Executive Director  
Executive Director  
Executive Director

## Bankers

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

## Auditors

Hanafiah Raslan & Mohamad  
Level 23A, Menara Milenium, Jalan Damanlela,  
Pusat Bandar Damansara,  
Damansara Heights,  
50490 Kuala Lumpur  
Tel: 2087 7000 Fax: 2095 5332

## Solicitors

Lee, Ling & Partners

## Secretary

Chua Siew Chuan (F)  
(MAICSA 0777689)

## Registered Office

Lot 5710, Jalan Kuchai Lama, Petaling, 58200 Kuala Lumpur  
Tel: 7980 6958 Fax: 7981 1731

## Share Registrar

Securities Services (Holdings) Sdn Bhd (36869-T)  
Level 7, Menara Milenium, Jalan Damanlela,  
Pusat Bandar Damansara,  
Damansara Heights,  
50490 Kuala Lumpur  
Tel: 2084 9000 Fax: 2094 9940

## Stock Exchange Listing

Main Board of the Bursa Malaysia Securities Berhad

# Chairman's Statement ■

Chairman's Statement



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

On behalf of the Board of Directors, it is my pleasure to present to you the 44th Annual Report of Ajinomoto (Malaysia) Berhad for the financial year ended 31 March 2005.

## REVIEW

This was a challenging year for the Company in view of escalating costs of raw materials and fuel. However, with the improved domestic economy in 2004 and higher consumer consumption the Company recorded a sales growth of 2% amounting to RM166.9 million, compared to the previous financial year sales of RM164.1 million.

New value added and improved-products, and further improvements in marketing and distribution played an important part in increasing our market share for food seasoning products.

Export of TENCHO gained momentum hence improving its contribution to the Company's sales revenue. There is still a growing demand for the Company's core product, AJI-NO-MOTO, a household brand, despite the challenges faced under AFTA. New variants of products under the SERI-AJI and AJI-SHIO series were added during the year. Newly launched TUMIX in the last financial year has started to contribute to the overall sales performance of the Company.

Profit before tax amounted to RM12.6 million compared to RM14.1 million for the previous financial year whilst net profit after tax was RM12.5 million, 4% higher than the previous year. The profitability performance is reflective of the commitment and direction of the management and staff in ensuring the growth of the Company despite having to face escalating competition, increase in the costs of raw and packaging materials, fuel prices, as well as fluctuating currencies.

The net profit after tax includes the gain of RM3.7 million from the disposal of the Company's residential property situated in the Mukim of Ampang.

## PROSPECT

With the positive outlook of the Malaysian economy and expected continued growth in domestic demand the Company expects the food sector to continue to grow, barring unforeseen circumstances.

Prospects for 2005 remain challenging. The increasing cost of oil is expected to have an impact on raw and packaging materials costs. Competition is also expected to continue to

be keen. These factors will put margins under pressure. Management and staff will continue to pursue cost reduction initiatives including effective control on fixed costs in order to mitigate these cost pressures.

The Board, management and staff of the Company will continue to strive to improve the revenue and profits of the Company for the benefit of shareholders.

## DIVIDENDS

As a reflection of the Company's continued and sustained dividend payment policy, the same dividend payout as 2004 is proposed. The Board recommends 4 sen per share less tax and 5 sen tax exempt dividend per share, payable on 16 September 2005. The above dividends are subject to shareholders' approval.

## APPRECIATION

I would like to highlight some key personnel movements within the Company. Mr. Takashi Imai, Mr. Keizo Kawamoto and Mr. Tetsuhiko Yoshikawa resigned as Directors of this Company on 6 July 2005 as they have been posted to new assignments in the Ajinomoto Group. I wish to record our appreciation for their contributions to the Company during their tenure as Directors of the Company and wish them every success in their new postings.

I would like to welcome Mr. Shunichi Komatsu as our new Managing Director as of 6 July 2005. With the wealth of his experience and sound understanding of the seasoning food industry, I am confident he will steer Ajinomoto (Malaysia) Berhad through the challenges ahead so that the Company will continue to grow from strength to strength. The Board also warmly welcomes our newly appointed Directors, Mr. Makoto Tatsumi and Mr. Taisuke Oka.

Last but not least, I would like to express my deep appreciation to the management and staff for their unrelenting commitment and efforts in helping the Company meet its objectives and responsibility to its shareholders. To our customers and distributors, I would like to thank them for their loyalty and support, to the authorities, for their guidance and assistance. I wish to also record my thanks to my fellow Directors for their contributions, advice and unwavering support.

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

## Directors' Profile ■



### Board of Directors as of 6 July 2005

#### **Standing (Left to Right)**

Gew Ah Lek, Dato' Professor (Dr) Teo Chiang Liang, Takuji Umeda, Taisuke Oka, Kenji Fukami, Dr. Goh Chin Siew, Tuan Hj. Mazlan Bin Ab. Rahman

#### **Seated (Left to Right)**

Dato' Hj. Shahrudin Bin Hj. Haron, Shunichi Komatsu, Gen (R) Tan Sri (Dr) Dato' Paduka Mohamed Hashim Bin Mohd Ali, Makoto Tatsumi, Adinan Bin Husin

### **Chairman, Independent Non-Executive Director**

**Gen (R) Tan Sri (Dr) Dato' Paduka Mohamed Hashim Bin Mohd Ali** 70 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 years 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, IOI Oleochemical Industries Berhad, Mines Golf Resort Berhad (formerly Country Heights Golf Resort Berhad), Pioneer Oscar Berhad, Borneo 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 within the past ten years other than for traffic offences, if any.

## Directors' Profile (con't) ■

### *Managing Director – Executive Director*

**Shunichi Komatsu**

46 years of age – Japanese.

Mr. Komatsu was appointed as Chief Executive Officer/ Managing Director on 6 July 2005. He is a member of the Audit Committee, Nomination Committee and Remuneration Committee.

He holds a Bachelor of Agriculture degree from the Faculty of Agricultural Economics, University of Tokyo, Japan in 1981.

He joined Ajinomoto Co., Inc Japan in 1981 and began his career with the Nagoya Branch Sales 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 within the past ten years other than for traffic offences, if any.

### *Non-Independent Non-Executive Director*

**Adinan Bin Husin**

59 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 the 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 within the past ten years other than for traffic offences, if any.

### *Independent Non-Executive Director*

**Dato' Professor (Dr) Teo Chiang Liang**

55 years of age – Malaysian.

Dato' Professor (Dr) 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' Teo obtained his training from The Chartered Bank and Pillar Naco Ltd in UK.

Since 1975, he joined and served the See Hoy Chan Group, a well diversified group of companies, in different levels 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 honorary degree of Doctor of Business Administration to him in 2001.

He sits on the Board 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 within the past ten years other than for traffic offences, if any.

## Directors' Profile (con't) ■

### *Independent Non-Executive Director*

**Dr Goh Chin Siew**

68 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 Australasian 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 and he is the audit committee chairman 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.

### *Executive Director*

**Kenji Fukami**

46 years of age – Japanese.

Mr Fukami was appointed to the Board on 15 July 2004 and has attended four out of the five Board meetings held in the financial year.

Mr Fukami graduated from the Agricultural Department from Kyusyu University of Japan in 1982.

He joined Ajinomoto Co., Inc., Japan in 1982 and began his career in Central Research Laboratories and has held various positions in head office until his posting in 2003, to Ajinomoto (Malaysia) Berhad to assume the role of Chief Research and Development Officer of the Company.

He also sits on the Board of Malaysia Ve-Tsin Manufacturing Co. Berhad since 2003.

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 within the past ten years other than for traffic offences, if any.

### *Executive Director*

**Makoto Tatsumi**

42 years of age – Japanese.

Mr. Tatsumi was appointed to the Board of Ajinomoto (Malaysia) Berhad on 6 July 2005 and assumed the role of Executive Director, Finance of the Company.

Mr. Tatsumi graduated from the Faculty of Law, University of Tokyo, Japan in 1986.

He joined Ajinomoto Co. Inc., Japan in 1986 and began his career with the Fukuoka Branch, Sales Department and had served in various management capacities with the sales and purchasing departments in head office.

He currently also, sits on the Board of Malaysia Ve-Tsin Manufacturing Co. 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 within the past ten years other than for traffic offences, if any.

## Directors' Profile (con't) ■

### *Executive Director*

**Tuan Hj. Mazlan Bin Ab. Rahman**

53 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 within the past ten years other than for traffic offences, if any.

### *Executive Director*

**Gew Ah Lek**

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

Graduated with Bachelor of Commerce (Accountancy) from Nanyang University, Singapore in 1972. He is a Fellow of Institute of Certified Public Accountants, Singapore; a Fellow of the Australian Society of Certified Practising Accountants and a Chartered Accountant of the Malaysia Institute of Accountants.

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 within the past ten years other than for traffic offences, if any.

### *Executive Director*

**Taisuke Oka**

41 years of age – Japanese.

Mr. Oka was appointed to the Board of Ajinomoto (Malaysia) Berhad on 6 July 2005.

Mr. Oka graduated from the Department of Economics, Keio University, Japan in 1986.

He began his career in Ajinomoto Co. Inc., Japan with the Personnel Departments in 1986 and then served in various departments in head office and Nagoya branch. In 1999, he was posted to Ajinomoto (Malaysia) Berhad to assume the role of Marketing Advisor of the Company and subsequently assume the present role of Assistant Chief Marketing Officer.

He currently also, sits on the Board of 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 within the past ten years other than for traffic offences, if any.

## Directors' Profile (con't) ■

### *Executive Director*

**Takuji Umeda**

42 years of age – Japanese.

Mr Umeda was appointed to the Board of Ajinomoto (Malaysia) Berhad on 31 October 2002 and he has attended all five Board meetings held in the financial year.

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 within the past ten years other than for traffic offences, if any.

### *Independent Non-Executive Director*

**Dato' Hj. Shahrudin Bin Hj. Haron**

67 years of age – Malaysian.

Dato' Hj. Shahrudin was appointed to the Board of Ajinomoto (Malaysia) Berhad on 31 October 2002 and has attended all five Board meetings held in the financial year. He also serves as member of the Audit Committee, Nomination Committee and Remuneration Committee. He holds a Bachelor of Arts (Hons) degree from University Malaya and a Master in Economics from University of Pittsburgh, USA.

He has served 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 served 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, EON Berhad, Gopeng Berhad, Ladang Perbadanan – FIMA 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 within the past ten years 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 has considered the manner in which it has applied the Principles of the Code and to the best of its ability complied with the Best Practices of the Code. It also enhances shareholders' participation and value and safeguards the interest of other stakeholders.

## THE BOARD OF DIRECTORS

The Board is responsible for the overall strategic direction of the Company and retains full and effective control of the responsibility for the Company's activities. In fulfilling its fiduciary duties, the Board ensures that there are appropriate systems and procedures in place to manage the Company's significant risks. In addition, the Board also has in place a capable and experienced management team to oversee the day-to-day operations of the Company.

### Composition of the Board

The Board currently comprises seven (7) Executive Directors, one (1) Non-Independent Non-Executive Director and four (4) Independent Non-Executive Directors, which are in excess of the requirement to have one-third (1/3) of the Board members to be Independent Directors. Therefore the Board is of the view that the current composition of the Board facilitates effective and independent decision making and judgement.

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 shareholders including the minority shareholders. The profiles of the members of the Board are set out in pages 4 to 8.

The Board comprises highly respectable and professional persons which represents a diverse background of knowledge, expertise and experience. With their combined experience and knowledge they provide sound advice and judgements for the benefit 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 by shareholders and the public.

The roles and responsibilities of the Chairman, who is an Independent Non-Executive Director and the Chief Executive Officer/Managing 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.

Responsibility is vested in the Non-Executive Directors of the Company to ensure that the policies and strategies proposed by the Management are fully discussed and critically examined, not only against the best long-term interests of shareholders, but also to ensure that they take proper account of the interests of employees, customers, suppliers and the communities within which it is represented. The presence of the Independent Non-Executive Directors are essential to provide the unbiased and independent view, advice and judgement as well as to safeguard the interest of other parties such as minority interest and the community.

All the Directors of the Company have attended the Mandatory Accreditation Programme ("MAP") organised by the Research Institute of Investment Analysts Malaysia ("RIIAM"), an affiliate of the Bursa Malaysia Securities Berhad. The Directors will continue to undergo the Continuous Education Programme ("CEP") and other relevant training programmes to further enhance their knowledge in the latest statutory and regulatory developments to enable them to discharge their responsibilities more effectively.

In the light of the recent amendments to the Listing Requirements of Bursa Malaysia Securities Berhad in relation to the attendance of CEP, the Board would now assume the onus of determining or overseeing the training needs of the Directors.

# Statement On Corporate Governance (con't) ■

## Board Responsibilities

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 following :-

1. Periodic review and adoption of the Company's business policies and strategies;
2. Management and staff succession planning;
3. Review of the adequacy and the integrity of the Company's internal controls and management information systems;
4. Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
5. Maintaining an effective investors and shareholders communication policy;
6. Ensuring that the Company complies with applicable laws, regulations, rules, directives and guidelines of relevant authorities; and
7. Reviewing the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

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

## Board Meetings

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 number of Board meetings held during the financial year ended 31 March 2005 and each directors' attendance at the meetings were as follows:-

Directors	No. of Meetings Attended by the Directors in respect of the Financial Year Ended 31 March 2005*	Attendance (%)
<b>Executive Directors</b>		
Mr. Takashi Imai (Managing Director)	5/5	100
Tn. Hj. Mazlan Bin Ab Rahman	5/5	100
Mr. Gew Ah Lek	5/5	100
Mr. Tetsuhiko Yoshikawa	4/5	80
Mr. Takuji Umeda	5/5	100
Mr. Keizo Kawamoto	4/4	100
Mr. Kenji Fukami	4/4	100
<b>Non-Executive Directors</b>		
Y. Bhg. General (R) Tan Sri (Dr) Dato' Paduka Mohamed Hashim		
Bin Mohd Ali (Chairman)	5/5	100
Encik Adinan Bin Husin	5/5	100
Y. Bhg. Dato' Professor (Dr) Teo Chiang Liang	5/5	100
Dr. Goh Chin Siew	5/5	100
Y. Bhg. Dato' Hj. Shahrudin Bin Hj. Haron	5/5	100

In advance of and during each Board meeting, members are each provided with relevant documents and information in a form and quality appropriate to enable them to discharge their duties.

Notes

\* There were five (5) Board meetings held during the financial year ended 31 March 2005. The meetings were held on 26 May 2004, 15 July 2004, 25 August 2004, 22 November 2004 and 15 February 2005.

# Statement On Corporate Governance (con't) ■

## Supply of Information

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. During the meeting, the management provided information and clarification on issues raised prior to every Board meeting.

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.

In order to execute the responsibilities effectively, the Directors have access to all information within the Company whether as a full Board or in their individual capacity. Directors also have direct access to the advice and service of the Company Secretary and may seek independent professional advice as and when necessary in discharging their responsibilities. Wherever necessary, consultants and experts were invited to brief the Board on their areas of expertise or their report.

## 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 (1/3) 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 every three (3) years. The Directors retiring from office shall be eligible for re-election by the shareholders.

## COMMITTEES

### (1) Nomination Committee

The Nomination Committee was established with clearly defined terms of reference, comprising three (3) Executive Directors and five (5) Non-Executive Directors. The majority of the members are Independent Directors.

The Committee had one (1) meeting during the financial year.

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) Remuneration Committee

The Remuneration Committee was set up with clearly defined terms of reference comprising two (2) Executive Directors, and five (5) Non-Executive Directors. The majority of the members are Independent Directors.

- |   |  |
|---|--|
| • General (R) Tan Sri (Dr) Dato' Paduka Mohamed Hashim Bin Mohd Ali | (Chairman, Independent Non-Executive Director) |
| • Adinan Bin Husin  | (Non-Independent Non-Executive Director)       |
| • Dato' Professor (Dr) 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  | (Managing Director)                            |
| • Keizo Kawamoto  | (Executive Director)                           |

The Remuneration Committee is responsible for recommending to the Board the remuneration and compensation of the Executive Directors. The individuals concerned would abstain from discussion of 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.

This statement is made in accordance with the resolution of the Board of Directors dated 25 May 2005.

# Statement On Corporate Governance (con't) ■

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

	Executive Directors RM'000	Non-Executive Directors RM'000
Salaries and other emoluments	2,415	-
Fees	65	115
Bonus	58	-
Gratuity	37	34
Benefits In Kind	389	-

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	-	5
RM50,001 – RM100,000	-	1
RM100,001 – RM150,000	1	-
RM150,001 – RM200,000	-	-
RM200,001 – RM250,000	2	-
RM250,001 – RM300,000	-	-
RM300,001 – RM350,000	1	-
RM350,001 – RM400,000	-	-
RM400,001 – RM450,000	2	-
RM550,001 – RM600,000	1	-
RM600,001 – RM650,000	1	-

The only area of non-compliance with the Malaysian Code on Corporate Governance is the disclosure of details of the remuneration of each Director. The Board believes that this information will not add significantly to the understanding and evaluation of the Group's governance.

### (3) The Audit Committee

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

#### 3.1 Financial Reporting

The Board is responsible for ensuring that the quarterly and annual audited financial statements of the Company present a fair and balance view and assessment of the Company's financial position, performance and prospects. The Audit Committee assists the Board in reviewing and scrutinising the information for disclosure to ensure accuracy, adequacy and completeness. The composition, summary of activities and terms of reference of the Audit Committee can be found in the Audit Committee Report on pages 18 to 19.

The Statement of Directors' Responsibility in respect of the Audited Financial Statements pursuant to paragraph 15.27(a) of the Listing Requirements is set out on page 17 of this Annual Report.

#### 3.2 Internal Control

The Board recognises the importance of maintaining a sound system of internal controls which cover risk management, financial, organisational, 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 the system. The Board has delegated the implementation and monitoring of the internal control system to the Management of the Company and has appointed independent consultants to carry out the Internal Audit and Risk Management functions. The Committee assists the Board in overseeing this function.

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

#### 3.3 Relationship with Auditors

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

## Statement On Corporate Governance (con't) ■

### 3.4 External Audit

The Company's independent external auditors fill an essential role by enhancing the reliability of the Company's financial statements and giving assurance to stakeholders of the reliability of the financial statements. The Company continues its professional relationship with the Company's Auditors, Messrs. Hanafiah Raslan & Mohamad through the Audit Committee.

The external auditors have an obligation to bring any significant defects in the Company's system of control and compliance to the attention of the management; and if necessary, to the Audit Committee and the Board.

### SHAREHOLDERS' COMMUNICATION AND INVESTOR RELATIONS

#### 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 ensures that timely releases of the quarterly financial results, circulars, press releases, corporate announcements and annual reports are made to its shareholders and investors.

Shareholders, investors and the general public can also obtain information on the Company by accessing the Company's website at [www.ajinomoto.com.my](http://www.ajinomoto.com.my). The Shareholders and investors are also able to access the latest corporate, financial and market information of the Company via Bursa Malaysia Securities Berhad's website at [www.bursamalaysia.com.my](http://www.bursamalaysia.com.my)

#### Annual General Meeting (AGM)

Shareholders participation at the Company's AGM 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 AGM, Annual Reports and circulars are sent out with sufficient notice before the date of the meeting to enable the shareholders to have full information about the meeting to facilitate informed decision-making. The Statement Accompanying the Notice of the AGM and explanatory notes on the proposed resolutions under Special Business are given to help the shareholders vote on the resolutions.

# Additional Compliance Information ■

## 1. Share Buy-Back

The Company did not enter into any share buy-backs transactions during the financial year.

## 2. Options, Warrants or Convertible Securities

The Company has not granted any options nor issued any warrants or convertible securities during the financial year.

## 3. American Depository Receipt ("ADR") or Global Depository Receipt ("GDR")

The Company did not sponsor any ADR or GDR programme during the financial year.

## 4. Imposition of Sanctions and/or Penalties

There were no sanctions and/or penalties imposed on the Company, its subsidiaries, directors or management by any regulatory bodies during the financial year.

## 5. Non-Audit Fees

During the financial year, the amount of non-audit fees paid by the Company to the external auditors amounted to RM4,000.

## 6. Variation in Results

There were no material variations between the audited results for the financial year ended 31 March 2005 against the unaudited results for the year ended 31 March 2005 released by the Company previously.

## 7. Profit Guarantee

The Company did not provide any profit guarantee during the financial year.

## 8. Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests which were still subsisting, entered into since the end of the previous financial year.

## 9. Revaluation Policy on Landed Properties

The Company has not adopted a policy of regular revaluation on its landed properties. As at 31 March 2005, the Company did not carry out any revaluation exercise on its landed properties.

## 10. Recurrent Related Party Transactions of Revenue or Trading Nature

The details of the transactions with related parties undertaken by the Company during financial year are disclosed in Note 25 on page 54 of the Company's Annual Report.

# Statement Of Internal Control ■

## INTRODUCTION

Pursuant to paragraph 15.27 (b) of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Board of Ajinomoto (M) Berhad ("the Board") is pleased to provide a statement on the state of internal control of the Company for the financial year ended 31 March 2005, which has been prepared in accordance with the Bursa Malaysia's Statement on Internal Control: Guidance for Directors of Public Listed Companies ("Guidance").

## BOARD'S RESPONSIBILITIES

The Board recognises the importance of sound internal controls and risk management practices for good corporate governance and affirms its overall responsibility for the Company's system of internal control and risk management, and for reviewing the adequacy and integrity of the said system. Due to inherent limitations to any internal controls system, such a system is designed to manage rather than eliminate all risks that may impede the achievement of the Company's business objectives. The system can therefore only provide reasonable, and not absolute, assurance against material misstatement or loss.

## RISK MANAGEMENT

The Board and Senior Management have evaluated the key risks relating to the Company's strategic and business plans. Furthermore, the responsibility of managing the risks of each Department lies with the respective Heads of Department and it is during the weekly / monthly management meetings that significant risks identified and the corresponding internal controls implemented are communicated to Senior Management.

The Company's risk management framework is adopted from its parent company's Risks Management Guideline System. A Risk Management Committee chaired by the Chief Financial Officer and key management staff meets periodically to identify, evaluate and manage risks. The Chief Financial Officer periodically briefs the Board on matters addressed by the Risk Management Committee.

The abovementioned procedures on risk management serve as the on-going process used to identify, evaluate and managed significant risks.

## INTERNAL CONTROLS

**The Company's system of internal controls comprises the following key elements:**

### I. Control Environment

The Board is committed towards maintaining an effective control environment and structure to facilitate the proper conduct of the Company's business. In overseeing the Company's business, the Board continually strives for an appropriate balance between control and empowerment. The Executive Directors ("EDs") are assisted by the line managers in managing the Company. Through their review of performance and operation reports, as well as attending management meetings, the EDs monitor the day-to-day affairs of the Company. Apart from the above meetings and reports, the EDs also informally meet to address any matters arising. Significant issues are brought to the attention of the Board, if necessary.

The quality of product is of prime importance to the Board. The compliance with the procedures outlined in the ISO9001:2000 accreditation and 'Hazard Analysis and Critical Control Point' (HACCP) accreditation to ensure quality assurance and control are strictly adhered to via regular internal and external quality audits.

### II. Reporting and Review

An organisational structure with formally defined lines of responsibility and delegation of authority is in place. A review and approval process in accordance with the Company's reporting hierarchy has been established. Clear reporting structure ensures financial and operational reports are periodically prepared and presented to management or Board for discussion and review on a timely basis. Ad-hoc and scheduled meetings are held at operational and management levels to identify, discuss and resolve business and operational issues.

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

# Statement Of Internal Control (con't) ■

## III. Management Structure

The Board maintains control over appropriate strategic, financial, operational, risk management and compliance issues. The Company's management ensures that the Board approves all major decisions. The Board includes independent non-executive and non-independent non executives Directors.

## IV. Audit Committee

Please refer to Audit Committee Report on page 18 to 19 for more details.

## V. Internal Audit

The Company's internal audit function is outsourced to external consultants. The internal audit function reviews adequacy and effectiveness of the internal control systems based on an internal audit plan approved by the Audit Committee. The results of internal audit reviews are formally reported to the Audit Committee at their quarterly meetings. The internal audit reviews conducted did not reveal significant weaknesses which would result in material losses, contingencies or uncertainties that would require disclosure in the annual report.

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

## ASSURANCE

The Board is of the view that the system of internal controls is adequate and is fully aware that the system of internal control and risk management practices must continuously evolve to support the Company's operations. As such, reviews of controls procedures will be continuously carried out to ensure ongoing adequacy and effectiveness of the system of internal controls.

This Statement on Internal Control is made in accordance with the resolution adopted by the Board at its meeting held on 6 July 2005.

# Statement Of Directors' Responsibility In Relation To The Financial Statements

This statement is prepared as required by the Listing Requirements of the Bursa Malaysia Securities Berhad.

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 its result and cash flow 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 2005 are as follows:

Name	Status	Attendance*	
Dato' Professor (Dr) 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	3/5
Dr. Goh Chin Siew	Member	Independent Non-Executive Director	5/5
Takashi Imai	Member	Executive Director	5/5
Gew Ah Lek	Member	Executive Director	5/5

\* The meetings were held on 26 May, 2004, 15 July, 2004, 25 August, 2004, 22 November, 2004 and 15 February, 2005 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. 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 no less than 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 Independent Non-Executive committee members and shall not be less than two.

# Audit Committee Report (con't) ■

## 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 determine extent of cooperation and assistance given by employees.
- 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 2005 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 Bursa Malaysia Securities Berhad 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.

## 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 had been approved by the Audit Committee.

## Retail Products ■



## Industrial Products ■



# Activities Highlight

## Expansion of TENCHO Plant



The inauguration ceremony of expanded TENCHO plant was officiated by Mr Kunio Egashira, President and Chief Executive Officer of Ajinomoto Co Inc on 29 April 2004.

## Visit from Human Resource Minister



Minister of Human Resource, Y. Bhg. Datuk Wira Dr Fong Chan Onn visited Ajinomoto on 16 September 2004. In conjunction with his visit, he presented the appreciation certificates, top salesman award, and launched the occupational health and safety policy.

## ECO Products International Fair 2004



Ajinomoto participated in the exhibition from 2 to 4 September 2004. Exhibit content at Ajinomoto booth includes Ajinomoto Group Environmental Policy, Ajinomoto Eco-friendly Global Network, environmental performance, etc. Approximately 8,500 persons visited the said exhibition.

## Ajinomoto Secondary School Project



The project was held from March to July 2004. It was one of the company's approach to educate students on MSG and on the company's products. The project covered 16,400 students in 101 secondary schools nationwide.

## Ajinomoto Sponsored Glutamate Seminar



Ajinomoto sponsored the Glutamate Seminar organised by The Glutamate Club of Malaysia (TGCM) and Malaysian Institute of Food Technology (MIFT) on 14 December 2004. Approximately 150 participants from food manufacturing, regulatory agency, academics, home economists, food science and nutrition students attended the seminar.

## Ajinomoto Corporate Citizenship Day 2004



On 21 August 2004, Ajinomoto organised a social activity targeted at the under privileged primary schools.

## COOK@HOME TV Cooking Program



Ajinomoto sponsored a 3 minutes TV cooking show on TV2, aired every Monday to Friday, from 29 December 2003 to 18 June 2004. The show was conducted by celebrity chef, Amy Beh.

# Environmental Report 2005 ■

In this year, Ajinomoto (Malaysia) Berhad continues to uphold and enhance its commitment to the environment through involvement in activities focusing on environment protection and preservation, in line with Ajinomoto Group Basic Environmental Policy of harmonizing the Company's activities with the environment.

The Company had taken several proactive approaches in order to further reduce the environmental impact arising from our operations, consistent with our commitment to sustainable development and business growth.

The Company besides continuing to comply with all the current requirements of the environmental legislation of the country is also in the process of formulating detailed plans and preparations to comply with more stringent requirements of Ajinomoto Group Environmental Goals.

As a milestone step to lessen the environment impact of wastewater discharged from the manufacturing process and therefore ensuring sustainable business growth, the Company decided to integrate the existing process of manufacturing Monosodium Glutamate from a combination of direct fermentation process and glutamic acid purification to a single process of only glutamic acid purification, from October 2004.

The Company decided to take this bold and proactive measure of Monosodium Glutamate integration process after conducting thorough studies on the previous processes for ways of reducing environment load, and reached the conclusion that by process integration and cessation of glutamic acid fermentation the environmental load will be dramatically reduced. In fact the biological oxygen demand load and the total wastewater discharge volume were both reduced by 70% after the successful Monosodium Glutamate process integration.

Another significant progress towards environmental load reduction is the introduction of a new additional step in our wastewater treatment, wherein the biological "de-nitrification process" is incorporated to treat the ammonical nitrogen in the wastewater. This is a new and advanced wastewater treatment technology adopted from the parent Company in Japan.

Significant investment was also made to other areas of the wastewater treatment plant, such as the revamp of process equipment layout, introduction a new computer aided system to enhance the control and monitoring of the effluent treatment process. These upgrading of facilities had contributed towards ensuring reliable and stable operation so that the environmental parameters of the discharge water from our plant after treatment process stay within permitted levels all the time.

Our commitment to sustainable growth demands that we continually seek ways to manage solid wastes in accordance with the 3R concepts (i.e. Reduce, Reuse and Recycle). In fact 100% of the solid by-products derived from used sub-raw materials for our manufacturing process with residual nutrients are now being recycled by fertilizers blenders as their input components. As the next target, we are progressively making every effort to recycle all the other general solid wastes, starting with discarded flexi packaging materials and paper boxes, which are already being recycled to approved recycle centres.

Efficient use of natural resources-specifically energy and water, which are used in large quantities in the manufacturing process-reduces our costs and contributes towards environmental preservation. As a direct result of our Monosodium Glutamate process integration, the water and energy consumption had been reduced by about 70% and 30 % respectively, thereby contributing to the conservation of precious water resources and the reduction of CO<sub>2</sub> emission.

Realizing that a formal environmental system is an essential and fundamental platform for managing environmental activities, the Company has set the target to acquire ISO 14001 standards certification by end of March 2006, establishing it as another management tool for our sound environment practices, in addition to the environmental management system prescribed by the Ajinomoto Group Environmental Policy and Environmental Regulation. To ensure successful certification the Company is allocating the necessary organizational resources-human and financial- for pursuing activities related to ISO 14001 requirements.

As a responsible corporate citizen, Ajinomoto (Malaysia) Berhad has always put environmental concern at the forefront of our activities. We have initiated many programmes to address the various environmental issues emerging from our operations and will continue to aggressively set highly challenging targets to progressively reduce the impact of emissions and discharges, in line with Malaysian legislation and all related global standards. We believe these proactive approaches will inspire our creativity and will challenge each employee to help ensure the Company's sustainable growth as well as contributing towards environment protection.

# Analysis of Shareholdings ■

## As At 30 June 2005

Authorised Share Capital	:	<b>RM80,000,000.00</b>
Issued and Paid-Up Share Capital	:	<b>RM60,798,534.00</b>
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting Rights	:	One vote per ordinary share on a show of hand or one vote per ordinary share on a poll.

### DISTRIBUTION OF SHAREHOLDINGS AS AT 30 JUNE 2005

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	128	6.81	2,956	0.00
100 – 1,000	406	21.61	225,766	0.37
1,001 – 10,000	1,175	62.53	3,692,069	6.07
10,001 – 100,000	149	7.93	3,506,076	5.77
100,001 to less than 5% of issued shares	17	0.90	6,435,519	10.58
5% and above of issued shares	4	0.21	46,936,148	77.20
<b>TOTAL</b>	<b>1,879</b>	<b>100.00</b>	<b>60,798,534</b>	<b>100.00</b>

### SUBSTANTIAL SHAREHOLDERS AS AT 30 JUNE 2005

The substantial shareholders of Ajinomoto (Malaysia) Bhd. based on the Register of Substantial Shareholders of the Company and their respective shareholdings as at 30 June 2005 were as follows:-

Substantial Shareholders	Direct	No. of Shares	Indirect	%
Ajinomoto Co., Inc.	30,445,445	50.08	-	-
Pemegang Amanah Raya Malaysia - Skim Amanah Saham Bumiputera	8,856,870	14.57	-	-
Gabriel C. K. Tam	4,419,133	7.27	-	-
Lembaga Tabung Haji	3,214,700	5.29	-	-

### DIRECTORS' SHAREHOLDINGS AS AT 30 JUNE 2005

Directors	Direct Interest		Indirect Interest	
	No. of shares	%	No. of shares	%
Y. Bhg. General (Rtd) Tan Sri (Dr) Dato' Paduka Mohamed Hashim Bin Mohd Ali	-	-	-	-
Adinan Bin Husin	-	-	-	-
Gew Ah Lek	6,000	0.01	-	-
Mazlan Bin Ab Rahman	-	-	-	-
Y. Bhg. Dato' Professor (Dr.) Teo Chiang Liang	-	-	150,000	0.25
Dr. Goh Chin Siew	-	-	-	-
Takashi Imai	2,398	0.00	-	-
Tetsuhiko Yoshikawa	-	-	-	-
Takuji Umeda	-	-	-	-
Y. Bhg. Dato' Hj. Shahrudin Bin Hj. Haron	-	-	-	-
Keizo Kawamoto	-	-	-	-
Kenji Fukami	-	-	-	-

# Analysis of Shareholdings ■

## As At 30 June 2005 (con't)

### THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT 30 JUNE 2005

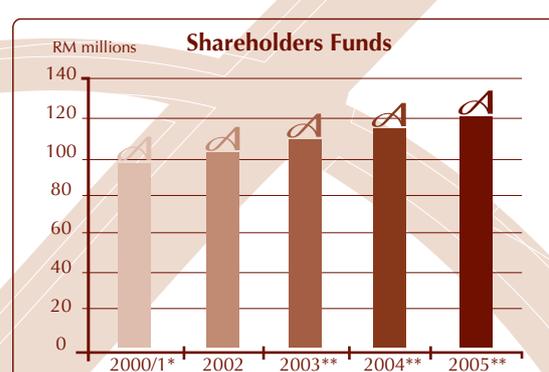
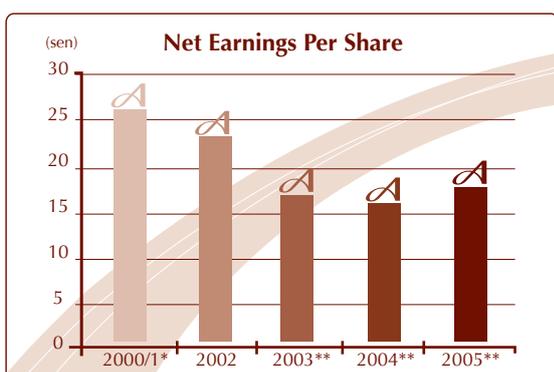
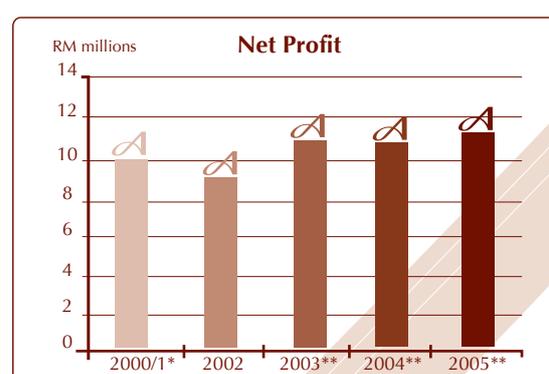
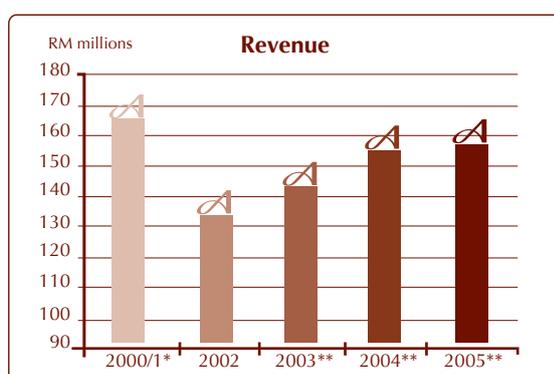
No.Shareholders		No. of Shares	%
1.	Ajinomoto Co., Inc.	30,445,44	50.08
2.	Amanah Raya Nominees (Tempatan) Sdn. Bhd. - <i>Skim Amanah Saham Bumiputera</i>	8,856,870	14.57
3.	Tam Chi Kok Gabriel	4,419,133	7.27
4.	Lembaga Tabung Haji	3,214,700	5.29
5.	HDM Nominees (Asing) Sdn. Bhd. - <i>DBS Vickers Secs (S) Pte Ltd for Etrrick Company Limited</i>	1,307,454	2.15
6.	Mayban Nominees (Asing) Sdn. Bhd. - <i>Bank of East Asia (Nominees) Pte Ltd for the Bank of East Asia Ltd Singapore</i>	1,131,030	1.86
7.	See Hoy Chan Agencies Sendirian Berhad	775,500	1.28
8.	Tee Teh Sdn. Bhd.	564,508	0.93
9.	Teo Kwee Hock	463,100	0.76
10.	ECM Libra Securities Nominees (Asing) Sdn. Bhd. - <i>ECM Libra Securities Limited for Fok Ng Fung Yee</i>	392,562	0.65
11.	Malaysia Ve-Tsin Mfg. Co. Bhd.	313,458	0.52
12.	Tay How Seng	260,059	0.43
13.	Wong Chong Che	209,001	0.34
14.	HLG Nominee (Asing) Sdn. Bhd. - <i>OCBC Securities Private Limited for Tan Hin Tat</i>	170,527	0.28
15.	See Hoy Chan Sdn. Berhad	157,675	0.26
16.	Teo Soo Cheng Sdn. Bhd.	120,000	0.20
17.	Malaysia Nominees (Tempatan) Sendirian Berhad - <i>Oriental Realty Sdn. Bhd.</i>	119,536	0.20
18.	Lai Khee Sin @ Joseph Lai	119,536	0.20
19.	Tee Keng Sing	113,662	0.19
20.	Eng Nominees (Asing) Sdn. Bhd. - <i>Kim Eng Securities Pte Ltd for Tan Pheck Gee</i>	113,011	0.19
21.	JF Apex Nominees (Tempatan) Sdn. Bhd. - <i>Pledged Securities Account for Teo Siew Lai</i>	104,900	0.17
22.	Poseidon Sendirian Berhad	99,600	0.16
23.	RHB Nominees (Asing) Sdn. Bhd. - <i>GK Goh SPL for See Fong Mun</i>	99,000	0.16
24.	Yong Sai Moi @ Yong Chan Ying	95,628	0.16
25.	Chia Choon Kwang @ Chai Choon Kwang	87,081	0.14
26.	Citicorp Nominees (Tempatan) Sdn. Bhd. - <i>Pledged Securities Account for Wong Chong Che</i>	85,000	0.14
27.	Goh Yai Heng	78,000	0.13
28.	Chong Shee Jan	70,069	0.12
29.	Syed Badarudin Jamalullail Bin Syed Putra Jamalullail	63,078	0.10
30.	Eng Guan Chan, Sdn. Berhad	60,000	0.10
	TOTAL	54,109,123	89.03

# Financial Highlights

	2000/1* RM'000	2002 RM'000	2003** RM'000	2004** RM'000	2005** RM'000
<b>REVENUE</b>	173,091	142,648	151,009	164,126	<b>166,869</b>
<b>PROFIT BEFORE TAXATION</b>	17,373	13,627	14,894	14,146	<b>12,589</b>
<b>NET PROFIT</b>	11,722	10,350	12,173	12,059	<b>12,519</b>
<b>SHAREHOLDERS FUNDS</b>	106,728	117,079	123,118	128,693	<b>136,421</b>
<b>PER SHARE (sen)</b>					
<b>GROSS EARNINGS</b>	42.9	33.6	24.5	23.3	<b>20.7</b>
<b>NET EARNINGS</b>	28.9	25.5	20.0	19.8	<b>20.6</b>
<b>NET TANGIBLE ASSET</b>	263.3	288.9	202.5	211.7	<b>224.4</b>

\* The previous 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 bonus issue of 20,266,178 shares



# 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 2005.

## 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.

## RESULTS

	<b>RM</b>
Net profit for the year	<u>12,519,434</u>

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

In the opinion of the directors, the results of the operations of the Company during the financial year were not 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 2004 were as follows:

In respect of the financial year ended 31 March 2004 as reported in the directors' report of that year:	<b>RM</b>
First and final dividend of 4% less 28% taxation and 5% tax exempt, paid on 24 September 2004	<u>4,790,927</u>

At the forthcoming Annual General Meeting, a first and final dividend in respect of the financial year ended 31 March 2005, of 4% less 28% taxation and 5% tax exempt on 60,798,534 ordinary shares, amounting to a dividend payable of RM4,790,927 (7.9 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 2006.

## 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  
Takashi Imai  
Tetsuhiko Yoshikawa  
Takuji Umeda  
Dato' Professor Teo Chiang Liang  
Adinan bin Husin  
Dr. Goh Chin Siew  
Mazlan bin Ab. Rahman  
Gew Ah Lek  
Dato' Hj. Shahrudin Bin Hj. Haron  
Keizo Kawamoto  
Kenji Fukami

# Directors' Report (con't) ■

## DIRECTORS' BENEFITS

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 the Directors might acquire benefits by means of the 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 receivable by the directors as shown in Note 6 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 follow:

	Number of Ordinary Shares of RM1 Each			
	1 April 2004	Bought	Sold	31 March 2005
<b>The Company</b>				
<b>Direct Interest</b>				
Gew Ah Lek	6,000	-	-	6,000
Takashi Imai	2,398	-	-	2,398
<b>Indirect Interest</b>				
Dato' Professor Teo Chiang Liang	150,000	-	-	150,000

	Number of Shares of Japanese Yen 50 Each			
	1 April 2004	Bought	Sold	31 March 2005
<b>Holding Company</b>				
<b>- Ajinomoto Co. Inc.</b>				
<b>Direct Interest</b>				
Takuji Umeda	2,294	169	-	2,463
Takashi Imai	1,836	166	-	2,002
Keizo Kawamoto	-	2,409	-	2,409

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.

# Directors' Report (con't) ■

## 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 provision 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 provision for doubtful debts in the financial statements of the Company inadequate to any substantial extent; and
  - (ii) the values attributed to the 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 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  
25 May 2005

## 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 statement set out on pages 31 to 57 are drawn up in accordance with applicable MASB 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 2005 and of the results and the cash flows of the Company for 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  
25 May 2005

## 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 Ajinomoto (Malaysia) Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 31 to 57 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 25 May 2005

**Gew Ah Lek**

Before me,

Soh Ah Kau  
(W315)  
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 57. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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 MASB Approved Accounting Standards in Malaysia so as to give a true and fair view of :
  - (i) the financial position of the Company as at 31 March 2005 and of the results and the cash flows 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. 1116/01/06 (J)  
Partner

Kuala Lumpur, Malaysia  
25 May 2005

## Income Statements ■ For The Year Ended 31 March 2005

	Note	2005 RM	2004 RM
Revenue	3	166,869,193	164,125,822
Other operating income	4	4,607,887	1,267,254
Changes in inventories of finished goods, work-in-progress and goods-in-transit		2,343,585	3,215,930
Raw materials and packaging materials consumed		(84,136,328)	(73,650,684)
Finished goods purchased		(3,906,454)	(5,534,886)
Staff costs	5	(25,689,344)	(24,458,857)
Depreciation		(10,531,568)	(9,604,863)
Other operating expenses		(37,724,536)	(42,254,246)
Profit from operations	6	11,832,435	13,105,470
Interest income		756,804	1,040,997
Profit before taxation		12,589,239	14,146,467
Taxation	8	(69,805)	(2,087,240)
Net profit for the year		12,519,434	12,059,227
Basic earnings per share (sen)	9	20.6	19.8
Net dividends per share (sen)	10	7.9	7.9

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

# Balance Sheet As At 31 March 2005 ■

	Note	2005 RM	2004 RM
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	74,384,324	70,611,668
Investments	12	4,119,876	4,119,876
		<u>78,504,200</u>	<u>74,731,544</u>
<b>CURRENT ASSETS</b>			
Inventories	13	28,221,311	23,290,647
Trade receivables	14	21,896,801	20,790,145
Other receivables	15	3,266,538	3,529,640
Tax recoverable		106,171	-
Cash and bank balances	16	31,351,350	33,578,317
		<u>84,842,171</u>	<u>81,188,749</u>
<b>CURRENT LIABILITIES</b>			
Trade payables	17	13,254,092	12,627,196
Other payables	18	5,685,904	5,154,100
Tax payable		-	717,645
Post-employment benefit obligations	21	696,279	392,151
		<u>19,636,275</u>	<u>18,891,092</u>
<b>NET CURRENT ASSETS</b>			
		<u>65,205,896</u>	<u>62,297,657</u>
		<u>143,710,096</u>	<u>137,029,201</u>
<b>FINANCED BY:</b>			
Share capital	19	60,798,534	60,798,534
Reserves	20	75,622,473	67,893,966
Shareholders' fund		<u>136,421,007</u>	<u>128,692,500</u>
Post-employment benefit obligations	21	3,242,067	3,245,226
Deferred tax liabilities	22	4,047,022	5,091,475
Non-current liabilities		7,289,089	8,336,701
		<u>143,710,096</u>	<u>137,029,201</u>

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

# Statement Of Changes In Equity ■

## For The Year Ended 31 March 2005

	Share Capital RM	Share Premium RM	Non-distributable Revaluation Reserves RM	Distributable Retained Profits (Note 20) RM	Total RM
<b>At 1 April 2003</b>					
As previously stated	60,798,534	4,303,700	7,871,281	50,144,164	123,117,679
Prior year adjustments (Note 23)	-	-	-	(2,544,661)	(2,544,661)
<b>As restated</b>	60,798,534	4,303,700	7,871,281	47,599,503	120,573,018
Transfer from revaluation reserves to retained profits	-	-	(121,871)	121,871	-
Net profit for the year	-	-	-	12,059,227	12,059,227
Dividends	-	-	-	(3,939,745)	(3,939,745)
<b>At 31 March 2004</b>	60,798,534	4,303,700	7,749,410	55,840,856	128,692,500
<b>At 1 April 2004</b>					
As previously stated	60,798,534	4,303,700	7,749,410	59,471,641	132,323,285
Prior year adjustments (Note 23)	-	-	-	(3,630,785)	(3,630,785)
<b>As restated</b>	60,798,534	4,303,700	7,749,410	55,840,856	128,692,500
Transfer from revaluation reserves to retained profits	-	-	(485,049)	485,049	-
Net profit for the year	-	-	-	12,519,434	12,519,434
Dividends (Note 10)	-	-	-	(4,790,927)	(4,790,927)
<b>At 31 March 2005</b>	60,798,534	4,303,700	7,264,361	64,054,412	136,421,007

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

# Cash Flow Statement ■

## For Ther Year Ended 31 March 2005

	Note	2005 RM	2004 RM
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before taxation		12,589,239	14,146,467
Adjustments for:			
Short-term accumulating compensated absences		20,220	389,567
Depreciation		10,531,568	9,604,863
Inventories written off		135,416	437,764
Property, plant and equipment written off		783,316	360,232
Gain on disposal of property, plant and equipment		(3,900,672)	(318,990)
Amortisation of club membership		-	30,992
Provision for post-employment benefits		884,401	729,171
Dividend income		(192,424)	(171,403)
Interest income		(756,804)	(1,040,997)
Operating profit before working capital changes		20,094,260	24,167,666
Increase in receivables		(807,206)	(4,228,764)
Increase in inventories		(5,066,080)	(2,268,058)
Increase/(decrease) in payables		1,138,480	(1,635,215)
Cash generated from operations		15,359,454	16,035,629
Tax paid		(1,901,853)	(2,162,961)
Payments of post-employment benefits		(583,432)	(666,118)
Net cash generated from operating activities		12,874,169	13,206,550
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Interest received		720,456	994,782
Purchase of property, plant and equipment		(16,286,575)	(25,344,311)
Proceeds from disposal of property, plant and equipment		5,099,707	319,025
Purchase of investments		-	(1,051,069)
Dividend received		156,203	135,182
Net cash used in investing activities		(10,310,209)	(24,946,391)
<b>CASH FLOW FROM FINANCING ACTIVITY</b>			
Dividend paid		(4,790,927)	(3,939,745)
<b>Net Decrease In Cash And Cash Equivalents</b>		(2,226,967)	(15,679,586)
<b>Cash And Cash Equivalents At Beginning Of Financial Year</b>		33,578,317	49,257,903
<b>Cash And Cash Equivalents At End Of Financial Year</b>	16	31,351,350	33,578,317

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

# Notes To The Financial Statements ■

## 31 March 2005

### 1. CORPORATE INFORMATION

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.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of the Bursa Malaysia Securities Berhad. 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 financial year was 397 (2004:393).

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 25 May 2005.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of Preparation

The financial statements of the Company have been prepared under the historical cost convention except for the revaluation of land and buildings included within property, plant and equipment.

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

#### (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 but not control, through participation in the financial and operating policy decisions of the companies.

Investment in associates is 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 income statement and investments in associated companies had the equity method been applied are disclosed in Note 12.

#### (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 building are stated at valuation less impairment losses. Land and buildings of the Company have not been revalued since they were last revalued in 1984. The directors have not adopted a policy of regular revaluations of such assets. As permitted under the transitional provisions of International Accounting Standards 16 (Revised): Property, Plant and Equipment adopted by the Malaysian Accounting Standards Board, these assets continue to be stated at their 1984 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 recognised in the income statement to the extent of the decrease previously recognised. A revaluation decrease is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised as an expense.

Revaluation surplus being an amount equal to the difference between the depreciation on a revalued asset and the depreciation based on the cost of the asset will be transferred to retained profits progressively as and when the asset is depreciated. Upon the disposal of revalued assets, the attributable revaluation surplus remaining in the revaluation reserve is transferred to retained profits.

# Notes To The Financial Statements ■

## 31 March 2005 (con't)

### (c) Property, Plant and Equipment and Depreciation

Freehold land and capital work-in-progress are not depreciated. Leasehold land is depreciated over the period of the respective leases which range from 71 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:

Buidings	7% to 11%
Motor vehicles	25%
Plant, machinery and equipment	10% to 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 net carrying amount is recognised in the income statement and the unutilised portion of the revaluation surplus on that item 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 costs and appropriate production overheads. Net realisable value is the estimated selling price less the estimated costs to completion and costs to be incurred in marketing, selling and distribution.

### (e) Cash and Cash Equivalents

For the purpose 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, net of outstanding bank overdrafts.

### (f) Provisions 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 tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary differences arise from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity.

### (h) Employee Benefits

#### (i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

# Notes To The Financial Statements ■

## 31 March 2005 (con't)

### (h) Employee Benefits (con't)

#### (ii) Defined contribution plans

- (a) As required by law, the Company makes contributions to the Employees Provident Fund. Such contributions are recognised as an expense in the income statement as incurred.
- (b) The Company has a funded defined contribution benefit Post-Employment Scheme for certain executives who have served the required number of years of service. Contributions are made to an approved benefit scheme operated by independent trustees in accordance with a trust deed.

#### (iii) Defined benefits plans

The Company has a partly funded defined benefit Post-Employment Scheme ("Scheme") for its eligible employees. The Company's obligation under the Scheme is calculated using the Projected Unit Credit Method, though which the amount of benefit that employees have earned in return for their service in the current and prior years is estimated.

Past service costs are recognised immediately to the extent that the benefits are already vested. The amount recognised in the balance sheet represents the present value of the defined benefit obligations.

### (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) Sale 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) Revenue from services

Revenue from services rendered is recognised net of service taxes and discounts as and when the services are performed.

#### (iii) Interest income

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

#### (iv) Dividend income

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

### (j) Foreign currency transactions

Transactions in foreign currencies are initially recorded in Ringgit Malaysia at rates of exchange ruling at the date of the transaction. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Non-monetary items initially denominated in foreign currencies, 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 rate differences are taken to the income statement.

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

	2005 RM	2004 RM
United States Dollar	3.80	3.80
Singapore Dollar	2.31	2.26
Brunei Dollar	2.31	2.22
Japanese Yen	0.04	0.03
Euro	4.92	4.65
Swiss Franc	3.17	N/A

# Notes To The Financial Statements ■

## 31 March 2005 (con't)

### (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 indication that 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-currents 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 recognised in the income statement.

#### (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 quoted 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) Receivables

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) Payables

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) Interest-Bearing Borrowings

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. The amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate which is the weighted average of the borrowing costs applicable to the Company's borrowings that are outstanding during the year, other than borrowings made specifically for the purpose of obtaining a qualifying asset. For borrowings made specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of that borrowing.

All other borrowing costs are recognised as an expense in the income statement as an expense in the period in which they are incurred.

#### (vi) Equity Instruments

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

### (m) Affiliated Companies

Affiliated companies refer to associated companies of the holding company.

# Notes To The Financial Statements ■

## 31 March 2005 (con't)

### 3. REVENUE

Revenue represents the invoiced value of sales net of sales tax, returns and discounts.

### 4. OTHER OPERATING INCOME

	2005 RM	2004 RM
Net realised foreign exchange gains	83,219	156,056
Gain on disposal of property, plant and equipment	3,900,672	318,990
Dividends from:		
An associated company	129,360	129,360
Investment quoted in Malaysia	63,064	42,043
Management fees	108,000	108,000
Commission income	275,441	432,405
Others	48,131	80,400
	4,607,887	1,267,254

### 5. STAFF COSTS

	2005 RM	2004 RM
Wages and salaries	22,000,066	20,190,695
Gratuity	36,667	60,000
Pension costs - defined contribution plans	1,812,365	2,254,675
Pension costs - defined benefit plans (Note 21)	884,401	729,171
Social security costs	132,613	125,257
Short term accumulating compensated absences	20,220	389,567
Other staff related expenses	803,012	709,492
	25,689,344	24,458,857

Included in staff costs of the Company are executive directors' remuneration amounting to RM 2,575,208 (2004: RM 2,639,505) as further disclosed in Note 6.

# Notes To The Financial Statements ■

## 31 March 2005 (con't)

### 6. DIRECTORS' REMUNERATION

	2005 RM	2004 RM
Executive Directors:		
Salaries and other emoluments	2,315,679	2,026,215
Pension costs - defined contribution plans	99,672	235,824
Fees	65,000	150,000
Gratuity	36,667	60,000
Bonus	58,190	167,466
Amount included in staff costs	2,575,208	2,639,505
Benefits-in-kind	388,700	74,641
	<u>2,963,908</u>	<u>2,714,146</u>
Non-Executive Directors:		
Fees	115,000	175,000
Gratuity	33,537	70,000
	<u>148,537</u>	<u>245,000</u>
Total	<u>3,112,445</u>	<u>2,959,146</u>
Total directors' remuneration excluding benefits-in-kind	<u>2,723,745</u>	<u>2,884,505</u>

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

	Number of Directors	
	2005	2004
Executive Directors:		
RM100,001 - RM 150,000	1	-
RM200,001 - RM250,000	2	-
RM250,001 - RM300,000	-	2
RM300,001 - RM350,000	1	-
RM400,001 - RM450,000	2	-
RM450,001 - RM500,000	-	2
RM550,001 - RM600,000	1	2
RM600,001 - RM650,000	1	-
Non-Executive Directors:		
Below RM50,000	5	5
RM50,001 - RM 100,000	1	1
	<u>1</u>	<u>1</u>

# Notes To The Financial Statements ■

## 31 March 2005 (con't)

### 7. PROFIT FROM OPERATIONS

	2005 RM	2004 RM
Profit from operations is stated after charging:		
Auditors' remuneration:		
- Statutory audit	35,000	30,000
- Other services	11,000	9,000
Non-executive directors' remuneration (Note 6)	148,537	245,000
Amortisation of club membership	-	30,992
Inventories written off	135,416	437,764
Property, plant and equipment written off	783,316	360,232

### 8. TAXATION

	2005 RM	2004 RM
Tax expense for the year:		
Income tax	855,645	2,114,271
Underprovided in prior years:		
Income tax	258,613	56,961
	<u>1,114,258</u>	<u>2,171,232</u>
Deferred tax (Note 22):		
Relating to origination and reversal of temporary differences	537,501	-
Overprovided in prior years:	<u>(1,581,954)</u>	<u>(83,992)</u>
	<u>(1,044,453)</u>	<u>(83,992)</u>
Total	<u>69,805</u>	<u>2,087,240</u>

# Notes To The Financial Statements ■

## 31 March 2005 (con't)

### 8. TAXATION (con't)

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Company is as follow:

	2005 RM	2004 RM
Profit before taxation	12,589,239	14,146,467
Taxation at Malaysian statutory tax rate of 28% (2004: 28%)	3,524,987	3,961,011
Income not subject to tax	(1,044,507)	(11,772)
Expenses not deductible for tax purposes	278,050	305,323
Utilisation of current year's reinvestment allowances	(1,365,384)	(2,444,405)
Underprovision of income tax expense in prior years	258,613	56,961
Overprovision of deferred tax in prior years	(1,581,954)	(83,992)
Tax effects of prior year adjustments	-	304,114
Tax expense for the year	69,805	2,087,240

### 9. 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.

	2005 RM	2004 RM
Net profit for the year	12,519,434	12,059,227
Weighted average number of ordinary shares in issue	60,798,534	60,798,534
Basic earnings per share (sen)	20.6	19.8

The comparative basic earnings per share has been restated to take into account the effect of the prior year adjustments on net profit for the year.

# Notes To The Financial Statements ■

## 31 March 2005 (con't)

### 10. DIVIDENDS

	Amount		Net Dividends per share	
	2005 RM	2004 RM	2005 Sen	2004 Sen
First and final dividend of 4% less 28% taxation and 5 % tax exempt, paid on 24 September 2004	-	4,790,927	-	7.9
First and final dividend of 4% less 28% taxation and 5 % tax exempt	4,790,927	-	7.9	-
	<u>4,790,927</u>	<u>4,790,927</u>	<u>7.9</u>	<u>7.9</u>

At the forthcoming Annual General Meeting, a first and final dividend in respect of the financial year ended 31 March 2005, of 4% less 28% taxation and 5% tax exempt on 60,798,534 ordinary shares, amounting to a dividend payable of RM4,790,927 (7.9 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 2006.

# Notes To The Financial Statements

## 31 March 2005 (con't)

### 11. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings* RM	Motor vehicles RM	Plant, machinery and equipment RM	Furniture, fixtures and fittings RM	Capital work-in- progress RM	Total RM
<b>Cost/Valuation</b>						
At 1 April 2004	59,678,962	6,312,042	150,764,845	2,080,729	6,118,150	224,954,728
Additions	826,974	892,348	11,908,102	256,122	2,403,029	16,286,575
Disposals	(1,390,000)	(894,816)	(273,290)	-	-	(2,558,106)
Written off	(9,783)	-	(9,973,465)	(153,574)	-	(10,136,822)
Transfer from/(to)	-	-	6,118,150	-	(6,118,150)	-
At 31 March 2005	59,106,153	6,309,574	158,544,342	2,183,277	2,403,029	228,546,375
<b>Representing:</b>						
At cost	26,906,153	6,309,574	158,544,342	2,183,277	2,403,029	196,346,375
At valuation	32,200,000	-	-	-	-	32,200,000
	59,106,153	6,309,574	158,544,342	2,183,277	2,403,029	228,546,375
<b>Accumulated Depreciation</b>						
At 1 April 2004	24,995,776	4,655,621	123,163,090	1,528,573	-	154,343,060
Charge for the year	1,517,645	988,673	7,886,574	138,676	-	10,531,568
Disposals	(402,325)	(799,923)	(156,823)	-	-	(1,359,071)
Written off	(3,261)	-	(9,215,730)	(134,515)	-	(9,353,506)
At 31 March 2005	26,107,835	4,844,371	121,677,111	1,532,734	-	154,162,051
<b>Net Book Value</b>						
At 31 March 2005						
At cost	14,595,229	1,465,203	36,867,231	650,543	2,403,029	55,981,235
At valuation	18,403,089	-	-	-	-	18,403,089
	32,998,318	1,465,203	36,867,231	650,543	2,403,029	74,384,324
At 31 March 2004						
At cost	14,982,152	1,656,421	27,601,755	552,156	6,118,150	50,910,634
At valuation	19,701,034	-	-	-	-	19,701,034
	34,683,186	1,656,421	27,601,755	552,156	6,118,150	70,611,668
<b>Depreciation charge for 2004</b>						
	1,477,678	1,065,372	6,942,193	119,620	-	9,604,863

# Notes To The Financial Statements ■

## 31 March 2005 (con't)

### 11. PROPERTY, PLANT AND EQUIPMENT (con't)

#### \* Land and buildings

	Freehold land RM	Long term leasehold land RM	Buildings RM	Total RM
<b>Cost/Valuation</b>				
At 1 April 2004	1,059,200	30,729,769	27,889,993	59,678,962
Additions	-	-	826,974	826,974
Disposals	(987,675)	-	(402,325)	(1,390,000)
Written off	-	-	(9,783)	(9,783)
At 31 March 2005	71,525	30,729,769	28,304,859	59,106,153

#### Representing:

At cost	-	6,192,805	20,713,348	26,906,153
At valuation	71,525	24,536,964	7,591,511	32,200,000
	71,525	30,729,769	28,304,859	59,106,153

#### Accumulated Depreciation

At 1 April 2004	-	6,449,680	18,546,096	24,995,776
Charge for the year	-	399,432	1,118,213	1,517,645
Disposals	-	-	(402,325)	(402,325)
Written off	-	-	(3,261)	(3,261)
At 31 March 2005	-	6,849,112	19,258,723	26,107,835

#### Net Book Value

At 31 March 2005				
At cost	-	5,549,093	9,046,136	14,595,229
At valuation	71,525	18,331,564	-	18,403,089
	71,525	23,880,657	9,046,136	32,998,318

#### At 31 March 2004

At cost	-	5,638,255	9,343,897	14,982,152
At valuation	1,059,200	18,641,834	-	19,701,034
	1,059,200	24,280,089	9,343,897	34,683,186

#### Depreciation charge

for 2004	-	399,432	1,078,246	1,477,678
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# Notes To The Financial Statements ■

## 31 March 2005 (con't)

### 11. 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:

	2005 RM	2004 RM
At cost:		
Land and buildings	16,614,249	16,316,453
Motor vehicles	3,030,957	2,932,768
Plant, machinery and equipment	85,307,734	87,421,787
Furniture, fixtures and fittings	812,096	893,040
	105,765,036	107,564,048

(b) The freehold and leasehold land and buildings were last 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 buildings 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 (2004: RM2,868,684) and at cost of RM6,192,805 (2004: RM6,192,805) have restriction in the transfer of titles or mortgages which require approval by the relevant authorities.

### 12. INVESTMENTS

	2005 RM	2004 RM
Unquoted shares in associated companies, at cost	1,678,751	1,678,751
Quoted shares in a Malaysian corporation, at cost	2,173,125	2,173,125
Transferable club memberships	268,000	268,000
	4,119,876	4,119,876
Market value of quoted shares in Malaysia	2,985,040	3,783,853

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

	2005 RM	2004 RM
Investment in associated companies, at cost	1,678,751	1,678,751
Share of post-acquisition profits	8,580,396	8,543,189
	10,259,147	10,221,940
Represented by:		
Share of net assets	13,130,395	13,093,188
Discount on acquisition	(2,871,248)	(2,871,248)
	10,259,147	10,221,940

# Notes To The Financial Statements ■

## 31 March 2005 (con't)

### 12. INVESTMENTS (con't)

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

	2005		2004	
	RM	RM	RM	RM
Profit before taxation and share of profits of associated companies		12,589,239		14,146,467
Share of profit of associated companies		143,592		469,677
Profit before taxation		12,732,831		14,616,144
Taxation				
Company	(69,805)		(2,087,240)	
Associated companies	(129,545)		(176,542)	
		(199,350)		(2,263,782)
Profit after taxation		12,533,481		12,352,362

The associated companies are:

Name of Company	Country of Incorporation	Effective Interests (%)		Financial Year End	Principal Activities
		2005	2004		
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

### 13. INVENTORIES

	2005	2004
	RM	RM
At cost:		
Raw materials	8,410,508	7,774,782
Consumables	2,315,225	2,345,865
Work-in-progress	2,327,483	2,145,192
Finished goods	15,168,095	11,024,808
	28,221,311	23,290,647

The cost of inventories recognised as an expense during the financial year amounted to RM119,637,359 (2004: RM113,756,924).

# Notes To The Financial Statements ■

## 31 March 2005 (con't)

### 14. TRADE RECEIVABLES

	2005 RM	2004 RM
Trade receivables	22,028,824	20,922,168
Less: Provision for doubtful debts	(132,023)	(132,023)
	21,896,801	20,790,145

Included in trade receivables are amounts:

Due from holding company	3,720	-
Due from affiliated companies	-	472,581
Due from fellow subsidiaries	1,353,777	629,486
Due from associated companies	1,896,023	1,082,881
	3,253,520	2,184,948

The Company's normal trade credit term ranges from 14 days to 90 days (2004: 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 from 2 (2004: 2) customers representing approximately 39% (2004: 37%) of the total trade receivables.

The amounts due from related companies are unsecured, interest free and credit terms ranges from 30 days to 90 days (2004: 30 days to 90 days).

### 15. OTHER RECEIVABLES

	2005 RM	2004 RM
Deposits	226,410	251,434
Prepayments	974,214	1,529,793
Sundry receivables	2,065,914	1,748,413
	3,266,538	3,529,640

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

### 16. CASH AND CASH EQUIVALENTS

	2005 RM	2004 RM
Cash on hand and at banks	2,755,712	2,860,771
Deposits with licensed banks	28,595,638	30,717,546
	31,351,350	33,578,317

The weighted average effective interest rates of the deposits with licensed banks at the balance sheet date 2.6% (2004: 2.6%) per annum.

The average maturities of the deposits with licensed banks as at the end of the financial year were 27 days (2004: 30 days).

# Notes To The Financial Statements ■

## 31 March 2005 (con't)

### 17. TRADE PAYABLES

	2005 RM	2004 RM
Included in trade payables are amounts:		
Due to holding company	567,043	23,582
Due to fellow subsidiaries	5,427,275	153,254
Due to affiliated companies	317,425	315,906
	6,311,743	492,742

The normal trade credit terms granted to the Company ranges from 30 to 60 days (2004: 30 to 60 days).

The amounts due to related companies are unsecured, interest free and have credit term of 30 days (2004: 30 days).

### 18. OTHER PAYABLES

	2005 RM	2004 RM
Accrued expenses	2,840,100	1,869,939
Sundry payables	1,867,616	2,296,779
Due to holding company	978,188	987,382
	5,685,904	5,154,100

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

### 19. SHARE CAPITAL

	Number of Ordinary Share of RM1 Each		Amount	
	2005	2004	2005 RM	2004 RM
Authorised:				
At beginning/end of year	80,000,000	80,000,000	80,000,000	80,000,000
Issued and fully paid:				
At beginning/end of year	60,798,534	60,798,534	60,798,534	60,798,534

### 20. RESERVES

	2005 RM	2004 RM
Share Premium (Non-distributable)	4,303,700	4,303,700
Revaluation reserves (Non-distributable)	7,264,361	7,749,410
Retained profits	64,054,412	55,840,856
	75,622,473	67,893,966

# Notes To The Financial Statements ■

## 31 March 2005 (con't)

### 20. RESERVES (con't)

	2005 RM	2004 RM
<b><u>Revaluation reserves</u></b>		
Freehold land	185,769	548,947
Leasehold land	7,078,592	7,200,463
	7,264,361	7,749,410

This reserves includes the cumulative net change, net of deferred tax effects, arising from the revaluation of freehold land and leasehold land.

The movement of each category of revaluation reserve were as follows:

	2005 RM	2004 RM
<b>Freehold land</b>		
Balance at 1 April 2004/2003	548,947	548,947
Transfer to retained profits upon disposal of revalued assets	(363,178)	-
Balance at 31 March 2005/2004	185,769	548,947
<b>Leasehold land</b>		
Balance at 1 April 2004/2003	7,200,463	7,322,334
Transfer to retained profits	(121,871)	(121,871)
Balance at 31 March 2005/2004	7,078,592	7,200,463

### **Retained profits**

As at 31 March 2005, the Company has tax exempt profits available for distribution of approximately RM67,152,000 (2004: RM65,238,000), subject to the agreement of the Inland Revenue Board.

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 2005.

### 21. POST-EMPLOYMENT BENEFIT OBLIGATIONS

The Company operates a partly funded, Post-Employment Benefit Scheme ("the Scheme") for its eligible employees. Under the Scheme, eligible employees are entitled to post-employment benefits varying 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.

# Notes To The Financial Statements

## 31 March 2005 (con't)

### 21. POST-EMPLOYMENT BENEFIT OBLIGATIONS (con't)

The movements during the financial year in the amount recognised in the balance sheet are as follows:

	<b>2005 RM</b>	<b>2004 RM</b>
At 1 April 2004/2003	3,637,377	3,574,324
Amount recognised in the income statement (Note 5)	884,401	729,171
Less: Contributions paid	(583,432)	(666,118)
At 31 March 2005/2004	<u>3,938,346</u>	<u>3,637,377</u>

The amounts recognised in the balance sheet are determined as follows:

	<b>2005 RM</b>	<b>2004 RM</b>
Present value of defined benefit obligation recognised as liabilities in the balance sheet	<u>3,938,346</u>	<u>3,637,377</u>
Analysed as:		
Current	696,279	392,151
Non-current	3,242,067	3,245,226
	<u>3,938,346</u>	<u>3,637,377</u>

The amounts recognised in the income statements are as follows:

Current service cost	732,263	642,492
Interest cost	152,138	86,679
	<u>884,401</u>	<u>729,171</u>

The above amounts charged to the income statement have been included in staff costs, as disclosed in Note 5.

### 22. DEFERRED TAX LIABILITIES

	<b>2005 RM</b>	<b>2004 RM</b>
At 1 April 2004/2003	5,091,475	5,175,467
Transfer to income statement (Note 8)	(1,044,453)	(83,992)
At 31 March 2005/2004	<u>4,047,022</u>	<u>5,091,475</u>

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

# Notes To The Financial Statements ■

## 31 March 2005 (con't)

### 22. DEFERRED TAX LIABILITIES (con't)

#### Deferred Tax Assets:

	Post-employment Benefit Obligations RM	Provision for Liabilities RM	Provision for Doubtful Debts RM	Total RM
At 1 April 2004	1,018,466	109,079	21,598	1,149,143
Recognised in the income statement	84,271	(109,079)	15,368	(9,440)
At 31 March 2005	1,102,737	-	36,966	1,139,703

#### Deferred Tax Liabilities:

	Revaluation Reserves RM	Accelerated Capital Allowances RM	Total RM
At 1 April 2004	2,829,073	3,411,545	6,240,618
Recognised in the income statement	(19,115)	(1,034,778)	(1,053,893)
At 31 March 2005	2,809,958	2,376,767	5,186,725

### 23. PRIOR YEAR ADJUSTMENTS

Pursuant to the computerisation of the Company's inventories system, there were inadvertent date omissions and computational errors in the consumption of raw materials and work-in-progress reported in prior years resulting in the overstatement of the Company's inventories. The above have the following effects on the financial statements:

	2005 RM	2004 RM
Effects on retained profits:		
At 1 April 2004/2003, as previously stated	59,471,641	50,144,164
Effects on overstatement of inventories	(3,630,785)	(2,544,661)
At 1 April 2004/2003, as previously stated	55,840,856	47,599,503
Effects on inventories:		
At 1 April 2004/2003, as previously stated	26,921,432	24,005,014
Effects on overstatement of inventories	(3,630,785)	(2,544,661)
At 1 April 2004/2003, as previously stated	23,290,647	21,460,353

Comparative amounts as at 31 March 2004 have been restated as follows:

# Notes To The Financial Statements ■

## 31 March 2005 (con't)

### 23. PRIOR YEAR ADJUSTMENTS (con't)

	Previously Stated RM	Adjustments RM	Restated RM
Income statement			
Raw materials and packaging materials consumed	72,564,560	1,086,124	73,650,684
Balance Sheet			
Reserves	(71,524,751)	3,630,785	(67,893,966)
Inventories	26,921,432	(3,630,785)	23,290,647
Cash flow statement			
Profit before taxation	15,232,591	(1,086,124)	14,146,467
Inventories written off	-	437,764	437,764
Increase in inventories	(2,916,418)	648,360	(2,268,058)

### 24. COMMITMENTS

Capital expenditure:	2005 RM	2004 RM
Approved and contracted for:		
Property, plant and equipment	3,884,225	2,923,503
Approved but not contracted for:		
Property, plant and equipment	23,715,775	23,331,497
	<u>27,600,000</u>	<u>26,255,000</u>

# Notes To The Financial Statements

## 31 March 2005 (con't)

### 25. SIGNIFICANT RELATED PARTY TRANSACTIONS

	2005 RM	2004 RM
<b>(a) Transactions with associated companies:</b>		
Sales to Ajinomoto (Singapore) Pte. Ltd.	2,796,189	3,314,697
Sales to Malaysia Ve-Tsin Manufacturing Co. Bhd.	2,268,180	1,062,525
Purchases from Malaysia Ve-Tsin Manufacturing Co. Bhd.	2,556,830	2,323,028
Purchases from Ajinomoto (Singapore) Pte. Ltd.	1,687,195	1,053,641
Management fees received from Malaysia Ve-Tsin Manufacturing Co. Bhd.	108,000	108,000
Dividend received from Malaysia Ve-Tsin Manufacturing Co. Bhd	129,360	129,360
<b>(b) Transactions with affiliated companies:</b>		
Purchases from Malaysia Packaging Ind. Bhd.	3,189,385	3,517,766
Dividend received from Malaysia Packaging Ind. Bhd	63,064	42,043
<b>(c) Transactions with holding company and its subsidiaries*:</b>		
Commission income	275,441	424,761
Royalties payable	3,812,921	3,679,545
Sales	3,017,219	4,545,429
Purchases	29,234,497	20,642,809

\* 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.

### 26. COMPARATIVE FIGURES

The presentation and classification of items in the current year financial statements have been consistent with the previous financial year except that certain comparative amounts have been adjusted as a result of prior year adjustments as disclosed in Note 23.

# Notes To The Financial Statements

## 31 March 2005 (con't)

### 27. 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 interest rate, 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 2005. 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 date 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, Swiss Franc and Singapore Dollar. Foreign currency denominated assets and liabilities together with expected cash flows highly probable purchases and sales give rise to foreign exchange exposures.

Foreign exchange exposures in transactional currencies other than functional currencies of the Company 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.

The net unhedged financial assets and financial liabilities of the Company that are not denominated in their functional currencies are as follows:

Functional Currency	Net Financial Assets / (Liabilities) Held in Non-Functional Currency						
	United States Dollar RM	Brunei Dollar RM	Singapore Dollar RM	Euro RM	Japanese Yen RM	Swiss Franc RM	Total RM
<b>At 31 March 2005</b>							
Ringgit Malaysia	593,679	638,594	1,531,260	(114,672)	(1,390,264)	23,416	1,282,013
<b>At 31 March 2004</b>							
Ringgit Malaysia	5,493,167	643,563	835,133	-	(113,172)	-	6,858,691

As at balance sheet date, there were no forward foreign exchange contracts undertaken by the Company to hedge its exposure to currency fluctuations affecting certain foreign currency denominated payables (2004: RM288,000 equivalent to Euro 67,000 which had a maturity period of within 2 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.

# Notes To The Financial Statements

## 31 March 2005 (con't)

### 27. FINANCIAL INSTRUMENTS (con't)

#### (f) Fair values (Contd.)

	2005		2004	
	Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
<b>Financial Assets</b>				
Non-current unquoted shares	1,678,751	*	1,678,751	*
Marketable securities	2,173,125	2,985,040	2,173,125	3,783,853
Transferable club memberships	268,000	*	268,000	*
<b>Financial Liabilities</b>				
Amounts due to holding company	978,188	#	987,382	#

\* It is not practical to estimate the fair value of the Company's non-current unquoted shares and transferable club memberships because of the lack of quoted market prices and the inability estimate fair value without incurring excessive costs.

# It is also not practical to estimate the fair values of amounts due to related corporations due principally to a lack of fixed repayment term entered by the parties involved and without incurring excessive costs.

The nominal / notional amounts and net fair value of financial instruments not recognised in the balance sheet of the Company as at the end of the financial year are:

	2005		2004	
	Notional Amount RM	Fair Value RM	Notional Amount RM	Fair Value RM
Forward foreign exchange contracts			288,000	287,623

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.

# Notes To The Financial Statements ■

## 31 March 2005 (con't)

### 27. FINANCIAL INSTRUMENTS (con't)

#### (e) Fair values (con't)

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.

### 28. 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 been prepared for revenue, the Company's assets are located in Malaysia.

	Malaysia RM	Middle East RM	Other Asian Countries RM	Others RM	Total RM
Revenue					
2005	125,730,084	12,886,146	22,808,147	5,444,816	166,869,193
2004	127,509,861	11,606,253	19,653,788	5,355,920	164,125,822

## List Of Properties As At 31 March 2005 ■

Properties	Existing Use/ Description of Building/Land	Land Area	Tenure	Date of Acquisition/ Revaluation	Age of Building	Net Book Value RM
Land and building 8 & 8A, Lorong 1, Jalan Shahbandar, Bandar Penggaram, Batu Pahat	1 unit double storey shophouse	1,680 sq. ft.	Freehold	1984 (Revaluation)	29 years	71,525
Land and buildings Lot 5710, Jalan Kuchai Lama, Petaling, Kuala Lumpur	Office, warehouse and factory complex	536,376 sq. ft.	Leasehold expiring on 2.4.2062	1984 (Revaluation)	40 years	11,966,297
Land and buildings Lot 5710, Jalan Kuchai Lama, Petaling, Kuala Lumpur	Office, warehouse and factory complex	174,240 sq. ft.	Leasehold expiring on 5.7.2067	1984 (Revaluation)	35years	4,232,143
Land and buildings Lot 5710, Jalan Kuchai Lama, Petaling, Kuala Lumpur	Office, warehouse and factory complex	36,329 sq. ft.	Leasehold expiring on 6.3.2064	1992	13 years	168,642
Land and buildings Lot 5710, Jalan Kuchai Lama, Petaling, Kuala Lumpur	Mining pool	304,920 sq. ft.	Leasehold expiring on 2062	1984 (Revaluation)	40 years	2,133,124
Land and buildings Lot 5710, Jalan Kuchai Lama, Petaling, Kuala Lumpur	Factory complex	85,568 sq. ft.	Leasehold expiring on 15.3.2073	1992	13 years	11,226,295
Land Lot 47088, Jalan Kuchai Lama, Petaling, Kuala Lumpur	Industrial vacant land	5,904 sq. mtr.	Leasehold expiring on 20.1.2074	2003	-	3,200,292
						<u>32,998,318</u>

# Notice Of Annual General Meeting ■

**NOTICE IS HEREBY GIVEN** that the Forty-Fourth Annual General Meeting of the Company will be held at its Registered Office, Lot 5710, Jalan Kuchai Lama, Petaling, 58200 Kuala Lumpur on Tuesday, 16 August 2005 at 11.00 a.m. for the following purposes :-

## AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 March 2005 together with the Reports of the Directors and the Auditors thereon. **Resolution 1**
2. To declare a first and final dividend of 9 sen comprising a tax exempt of 5 sen and 4 sen less 28% income tax for the financial year ended 31 March, 2005. **Resolution 2**
3. To approve the payment of Directors' fees for the financial year ended 31 March 2005. **Resolution 3**
4. To re-elect the following Directors who shall retire in accordance with Article 116 of the Company's Articles of Association and being eligible, have offered themselves for re-election:-
  - (a) Mr. Gew Ah Lek **Resolution 4**
  - (b) Y. Bhg. Dato' Professor (Dr.) Teo Chiang Liang **Resolution 5**
  - (c) Y. Bhg. Dato' Hj. Shaharuddin Bin Hj. Haron **Resolution 6**
5. To re-elect the following Directors who shall retire in accordance with Article 122 of the Company's Articles of Association and being eligible, have offered themselves for re-election:-
  - (a) Mr. Shunichi Komatsu **Resolution 7**
  - (b) Mr. Makoto Tatsumi **Resolution 8**
  - (c) Mr. Taisuke Oka **Resolution 9**
6. To consider and if thought fit, to pass the following ordinary resolution in accordance with the Section 129 of the Companies Act, 1965: - **Resolution 10**

"THAT pursuant to Section 129 of the Companies Act, 1965, Y. Bhg. General (R) Tan Sri (Dr.) Dato' Paduka Mohamed Hashim Bin Mohd Ali who has attained the age of 70 years be and is hereby re-appointed as Director of the Company and to hold office until the conclusion of the next Annual General Meeting."
7. To re-appoint Messrs. Hanafiah Raslan & Mohamad as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. **Resolution 11**

## As Special Business

**To consider and if thought fit, with or without any modification, to pass the following ordinary resolution :-**

## ORDINARY RESOLUTION

### 8. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

"That approval be and is hereby given to the Company to enter into and give effect to recurrent related party transactions of a revenue or trading nature with Ajinomoto's affiliated companies (as specified in Sections 2.2 and 2.3 of the Circular dated 25 July, 2005 and falling within the ambit of Paragraph 10.09 of the Listing Requirements of the Bursa Malaysia Securities Berhad (formerly known as Malaysia Securities Exchange Berhad), which are necessary for the day-to-day operations and undertaken in the ordinary course of business of the Company, on terms not more favourable to Ajinomoto Affiliated Companies than those generally available to the public and not detrimental to minority shareholders of the Company;

**THAT** such approval unless revoked or varied by the Company in general meeting shall continue to be in full force and effect until:

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM at which such mandate is passed, at which time it will lapse, unless by a resolution passed at an AGM, whereby the mandate is renewed; or

# Notice Of Annual General Meeting (con't) ■

(b) the expiration of the period within which the next AGM of the Company subsequent to the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the said Act); or

(c) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier date;

**And that** the Directors of the Company be authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to this resolution."

**(Resolution 12)**

9. To transact any other ordinary business of which due notice shall have been given.

## NOTICE OF BOOK CLOSURE

**Notice is also hereby given** that the first and final dividend of 9 sen comprising a tax exempt of 5 sen and 4 sen less 28% income tax will be payable on 16 September, 2005 to depositors whose names appear in the Record of Depositors at the close of business on 2 September, 2005 if approved by the members at the Forty-Fourth Annual General Meeting.

A Depositor shall qualify for entitlement only in respect of:-

- (a) Shares transferred to the Depositor's Securities Account before 4.00 p.m. on 2 September, 2005 in respect of ordinary transfers; and
- (b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order of the Board

**CHUA SIEW CHUAN (MAICSA 0777689)**  
Company Secretary

Kuala Lumpur  
Dated : 25 July, 2005

## Explanatory Notes To Special Business :

### Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions

The Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature will enable the Company and its affiliated companies to enter into any of the recurrent related party transactions of a revenue or trading nature which are necessary for the Company's day to day operations, subject to the transactions being in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company. Please refer to Sections 2.2 and 2.3 of the Circular to Shareholders dated 25 July, 2005 for more information.

### Notes :-

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.
2. A holder may appoint more than two (2) proxies to attend the same meeting. Where a holder appoints two or more proxies, he shall specify the proportion of his share-holding to be represented by each proxy.
3. The instrument appointing proxy, shall be in print or writing under the hand of the appointer or his duly constituted attorney, or if such appointer is a corporation, under its common seal or under the hand of its officer or attorney duly authorised.
4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Lot 5710, Jalan Kuchai Lama, Petaling, 58200 Kuala Lumpur, not less than forty-eight (48) hours before the time fixed for holding the meeting or at any adjournment thereof.

# Statement Accompanying the Notice of Annual General Meeting

## 1. Details of Annual General Meeting

The Forty-Fourth Annual General Meeting of Ajinomoto (Malaysia) Berhad will be held on Tuesday, 16 August 2005 at 11.00 a.m. at the Registered Office of the Company at Lot 5710, Jalan Kuchai Lama, Petaling, 58200 Kuala Lumpur.

## 2. Details of Directors Standing for Re-Election/ Re-Appointment

The details of Directors who are standing for re-election at the Forty-Fourth Annual General Meeting of Ajinomoto (Malaysia) Berhad are as follows :-

Name of Directors	Details of Attendance at Board Meeting	Details of Individual Director and other Disclosure Requirements
Mr. Gew Ah Lek (Article 116 of the Company's Articles of Association)	Refer to page <b>10</b> of the Annual Report	Refer to page <b>7</b> of the Annual Report
Y. Bhg. Dato' Professor (Dr.) Teo Chiang Liang (Article 116 of the Company's Articles of Association)	Refer to page <b>10</b> of the Annual Report	Refer to page <b>5</b> of the Annual Report
Y. Bhg. Dato' Hj. Shaharuddin Bin Hj. Haron (Article 116 of the Company's Articles of Association)	Refer to page <b>10</b> of the Annual Report	Refer to page <b>8</b> of the Annual Report
Mr. Shunichi Komatsu (Article 122 of the Company's Articles of Association)	Not applicable as he was appointed on 6 July 2005	Refer to page <b>5</b> of the Annual Report

Name of Directors	Details of Attendance at Board Meeting	Details of Individual Director and other Disclosure Requirements
Mr. Makoto Tatsumi (Article 122 of the Company's Articles of Association)	Not applicable as he was appointed on 6 July 2005	Refer to page <b>6</b> of the Annual Report
Mr. Taisuke Oka (Article 122 of the Company's Articles of Association)	Not applicable as he was appointed on 6 July 2005	Refer to page <b>7</b> of the Annual Report
Y. Bhg. General (R) Tan Sri (Dr.) Dato' Paduka Mohamed Hashim Bin Mohd Ali (Section 129 of the Companies Act, 1965)	Refer to page <b>10</b> of the Annual Report	Refer to page <b>4</b> of the Annual Report

## 3. Details of Shareholdings of Directors who are Standing for Re-Election/ Re-Appointment

The shareholdings of Directors standing for re-election are set out in the Analysis of Shareholdings Section of the Annual Report which appear on page 23 of the Annual Report.

# *Form Of Proxy* ■

**AJINOMOTO**

# Form Of Proxy

**AJINOMOTO**  
**AJINOMOTO (MALAYSIA) BERHAD** (4295-W)  
 (incorporated in Malaysia)

Number of shares held :	CDS Account No :

\*I/We, (full name in capital letters) .....  
 of (full address) ..... being a \*member/members of  
 AJINOMOTO (MALAYSIA) BERHAD ("the Company"), hereby appoint (full name in capital letters) .....  
 .....  
 of (full address) .....  
 or failing \*him/her, (full name in capital letters) .....  
 of (full address) .....

or failing \*him/her, the \*CHAIRMAN OF THE MEETING as \*my/our proxy to vote for \*me/us and on \*my/our behalf at the Forty-Fourth Annual General Meeting of the Company to be held at its Registered Office, Lot 5710, Jalan Kuchai Lama, Petaling, 58200 Kuala Lumpur on Tuesday, 16 August, 2005 at 11.00 a.m. and at any adjournment thereof.

The proportions of my/our holding to be represented by my/our proxies are as follows: -

First Proxy "A"	%
Second Proxy "B"	%
-----	
	100%
=====	

Please indicate with an "X" in the spaces provided below as to how you wish your votes to be casted. If no specific direction as to voting is given, the proxy will vote or abstain from voting at \*his/her discretion.

No.	Resolution	For	Against
1.	To receive the Audited Financial Statements for the financial year ended 31 March, 2005 together with the Reports of the Directors and the Auditors thereon.		
2.	To declare a first and final dividend of 9 sen comprising a tax exempt of 5 sen and 4 sen less 28% income tax for the financial year ended 31 March, 2005.		
3.	To approve the payment of Directors' fees for the financial year ended 31 March, 2005.		
4.	To re-elect Mr. Gew Ah Lek who retires in accordance with Article 116 of the Company's Articles of Association, and being eligible, has offered himself for re-election.		
5.	To re-elect Y. Bhg. Dato' Professor (Dr.) Teo Chiang Liang who retires in accordance with Article 116 of the Company's Articles of Association, and being eligible, has offered himself for re-election.		
6.	To re-elect Y. Bhg. Dato' Hj. Shaharuddin Bin Hj. Haron who retires in accordance with Article 116 of the Company's Articles of Association, and being eligible, has offered himself for re-election.		
7.	To re-elect Mr. Shunichi Komatsu who retires in accordance with Article 122 of the Company's Articles of Association, and being eligible, has offered himself for re-election.		
8.	To re-elect Mr. Makoto Tatsumi who retires in accordance with Article 122 of the Company's Articles of Association, and being eligible, has offered himself for re-election.		
9.	To re-elect Mr. Taisuke Oka who retires in accordance with Article 122 of the Company's Articles of Association, and being eligible, has offered himself for re-election.		
10.	To re-appoint Y. Bhg. General (R) Tan Sri (Dr.) Dato' Paduka Mohamed Hashim Bin Mohd Ali who is due to retire pursuant to Section 129 of the Companies Act, 1965, and being eligible, has offered himself for re-election.		
11.	To re-appoint Messrs. Hanafiah Raslan & Mohamad as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.		

## Form Of Proxy (con't)

No.	Resolution	For	Against
12.	As Special Business Ordinary Resolution Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.		

\* Strike out whichever not applicable

As witness my/our hand(s) this ..... day of ....., 2005

.....  
Signature of Member/Common Seal

### Notes:-

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.
2. A holder may appoint more than two (2) proxies to attend the same meeting. Where a holder appoints two or more proxies, he shall specify the proportion of his share-holding to be represented by each proxy.
3. The instrument appointing proxy, shall be in print or writing under the hand of the appointer or his duly constituted attorney, or if such appointer is a corporation, under its common seal or under the hand of its officer or attorney duly authorised.
4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Lot 5710, Jalan Kuchai Lama, Petaling, 58200 Kuala Lumpur, not less than forty-eight (48) hours before the time fixed for holding the meeting or at any adjournment thereof.

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Form of Proxy

Stamp

The Company Secretary

**AJINOMOTO (MALAYSIA) BERHAD** (4295-W)

Lot 5710, Jalan Kuchai Lama,  
Petaling , 58200 Kuala Lumpur,  
Malaysia.

**AJINOMOTO**

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**AJINOMOTO (MALAYSIA) BERHAD**

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