

AJINOMOTO®

AJINOMOTO (MALAYSIA) BERHAD Incorporated In Malaysia (4295-W)

Annual Report
2017

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CORPORATE INFORMATION

DIRECTORS

General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd. Ali (Rtd) (Chairman)
Tan Sri Dato' (Dr.) Teo Chiang Liang
Naoko Yamamoto (Managing Director/ Chief Executive Officer)
Yukiko Nishioka
Koay Kah Ee
Dominic Aw Kian-Wee
Dato' Setia Ramli bin Mahmud
Kamarudin bin Rasid
Azharudin bin Ab Ghani
Kinji Yamashita
Hiroki Suzuki

BANKERS

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

AUDITORS

Hanafiah Raslan & Mohamad

SOLICITORS

Lee, Ling & Partners

SECRETARY

Chua Siew Chuan
(MAICSA 0777689)

Yeow Sze Min
(MAICSA 7065735)

REGISTERED OFFICE

Lot 5710, Jalan Kuchai Lama, Petaling, 58200 Kuala Lumpur
Tel : 603-7980 6958
Fax : 603-7981 1731

SHARE REGISTRAR

Securities Services (Holdings) Sdn Bhd
Level 7, Menara Milenium, Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur
Tel : 603-2084 9000
Fax : 603-2094 9940

STOCK EXCHANGE LISTING

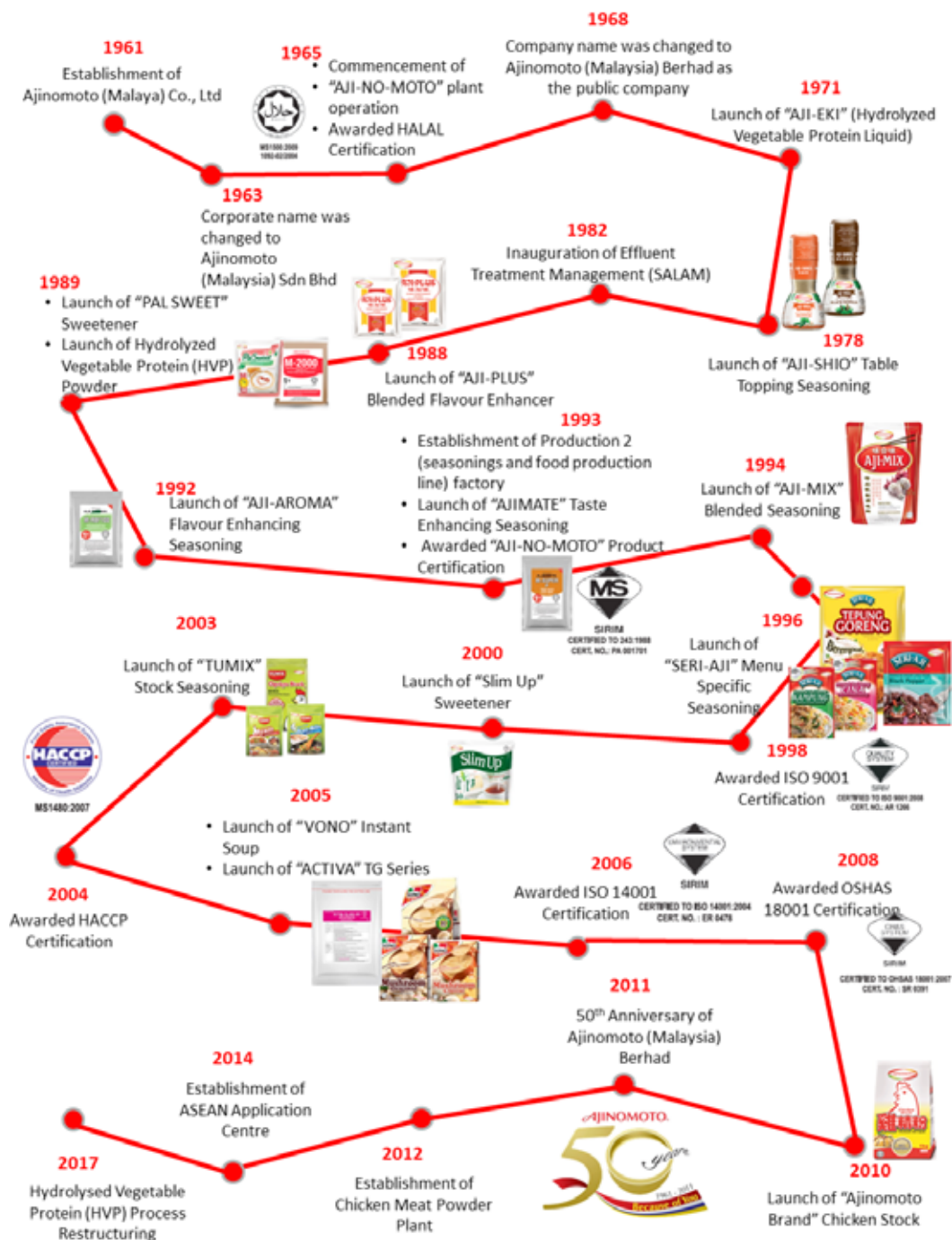
Main Market of the Bursa Malaysia Securities Berhad

MANAGEMENT DISCUSSION & ANALYSIS

Our Business

History & Milestones

Ajinomoto (Malaysia) Berhad (“the Company”) started its business operations in 1961 as AJI-NO-MOTO® Monosodium Glutamate (MSG) producer. It is one of the very first Japanese oriented company to be set up in Malaysia. The Company has since grown into a dynamic food and seasoning manufacturer marketing diverse brand name that is trusted by Malaysian for decades. Our AJI-NO-MOTO® Umami seasoning has become an indispensable item in almost every household.



Management Discussion & Analysis (cont'd.)

Our Policy

Ajinomoto (Malaysia) Berhad targets continuous improvements to be the most trusted and beloved food company in Malaysia that contributes to the joyful and healthy living of the society through our specialty in deliciousness.

The Company assures that all our products are at its finest quality. We practice good values in our business chain and maintain high quality performance through compliances according to the international and local regulatory requirements.

We are committed to protect and improve the environment in all areas of the Company's operations. We also dedicate to provide a safe and healthy workplace environment to all employees and those related to our operation activities.



Brands

Retail Products

Over the past fifty-five (55) years, the Company has constantly been committed to improve and develop new brands that provide a wide range of food and seasoning to the people of Malaysia and other countries. Today, we continue to grow in our retail product range and its quality by always striving to offer innovative products and services of the highest standard and quality.

Industrial Products

The Company has a wide range of functional savory seasoning products known as TENCHO. These TENCHO products are widely used by industrial food producers of instant noodles, seasonings, snack foods, sauces, processed foods, etc.



Management Discussion & Analysis (cont'd.)

Sales Branches & Overseas Market

The Company has ten (10) Branches in Malaysia and one (1) Sales Office in Saudi Arabia to deliver our products to our customers.



Our products are well-received by customers in other countries as well.

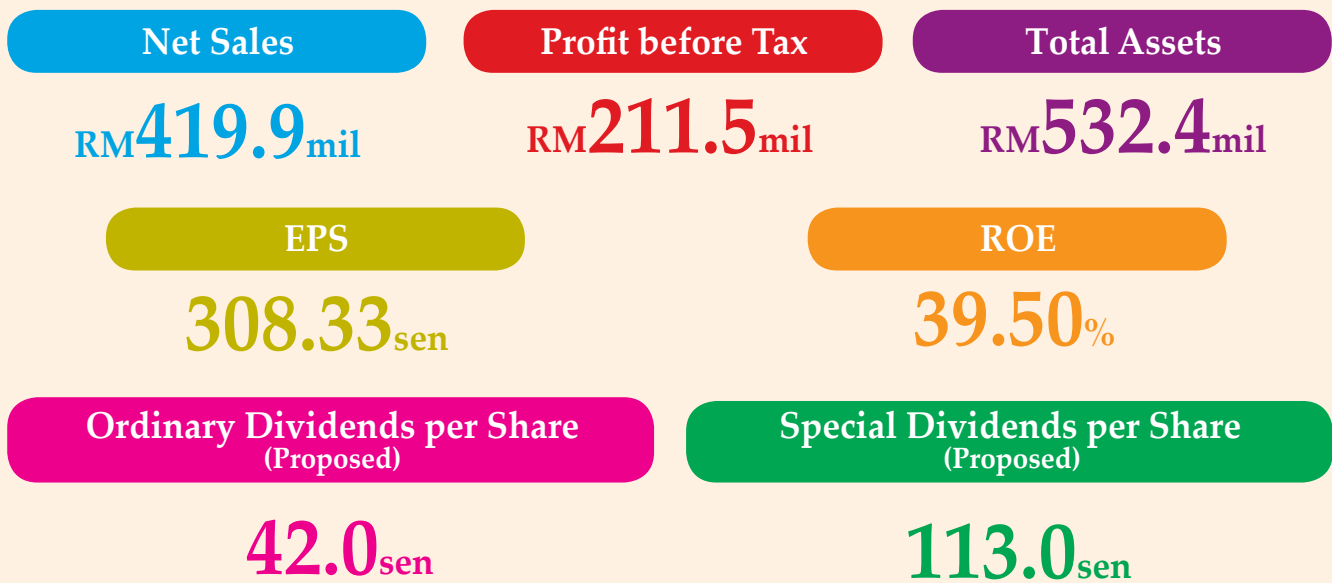


Management Discussion & Analysis (cont'd.)

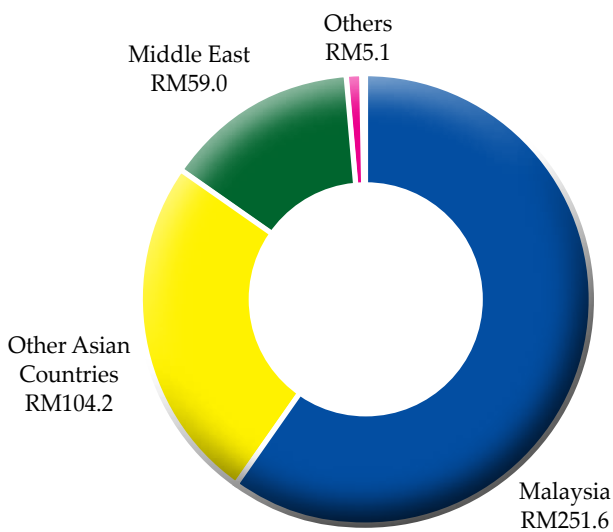
Financial Results

Snapshot

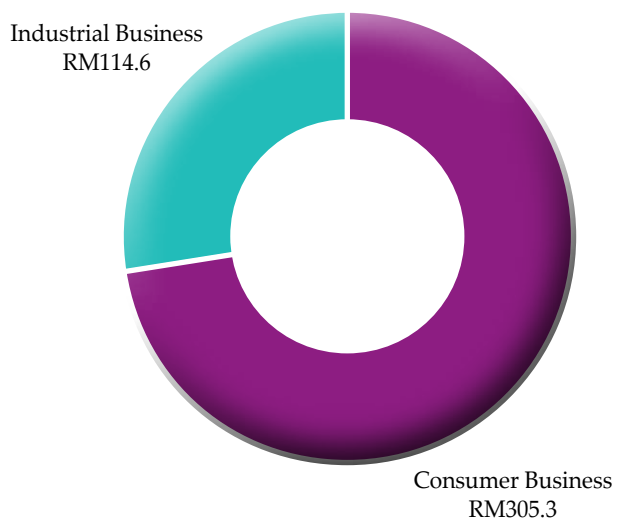
Financial Year Ended 31 March 2017 Highlight:-



Net Sales By Geographical Area (RM Millions)



Net Sales By Business (RM Millions)



Management Discussion & Analysis

(cont'd.)

Operating Environment

In the financial year under review, the global economy as a whole achieved a moderate recovery, led by improving conditions in the United States and Europe, but countered to some extent by moderate slowdown in the economies of China and other emerging countries.

Economic growth in Malaysia was slowing down due to the fluctuation of commodity price, and was affected by the currency volatility, but the domestic demand has been solid, and underpinned the economy of Malaysia.

Financial Review

In the financial year ended 31 March 2017, the Company's revenue grew by 4.9% from RM400.2 million in the preceding year to RM419.9 million. Increase in the Company's revenue was contributed by higher sales volume, appreciation in US Dollar ("USD") against Ringgit Malaysia ("MYR") beneficially to our export sales and higher selling price in AJI-NO-MOTO® products. The stronger sales and better margins in both consumer and industrial business segments resulted in better profit before tax ("PBT"). In addition, the Company recorded a gain on the Government's compulsory acquisition of the Company's property, plant and equipment of RM145.1 million. This resulted in an increase in PBT from RM53.9 million in the preceding year to RM211.5 million in the current financial year.

The Company had announced on 18 May 2016 on the Kuala Lumpur Administrator's intention to hold a land inquiry pertaining to the said compulsory acquisition for "Projek Mass Rapid Transit" ("MRT Project"). The Company had accepted and received the award of compensation of RM166.0 million.

Segment Information

Consumer Business

Revenue in Consumer Business segment grew by 2.5% in the financial year under review from RM297.8 million in the preceding year to RM305.3 million. Segmental profit increased from RM27.9 million in the preceding year to RM34.9 million due to higher sales, and lower advertising and promotional expenses.

Industrial Business

Increase in the Industrial Business segment revenue was due to higher sales volume and stronger USD. This resulted in a higher segmental profit of RM26.2 million in the financial year under review against RM21.8 million in the preceding year.

Financial Condition

Total Assets and Total Net Assets in the current financial year increased as compared to the preceding year mainly due to the receipt of proceeds from the compulsory acquisition for the MRT Project.

Net cash provided by operating activities was RM54.6 million as compared to RM58.7 million in the preceding year. Net cash used for investing activities was RM67.4 million as compared to RM9.9 million in the preceding year. Cash outflow for financing activities was RM20.5 million as compared to RM12.2 million in the preceding year due to the increase in dividend payment for the current financial year.

Dividend

The Board of Directors continues the policy of stable and sustainable dividend payout to shareholders. The Directors have proposed a first and final single-tier dividend of 42.0 sen per ordinary share, which is subject to approval by shareholders at the forthcoming Annual General Meeting.

In addition, the Directors have also proposed a special one-off single-tier dividend of 113.0 sen per ordinary share, which is subject to approval by shareholders at the forthcoming Extraordinary General Meeting.

Management Discussion & Analysis

(cont'd.)

Operational Risk

(1) Risks Related to the Operating Environment

Impact of Exchange Rate Fluctuations

In the current financial year, sales to customers in regions other than Malaysia were RM168.3 million. However, the Company imports its raw materials from some other countries and hence, the exchange rate fluctuations could have an impact on business results.

Occurrence of Unforeseen Adverse Economic or Political Factors

The Company conducts business globally, and various potential economic, political and legal impediments overseas such as political instability could have an adverse impact on business results.

Impact of Price Fluctuations for Raw Materials and Fuels

The prices of certain raw materials and energy resources used by the Company are likely to fluctuate according to market conditions. Cases where higher manufacturing costs resulting from significant raw material and fuel price increase cannot be absorbed through cost reductions by our efforts, or situations where higher costs cannot be reflected in our unit prices, could have an adverse impact on business results.

(2) Risks Related to Business Activities

Matters Affecting Food Safety

The Company makes extensive efforts to maintain the reliability and safety on which its business foundations are built. The possibility remains, however, that some new universal issues affecting food quality may arise, or some problems may arise in areas beyond our efforts, and such events could have an adverse impact on business results.

(3) Laws and Regulations, Litigation, etc.

Impact of Laws, Regulations and Other Rules

As the Company conducts business on a global basis, it endeavors to comply with all laws, regulations and other rules within Malaysia and overseas relating to food sanitation, intellectual property, the environment and recycling, permission to operate, import and export, foreign exchange and foreign trade control, and various tax-related laws. In these areas, the Company also makes every possible effort to secure its rights through legal means. The possibility exists, however, that legal changes may be introduced that cannot currently be foreseen, and that risks may arise due to the diversity of interpretations of laws. Complying with any such changes may restrict the Company's operations and could have an impact on business results.

Outlook

The financial year ahead looks set to be positive premised upon expectations of improving the continued stable growth domestic demand in Malaysia and the global economy. However, we are continuously surrounded by some downside risk factors, such as the fluctuation of exchange rate and so on.

Within this environment, Ajinomoto (Malaysia) Berhad is aiming to achieve strong growth in sales and profit through our activities.

Regarding Consumer Business, we expand the sales of our main product AJI-NO-MOTO® in both domestic and export market. Besides, we enhance the sales of TUMIX® (Flavor seasoning) and SERI AJI® (Menu specific seasoning) to be major tier of the Company near future.

As for Industrial Business, the major product TENCHO will continuously grow in its market and contribute to our profit.

We will continue to work efficiently to increase our profit and cash flow.

Ajinomoto (Malaysia) Berhad continuously contributes to society, which links to the creation of economic value and growth by contributing to the resolution of social issues related to healthy living, global sustainability and food resources. All these efforts are referring to the Ajinomoto Group Shared Value (ASV) initiatives to create value together with local community through our valuable products and services. Further contribution for the joyful and healthier food life of customers is set as our direction in the future.

In 2017, the 29th Southeast Asian Games ("SEA Games") and the 9th ASEAN Para Games are scheduled to be held in Kuala Lumpur, Malaysia, in August and September. Ajinomoto Co. Inc. has become the first Japanese company that sponsors these events, commemorating the 60th anniversary of the establishment of diplomatic relations between Japan and Malaysia, and on occasion of the Malaysia's 60th Diamond Jubilee of national independence. Ajinomoto Group is delighted to contribute towards the success of the 29th SEA Games in marking the good Malaysia-Japan relationship for the past 60 years and look forward to maintaining the intimate international relationship between both countries in the future.

DIRECTOR'S PROFILE



**General Tan Sri (Dr.) Dato' Paduka
Mohamed Hashim bin Mohd. Ali (Rtd)**
Chairman, Independent Non-Executive Director
82 years old - Malaysian
Male

General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd. Ali (Rtd) 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 (5) Board meetings held in the financial year.

He holds a Diploma In Advance Business Management from the Harvard Business School. He was conferred the Honorary Doctorate by the University of Salford, United Kingdom in January 1999 and the Honorary Doctorate by the Malaysian National Defence University in October 2012. He is also a member of the Selangor Royal Court (Ahli Dewan DiRaja Selangor) since 1 January 2005.

Prior to his entry into the corporate world, General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim Bin Mohd Ali (Rtd) was the Chief of the Defence Forces in the Malaysian Armed Forces where he chalked up 40 years of dedicated service. During his tenure in the Malaysian Armed Forces, he had initiated the re-organisation and modernization of the Army.

He is the Chairman of Datasonic Group Berhad and Director of Mines Excellence Golf Resort Berhad. He is currently the Chairman of the Regional Committee of Glutamate Science Southeast Asia/South Asia, whose member countries are Thailand, Indonesia, Philippines, Vietnam and Malaysia. He is also the Chairman of some private companies namely National Aerospace & Defence Industries Sdn Bhd and Chiyoda Malaysia Sdn Bhd. He also sits on the Board of the Institute of Strategic and International Studies (ISIS Malaysia) as well as some other 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 neither been convicted for any offences within the past five (5) years other than traffic offences, if any, nor received any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Director's Profile (cont'd.)



Tan Sri Dato' (Dr.) Teo Chiang Liang
Independent Non-Executive Director
66 years of age – Malaysian
Male

Tan Sri Dato' (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 four (4) out of the five (5) 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, Tan Sri Teo obtained his training from The Chartered Bank and Pillar Naco Ltd in UK. Since 1975, he joined and served the See Hoy Chan Holdings Group, a well diversified group of companies, at different levels of management. In 1990, he was awarded the Certificate in General Insurance by The Malaysian Insurance Institute.

Tan Sri Teo was elected Secretary General of the Malaysian Association of Private Colleges & Universities from 1997 to March 2003 and is currently its Deputy Secretary-General.

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 Tan Sri Teo as Professor of the University and awarded an honorary degree of Doctor of Business Administration to him in 2001. In 2006, Tan Sri Teo was elected as an Exco member of the Malaysian Crime Prevention Foundation. Tan Sri Teo was an Independent Non-Executive Director of RHB Capital Berhad from 20 May 2010 to 12 May 2016 and RHB Insurance Berhad from 4 May 2010 to 3 August 2015.

Tan Sri Teo does not hold directorships in other public companies and listed issuers. 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 neither been convicted for any offences within the past five (5) years other than for traffic offences, if any, nor received any public sanction or penalty imposed by regulatory bodies during the financial year.



Naoko Yamamoto
Managing Director, Chief Executive Officer
50 years of age - Japanese
Female

Ms. Yamamoto was appointed as Managing Director/ Chief Executive Officer on 1 July 2017, and hence, she did not attend any of the Board meetings held in the financial year.

Ms. Yamamoto graduated from Waseda University with a Bachelor Degree in Political Science and Economics in March 1991.

She joined Ajinomoto Co., Inc. Japan in 1991 and began her career with the Fukuoka Branch and has held various positions in Japan and Overseas within the Ajinomoto Group of Companies.

She does not hold directorships in other public companies and listed issuers. She has no conflict of interest with the Company or any family relationship with any other Director or shareholder of the Company. She has also neither been convicted for any offences within the past five (5) years other than for traffic offences, if any, nor received any public sanction or penalty imposed by regulatory bodies during the financial year.

Director's Profile (cont'd.)



Yukiko Nishioka
Executive Director, Chief Finance Officer
 42 years of age – Japanese
 Female

Ms. Nishioka was appointed to the Board of Ajinomoto (Malaysia) Berhad on 1 July 2016. She attended all three (3) Board Meetings held since her appointment to the Board.

She graduated from the Department of Law, Keio University, Japan in 1997 and obtained a USCPA in year 2010.

She joined Ajinomoto Co., Inc. Japan in 2002 and began her career in Head Quarters, Finance Department Financial Affairs and has served in various capacities in Head Office.

She does not hold directorships in other public companies and listed issuers. She has no conflict of interest with the Company or any family relationship with any other Director or shareholder of the Company. She has also neither been convicted for any offences within the past five (5) years other than for traffic offences, if any, nor received any public sanction or penalty imposed by regulatory bodies during the financial year.



Koay Kah Ee
Senior Independent Non-Executive Director
 58 years of age – Malaysian
 Male

Mr. Koay was appointed to the Board of Ajinomoto (Malaysia) Berhad on 15 November 2007. He is a member of the Audit Committee. He was appointed as Chairman of the Nomination Committee and Senior Independent Non-Executive Director on 28 May 2013. He attended all five (5) Board meetings held in the financial year.

He holds a Master in Business Administration from University of Strathclyde, United Kingdom ("UK"). He is a fellow member of Chartered Institute of Management Accountants (CIMA), UK, fellow member of the Australian Certified Practising Accountants (CPA Australia), Chartered Accountant (CA) of the Malaysia Institute of Accountants, member of Chartered Global Management Accountants (CGMA), member of the Employer panel of Industrial Court Malaysia and a CIMA Global Membership Assessor.

He is currently the Group Finance Director of a public company listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). He also sits on the Board of JF Technology Berhad, a company listed on the ACE Market of Bursa Securities.

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 neither been convicted for any offences within the past five (5) years other than for traffic offences, if any, nor received any public sanction or penalty imposed by regulatory bodies during the financial year.

Director's Profile (cont'd.)



Dominic Aw Kian-Wee
Independent Non-Executive Director
46 years of age – Malaysian
Male

Mr. Aw was appointed to the Board of Ajinomoto (Malaysia) Berhad on 10 August 2010. He is a member of the Audit Committee, Nomination Committee and Remuneration Committee. He attended four (4) out of five (5) Board meetings held in the financial year.

Mr. Aw holds a Bachelor of Law (Hons) degree from the University of Hull, North Humberside, England and a Barrister-at-Law (Middle Temple) from the University of Westminster, London, England.

He was a partner of Mazlan & Associates from 2003 to 2015 and has over 19 years of working experience as an advocate and solicitor.

He also sits on the Board of Dolomite Corporation Berhad and Perusahaan Sadur Timah Malaysia (Perstima) 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 neither been convicted for any offences within the past five (5) years other than for traffic offences, if any, nor received any public sanction or penalty imposed by regulatory bodies during the financial year.



Dato' Setia Ramli bin Mahmud
Independent Non-Executive Director
63 years of age – Malaysian
Male

Dato' Setia Ramli was appointed to the Board of Ajinomoto (Malaysia) Berhad on 1 April 2011. He is a member of the Audit Committee and Nomination Committee. He attended four (4) out of the five (5) Board meetings held in the financial year.

Graduated with a Bachelor of Arts (Honours) degree from University Malaya in 1978 and Diploma from National Institute of Public Administration in Public Management, Certificate in Local Government Finance from University of Birmingham, UK., MBA from University of Stirling Scotland, UK., Chevening Fellowship program in Public Sector Reform from University of Bradford, UK.

He had served the Malaysian Government for over thirty years. He began his civil service career in Ministry of Home Affairs and held various positions in the Federal and Selangor State Governments. He also served as a Director of Malaysia External Trade Development (MATRADE) in Tokyo, District Officer of Gombak District, President of Majlis Perbandaran Ampang Jaya and Mayor of Shah Alam. He had also held the position of the Selangor State Secretary. He is currently the Chairman of Perbadanan Wakaf Selangor.

He does not hold directorships in other public companies and listed issuers. 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 neither been convicted for any offences within the past five (5) years other than for traffic offences, if any, nor received any public sanction or penalty imposed by regulatory bodies during the financial year.

Director's Profile (cont'd.)



Kamarudin bin Rasid
Executive Director
56 years of age - Malaysian
Male

En Kamarudin was appointed to the Board of Ajinomoto (Malaysia) Berhad on 1 June 2012. He attended all five (5) Board meetings held in the financial year.

En Kamarudin graduated with a Degree in Food Science and Technology from University Putra of Malaysia in 1986.

He joined the Technical Department of Ajinomoto (Malaysia) Berhad in 1987. Over the years he moved up the corporate ladder and served under various capacities.

He does not hold directorships in other public companies and listed issuers. 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 neither been convicted for any offences within the past five (5) years other than for traffic offences, if any, nor received any public sanction or penalty imposed by regulatory bodies during the financial year.



Azharudin bin Ab Ghani
Executive Director
53 years of age – Malaysian
Male

En Azharudin was appointed to the Board of Ajinomoto (Malaysia) Berhad on 1 June 2013. He attended all five (5) Board meetings held in the financial year.

En Azharudin graduated from the National University of Malaysia with a Bachelor of Science (Microbiology) in 1985.

He joined the Production Department of Ajinomoto (Malaysia) Berhad in 1985. Over the years he moved up the corporate ladder and served under various capacities.

He does not hold directorships in other public companies and listed issuers. 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 neither been convicted for any offences within the five (5) years other than for traffic offences, if any, nor received any public sanction or penalty imposed by regulatory bodies during the financial year.

Director's Profile (cont'd.)



Kinji Yamashita
Executive Director
41 years of age - Japanese
Male

Mr. Yamashita was appointed to the Board of Ajinomoto (Malaysia) Berhad on 1 July 2017, and hence, he did not attend any of the Board meetings held in the financial year.

He graduated from the Department of Food Sciences, University of Shizuoka, Japan in March 1998.

Mr. Yamashita joined Ajinomoto Co., Inc. Japan in 1998 and began his career in Kawasaki factory and has served in various capacities in Head Office.

He does not hold directorships in other public companies and listed issuers. 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 neither been convicted for any offences within the past five (5) years other than for traffic offences, if any, nor received any public sanction or penalty imposed by regulatory bodies during the financial year.



Hiroki Suzuki
Executive Director
40 years of age - Japanese
Male

Mr. Suzuki was appointed to the Board of Ajinomoto (Malaysia) Berhad on 1 July 2017, and hence, he did not attend any of the Board meeting held in the financial year.

He graduated from the School of Commerce, Waseda University, Japan in March 1999.

Mr. Suzuki joined Ajinomoto Co., Inc. Japan in 1999 and began his career with the Kyushu branch and has held various positions in Head Office.

He does not hold directorships in other public companies and listed issuers. 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 neither been convicted for any offences within the past five (5) years other than for traffic offences, if any, nor received any public sanction or penalty imposed by regulatory bodies during the financial year.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of the Company (“**the Board**”) recognises the importance of maintaining high standards of corporate governance within the Company as this would serve to protect shareholders’ value while at the same time preserving the interests of the Company’s other stakeholders. The Board understand that this is not just through achieving the desired financial performance but also through being ethical and sustainable.

The Board is committed to its policy of managing the affairs of the Company with transparency, accountability and integrity by ensuring that a sound framework of best corporate governance practices is in place and thus discharging its responsibility towards protecting and enhancing long-term shareholders’ value and investors’ interest.

The application of the Malaysian Code on Corporate Governance 2012 (“**MCCG 2012**”) to the Company’s particular circumstances throughout the financial year ended 31 March 2017, having regard to the Recommendations stated under each Principle of the MCCG 2012, is reported hereunder as required under paragraph 15.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) (“**MainLR**”). Where the Company has not followed any Recommendation, intends to take steps or has taken steps to follow such Recommendation, or intends to establish or has established an alternative approach, a statement to that effect, together with the reasons, where applicable, is also reported hereunder.

Principle 1: Establish clear roles and responsibilities

1.1 Establish clear functions reserved for the Board and those delegated to management

The Board has established clear functions reserved for the Board and those delegated to management. The respective roles and responsibilities of the Board and management are clearly set out in the Board Charter and understood to ensure accountability of both parties. This allocation of responsibilities reflects the dynamic nature of the relationship necessary for the Company to adapt to changing circumstances. Key matters such as approval of annual and interim results, acquisitions and disposals, as well as material agreements are reserved for the Board, while a capable and experienced management team is put in charge to oversee the day-to-day operations of the Company.

The three (3) Board Committees i.e., Audit Committee (“**AC**”), Nomination Committee (“**NC**”), and Remuneration Committee (“**RC**”), are entrusted with specific responsibilities to assist the Board in overseeing the Company’s affairs, in accordance with their limits of authority and respective Terms of References (“**TOR**”). These TOR are reviewed as and when the need arises, and were amended during the year to reflect the latest compliance requirement as a result of changes in the regulatory framework. The Board keeps itself abreast of the responsibilities delegated to each Board Committee, and matters deliberated at each Board Committee meeting through the minutes of the Board Committee meetings and reports from the respective Board Committee chairmen, which are presented to the Board during Board meetings at the appropriate regular intervals.

The descriptions for the respective functions of the Board and the Managing Director/Chief Executive Officer, as well as the Company’s corporate objectives to be met by the Managing Director/Chief Executive Officer, are developed by the Board together with the Managing Director/Chief Executive Officer.

1.2 Establish clear roles and responsibilities in discharging the Board’s fiduciary and leadership functions

- **Review and adopt a strategic plan for the Company**

The Board undertakes to play an active role in reviewing and adopting the Company’s strategic plans by reviewing, discussing at length, and approving any of the management’s proposal on a strategic plan for the Company when the same is presented by the management.

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

In addition, as the non-executive board members are not involved in the day-to-day management of the Company’s business, the Board as a whole is able to bring about objective judgements and advice drawing from their respective knowledge, expertise and experience, and ensure that the management has taken into account all appropriate considerations in establishing any strategic plans for the Company.

Corporate Governance Statement (cont'd.)

Principle 1: Establish clear roles and responsibilities (continued)

1.2 Establish clear roles and responsibilities in discharging the Board's fiduciary and leadership functions (continued)

- **Review and adopt a strategic plan for the Company (continued)**

Responsibility is vested in the non-executive directors of the Company to ensure that the policies and strategies proposed by management are fully discussed and critically examined, not only against the best long-term interests of the Company and its shareholders, but also to ensure that management takes proper account of the interests of employees, customers, suppliers and the communities within which the Company is represented. The presence of the non-executive directors is essential to provide unbiased and independent views, advice and judgement, as well as to safeguard the interest of all stakeholders.

In February of every year, the Board will discuss and approve the budget for the ensuing financial year at a Board Meeting.

- **Oversee the conduct of the Company's business**

The Board ensures it oversees the performance of management to determine whether the business is being properly managed. The Managing Director/Chief Executive Officer is tasked with the responsibility to keep the Board informed on all matters which may materially affect the Company and its business. As the Managing Director/Chief Executive Officer is accountable to the Board for the achievement of the Company's goals and the observance of management's limitations, the Managing Director/Chief Executive Officer periodically reports to the Board on all operational matters necessary.

- **Identify principal risks and ensure implementation of appropriate internal controls and mitigation measures**

The Board recognises the importance of managing risks and maintaining a sound system of internal controls which cover risk management, financial, organisational, operational and compliance controls. The Board has delegated the implementation and monitoring of the internal control system to the management and has appointed independent consultants to carry out the internal audit functions. The AC assists the Board in overseeing this function.

- **Succession planning**

The NC is delegated with the responsibility to review Board and senior management succession plans. With this, the NC assesses and recommends to the Board candidates for directorships and nominees to fill the seats on Board Committees in line with the TOR of the NC. Where there are key management positions to be filled, the Board will also discuss on the same to ensure that the candidates appointed or employed are of sufficient calibre.

Some of the candidates for key senior management / Executive director positions are guided and nominated by Ajinomoto Co. Inc. ("AjiCo") being the major shareholder and head office, and hence, there is an orderly succession of most key senior management positions. Although AjiCo nominates candidates to hold such positions on a rotational basis every few years, the NC and the Board will also review and discuss to ensure that the candidates are of sufficient calibre, providing advice and suggestions, if required.

- **Oversee development and implementation of a shareholder communications policy for the Company**

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 <http://www.ajinomoto.com.my>. Shareholders and investors are also able to access the latest corporate, financial and market information of the Company via Bursa Malaysia's website at <http://www.bursamalaysia.com>.

- **Review adequacy and integrity of the management information and internal controls system of the Company**

The Board acknowledges its responsibility and accountability for reviewing the adequacy and integrity of the management information and internal controls systems. Information on the Company's internal control system is presented in the Statement on Risk Management and Internal Control of this Annual Report.

Corporate Governance Statement (cont'd.)

Principle 1: Establish clear roles and responsibilities (continued)

1.3 Formalise ethical standards through a code of conduct and ensure its compliance

Code of Conduct

The Board is committed in maintaining a corporate culture which engenders ethical conduct. Ethical standards are formalised through the Company's Code of Conduct, which summarises what the Company must endeavour to do proactively in order to increase corporate value, and which describes the areas in daily activities that require caution in order to minimise any risks that may occur.

The summarised Code of Conduct is available for reference at the Company Secretaries' office at Securities Services (Holdings) Sdn. Bhd., at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, 50490 Kuala Lumpur during normal business hours.

Whistleblowing Policy

The Board also has a separate Whistleblowing Policy stating the appropriate communication and feedback channels to facilitate whistleblowing.

1.4 Ensure that the Company's strategies promote sustainability

The Board ensures that the Company's strategies promote sustainability with attention given particularly to environmental, social and governance ("ESG") aspects of business which underpin sustainability. The Board understands that balancing ESG aspects with the interests of various stakeholders is essential to enhancing investor perception and public trust. Disclosures on corporate responsibility are presented under 'Corporate Responsibility' of this Annual Report and also published on the Company's website at <http://www.ajinomoto.com.my>.

1.5 Have procedures to allow Board members access to information and advice

The Board has unrestricted access to all information within the Company, whether as a full Board or in their individual capacity, as supplied by the management in a timely manner in order for the Board to discharge its responsibilities. 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 meetings, the management provides further detailed information and clarification on issues raised by members of the Board.

The Board may also obtain independent professional advice at the Company's expense in furtherance of its duties. Wherever necessary, consultants and experts are invited to brief the Board on their areas of expertise or their reports.

1.6 Ensure the Board is supported by suitably qualified and competent company secretaries

The Board has access to the advice and services of the Company Secretaries who are suitably qualified under Section 139A of the Companies Act 1965 or Section 235(2)(a) of the Companies Act 2016 ("the Act"), and are Fellow members of the Malaysian Association of the Institute of Chartered Secretaries and Administrators ("MAICSA"). The Company Secretaries are external company secretaries from Securities Services (Holdings) Sdn. Bhd. with vast knowledge and experience from being in public practice and is supported by a dedicated team of company secretarial personnel.

The Company Secretaries support the Board to ensure its effective functioning, and in managing the corporate governance framework of the Company. The Company Secretaries also advise the Directors on their fiduciary and statutory duties, as well as compliances with company law, the MainLR, the Company's Memorandum and Articles of Association, the MCCG 2012, Board adopted policies, and other pertinent regulations governing the Company, including guiding the Board towards the necessary compliances, as and when necessary.

The Company Secretaries attended the 2016 Annual General Meeting ("AGM") and at least one (1) Company Secretary attends all Board and Board committee meetings during the year. All deliberations at the AGM and all Board and Board committee meetings are well minuted for the Board's reference and for action plans to be communicated to the Management to work on and to report back to the Board. The Board is also updated on the Directors' Resolutions in Writing passed, Directors' dealings pursuant to Chapter 14 of the MainLR, announcements made to Bursa Securities and circulars or correspondences from Bursa Malaysia Berhad, at every scheduled Board meeting during the year. The Company Secretaries also update the Board on changes in the regulatory requirements.

Corporate Governance Statement (cont'd.)

Principle 1: Establish clear roles and responsibilities (continued)

1.6 Ensure the Board is supported by suitably qualified and competent company secretaries (continued)

The Company Secretaries had and will continue to constantly keep themselves abreast on matters concerning company law, the capital market, corporate governance, and other pertinent matters, and with changes in the same regulatory environment, through continuous training and industry updates. They have also attended many relevant continuous professional development programmes as required by MAICSA for practicing chartered secretaries.

The Board is satisfied with the performance and support rendered by the Company Secretaries.

1.7 Formalise, periodically review and make public the Board Charter

The Board Charter adopted by the Board sets out the Board's strategic intent and outlines the Board's roles and responsibilities, providing insights and guidance to the Board and the management concerning their division of responsibilities, and processes and procedures for convening Board meetings.

The Board periodically reviews the Board Charter to ensure its relevance.

The Board Charter is available for reference at the Company Secretaries' office at Securities Services (Holdings) Sdn. Bhd, Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur during normal business hours.

Principle 2: Strengthen composition

2.1 Establish a NC which should comprise exclusively of non-executive directors, a majority of whom must be independent

The NC was established with clearly defined TOR, and comprises five (5) non-executive directors, all of whom are independent, during the financial year ended 31 March 2017 as follows:-

- Mr. Koay Kah Ee (Chairman, Senior Independent Non-Executive Director)
- General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd. Ali (Rtd) (Independent Non-Executive Director)
- Tan Sri Dato' (Dr.) Teo Chiang Liang (Independent Non-Executive Director)
- Mr. Dominic Aw Kian-Wee (Independent Non-Executive Director)
- Dato' Setia Ramli bin Mahmud (Independent Non-Executive Director)

The NC had two (2) meetings during the financial year ended 31 March 2017.

The NC is charged with the responsibility to assess new candidates to the Board, if necessary, and to review the structure, size and composition of the Board. The NC is satisfied with the size of the Company's Board and that there is appropriate mix of knowledge, skills, attributes and core competencies in the composition of the Board during the financial year ended 31 March 2017.

The Chairman of the NC is Mr. Koay Kah Ee, who is also the Senior Independent Non-Executive Director identified by the Board to whom concerns may be conveyed by shareholders and the general public.

The activities of the NC in the discharge of its duties during the financial year ended 31 March 2017 are as follows:-

- a. Reviewed the profile and nomination of a new Board member;
- b. Assessed the independence of independent directors;
- c. Reviewed the contribution and performance of each individual director, the Board as a whole and Board Committees;
- d. Reviewed and recommended the re-election and re-appointment of directors to the Board for recommendation to the shareholders for approval;

Corporate Governance Statement (cont'd.)

Principle 2: Strengthen composition (continued)

2.1 Establish a NC which should comprise exclusively of non-executive directors, a majority of whom must be independent (continued)

- e. Reviewed and recommended the retention of independent directors to the Board for recommendation to the shareholders for approval; and
- f. Reviewed the training programmes for the Board.

In reviewing the profile and nomination of new Board members, the NC takes into consideration the following criteria:-

- Professional expertise, level of experience, competency and background.
- Time commitment and potential to add value to the Board and the Company as a whole.
- Promotion of diversity in views and opinions in the Board.

2.2 Develop, maintain and review the criteria for recruitment and annual assessment of Directors

The NC also assesses the performance of the Board, the Committees of the Board and the Directors of the Company, as well as the training needs of the Board and each Director annually. The assessments are based on criteria developed, maintained and periodically reviewed by the NC and covers the following areas:-

Director's Self/Peer Assessment

- Personal Commitment/Contribution to Interaction
- Understanding of the Company's Activities
- Governing the Company's Operations
- Board Chairman's Role

AC

- Internal Control and Risk Assessment
- Internal Audit
- External Audit
- Related Party Transactions

NC and RC

- Composition of Members
- Contribution of Members
- Chairperson
- Duties and Responsibilities

All new members to the Board are nominated and elected based on the profile and curriculum vitae and the matching of skills and expertise against the needs of the Company. All new members appointed will be given an induction and the appropriate orientation and training necessary for the discharge of their duties.

Any director appointed during the year is required under the Company's Articles of Association ("AA") to retire and seek re-election by shareholders at the following Annual General Meeting ("AGM") immediately after his/her appointment. As Ms. Naoko Yamamoto ("Ms. Yamamoto"), Mr. Hiroki Suzuki ("Mr. Suzuki") and Mr. Kinji Yamashita ("Mr. Yamashita") were appointed after the preceding year's AGM, they will be retiring from office at the forthcoming Fifty-Sixth AGM, but would be eligible for re-election.

The AA also provides that one third (1/3) of the Directors shall retire by rotation at each AGM 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. In this respect, the Directors to retire by rotation from office at the forthcoming Fifty-Sixth AGM are Tan Sri Dato' (Dr.) Teo Chiang Liang and Mr. Dominic Aw Kian-Wee.

In addition, General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd. Ali (Rtd), whose term of office would end at the conclusion of the forthcoming Fifty-Sixth AGM pursuant to the resolution passed at the last AGM held on 26 September 2016, will be seeking for re-appointment at the forthcoming Fifty-Sixth AGM.

Corporate Governance Statement (cont'd.)

Principle 2: Strengthen composition (continued)

2.3 Establish formal and transparent remuneration policies and procedures to attract and retain directors

The RC was set up with clearly defined TOR, and comprised one (1) executive director and three (3) non-executive directors during the financial year ended 31 March 2017, as follows:-

- General Tan Sri (Dr.) Dato' Paduka (Chairman, Independent Non- Executive Director)
Mohamed Hashim bin Mohd. Ali (Rtd)
- Tan Sri Dato' (Dr.) Teo Chiang Liang (Independent Non-Executive Director)
- Mr. Keiji Kaneko (resigned on 30 June 2017) (Managing Director/ Chief Executive Officer)
- Mr. Dominic Aw Kian-Wee (Independent Non-Executive Director)

The Board has adopted Ajinomoto's Group Remuneration Policy and AjiCo's recommendations to set the remuneration of its executive directors. The compensation system takes into account the performance of each executive director and the competitive environment in which the Group operates. The executive directors take no part in deciding their own remuneration.

The primary function of the RC is to set up the policy framework and to recommend to the Board the remuneration of the executive directors to ensure the remuneration is sufficiently attractive to retain and motivate the executive directors to run the Company successfully. The determination of the remuneration for the non-executive directors will be a matter of the Board as a whole with the director concerned abstaining from all deliberations and voting in respect of his individual remuneration.

The RC may meet at least once a year or more frequently as deemed necessary. The RC had two (2) meetings during the financial year ended 31 March 2017.

The aggregate remuneration of the Directors for the financial year ended 31 March 2017 is as follows:-

	Executive Directors RM'000	Non-Executive Directors RM'000
Salaries and other emoluments	2,614	145
Fees	150	210
Bonus	426	-
Gratuity	60	84
Defined contribution plan	128	-
Benefit-in-kind	366	39

The number of directors of the Company whose total remuneration during the financial year ended 31 March 2017 fall within the following bands are as follows:-

Band of Remuneration	Executive Directors	Non-Executive Directors
RM50,001 - RM100,000	-	4
RM100,001 - RM150,000	-	-
RM150,001 - RM200,000	-	1
RM200,001 - RM250,000	1	-
RM250,001 - RM300,000	-	-
RM300,001 - RM350,000	-	-
RM350,001 - RM400,000	-	-
RM400,001 - RM450,000	2	-
RM450,001 - RM500,000	1	-
RM500,001 - RM550,000	-	-
RM550,001 - RM600,000	-	-
RM600,001 - RM650,000	-	-
RM650,001 - RM700,000	-	-
RM700,001 - RM750,000	2	-
RM750,001 - RM800,000	-	-
RM800,001 - RM850,000	1	-

Corporate Governance Statement (cont'd.)

Principle 3: Reinforce independence

3.1 Undertake and assessment of independent directors annually

The Board is committed in undertaking an assessment of its independent directors annually and assesses the independence of its independent directors based on the criteria developed by the NC, which focuses beyond the independent director's background, economic and family relationships, and applies these criteria upon admission, annually and when any new interest or relationship develops.

3.2 Re-designate an independent director of more than nine (9) years as a non-independent director

The Board is aware that the tenure of an independent director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the Board as a non-independent director. In the event the Board wishes to retain such director as an independent director, the Board will seek shareholders' approval.

3.3 Justify and seek shareholders' approval to retain an independent director of more than nine (9) years in the same capacity

General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd. Ali (Rtd), Tan Sri Dato' (Dr.) Teo Chiang Liang and Mr. Koay Kah Ee are the three (3) independent directors who had served on the Board for more than nine (9) years and accordingly, the Board had sought shareholders' approval at the preceding AGM held on 26 September 2016 to retain them as independent directors. The shareholders had approved the retention.

The Board, with the assessment of the NC, is recommending to the shareholders again at the forthcoming Fifty-Sixth AGM to approve the retention of General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd. Ali (Rtd), Tan Sri Dato' (Dr.) Teo Chiang Liang and Mr. Koay Kah Ee as independent directors for the ensuing year. Details of the assessment are disclosed in the Notice of the Fifty-Sixth AGM enclosed in this Annual Report.

3.4 Positions of the Chairman of the Board and Managing Director/Chief Executive Officer should be held by different individuals

The roles of the Chairman of the Board and Managing Director/Chief Executive Officer are separate and each has a clear accepted division of responsibilities to ensure that there is a balance of power and authority to promote accountability. The Chairman is responsible for ensuring Board effectiveness and conduct, leading the Board in the oversight of management, whilst the Managing Director/Chief Executive Officer has overall responsibilities over the Company's operating units, organisational effectiveness and implementation of Board policies and decisions on a day-to-day basis.

3.5 Board Composition

The Board currently comprises six (6) Executive Directors and five (5) Independent Non-Executive Directors. The composition of the Board complies with Paragraph 15.02 of the MainLR, which stipulates that the Company must ensure that at least two (2) directors or 1/3 of the Board, whichever is the higher, are independent directors. Further, as the Chairman of the Board is independent, the Chairman can provide strong leadership by being able to marshal the Board's priorities more objectively.

Principle 4: Foster commitment

4.1 Set out expectations on time commitment and protocols for accepting new directorships

Each member of the Board is expected to devote sufficient time and attention to the affairs of the Company. Any Director is, while holding office, at liberty to accept other Board appointment(s) in other companies so long as the appointment is not in conflict with the Company's business and does not affect the discharge of his duty as a Director of the Company. Each Board member is expected to achieve at least 50% attendance of total Board Meetings in any applicable financial year with appropriate leave of absence be notified to the Chairman of the Board and/or Company Secretary, where applicable.

Prior to the acceptance of new Board appointment(s) in other companies, the Directors are to notify the Chairman of the Board and/or the Company Secretary in writing. The said notification should include an indication of time that will be spent on the new appointment.

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.

Corporate Governance Statement (cont'd.)

Principle 4: Foster commitment (continued)

4.1 Set out expectations on time commitment and protocols for accepting new directorships (continued)

The number of Board meetings held during the financial year ended 31 March 2017 and each Director's attendance at the meetings were as follows:-

Directors	No. of Meetings Attended by the Directors in respect of the Financial Year Ended 31 March 2017*	Attendance (%)
Executive Directors		
Mr. Keiji Kaneko (<i>Managing Director/Chief Executive Officer</i>)	5/5	100
Ms. Yukiko Nishioka (<i>Chief Finance Officer</i>) (<i>appointed w.e.f. 1 July 2016</i>)	3/3	100
Encik Kamarudin bin Rasid	5/5	100
Encik Azharudin bin Ab Ghani	5/5	100
Mr. Motohiro Komase	5/5	100
Dr. Masata Mitsuiki	5/5	100
Non-Executive Directors		
General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd. Ali (Rtd) (<i>Chairman</i>)	5/5	100
Tan Sri Dato' (Dr.) Teo Chiang Liang	4/5	80
Mr. Koay Kah Ee	5/5	100
Mr. Dominic Aw Kian-Wee	4/5	80
Dato' Setia Ramli bin Mahmud	4/5	80

Note

* There were five (5) Board meetings held during the financial year ended 31 March 2017. The meetings were held on 24 May 2016, 29 June 2016, 24 August 2016, 23 November 2016 and 27 February 2017.

Board meetings for each calendar year are scheduled well ahead so that the Directors can plan accordingly and fit the Board meetings into their respective schedules.

4.2 Ensure Board members have access to appropriate continuing education programmes

All the Directors of the Company have attended the Mandatory Accreditation Programme prescribed by Bursa Securities for directors of public listed companies except for Ms. Naoko Yamamoto, Mr. Kinji Yamashita and Mr. Hiroki Suzuki who were appointed on 1 July 2017. In addition, all the Directors as at 31 March 2017 have attended trainings during the financial year ended 31 March 2017 as part of their continuous training in compliance with Paragraph 15.08 of the MainLR.

The trainings/programmes attend by the relevant directors during the financial year ended 31 March 2017 include:-

Director	Training	Date
General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd. Ali (Rtd)	(a) Companies Bill, 2015 (DGB)	27 July 2016
	(b) Sustainability Forum for Directors/ Chief Executive Officer (DGB)	10 January 2017
	(c) Blue Ocean Strategy and Risk	22 March 2017
Tan Sri Dato' (Dr.) Teo Chiang Liang	(a) Blue Ocean Strategy and Risk	22 March 2017

Corporate Governance Statement (cont'd.)

Principle 4: Foster commitment (continued)

4.2 Ensure Board members have access to appropriate continuing education programmes (continued)

Director	Training	Date
Keiji Kaneko	(a) The Role of Corporate Asean in Driving the sustainable Development Goals	27 April 2016
	(b) Future of Auditor Reporting – The Game Changer for Boardroom	27 June 2016
	(c) Advocacy Sessions on Management Discussion & Analysis for Chief Executive Officer and Chief Financial Officer	16 August 2016
	(d) How to Handle Tricky Media Questions, and Turn Media Conferences and Interviews to Your Advantage	12 January 2017
	(e) Blue Ocean Strategy and Risk	22 March 2017
Yukiko Nishioka	(a) Advocacy Sessions on Management Discussion & Analysis for Chief Executive Officer and Chief Financial Officer	8 August 2016
	(b) Mandatory Accreditation Programme for Directors of Public Listed Companies	7 and 8 September 2016
	(c) Blue Ocean Strategy and Risk	22 March 2017
Koay Kah Ee	(a) The Essence of Independence	29 September 2016
	(b) Introduction to Companies Act 2016	28 December 2016
	(c) Talk on 2017 Economic Outlook	12 January 2017
	(d) Blue Ocean Strategy and Risk	22 March 2017
Dominic Aw Kian-Wee	(a) Companies Act 2016	25 January 2017
	(b) Blue Ocean Strategy and Risk	22 March 2017
Dato' Setia Ramli bin Mahmud	(a) Blue Ocean Strategy and Risk	22 March 2017
Kamarudin bin Rasid	(a) Blue Ocean Strategy and Risk	22 March 2017
Azharudin bin Ab Ghani	(a) Blue Ocean Strategy and Risk	22 March 2017
Motohiro Komase	(a) Blue Ocean Strategy and Risk	22 March 2017
Dr. Masata Mitsui	(a) Blue Ocean Strategy and Risk	22 March 2017

In addition, the Board is briefed at every Board meeting on any significant changes in laws and regulations that are relevant by the Company Secretaries.

The members of the Board will attend various professional programmes necessary to ensure that they are kept abreast on various issues on the changing business environment within which the Company operates. In addition, the Board encourages its Directors to attend talks, workshops, seminars and conferences to update and enhance their skills and to assist them in discharging their responsibilities towards corporate governance, operational and regulatory issues.

Corporate Governance Statement (cont'd.)

Principle 5: Uphold integrity in financial reporting

5.1 Ensure financial statements comply with applicable financial reporting standards

The Board is responsible for ensuring that the quarterly and annual audited financial statements of the Company present a true and fair view and assessment of the Company's financial position, performance and prospects and comply with applicable financial reporting standards.

The AC assists the Board in reviewing and scrutinising the information in terms of accuracy, adequacy and completeness for disclosure to ensure reliability and compliance with applicable financial reporting standards. Mr. Koay Kah Ee, who is a member of the Malaysian Institute of Accountants, together with the other AC members, reviewed the quarterly and annual audited financial statements of the Company prior to recommendation of the same to the Board for approval and submission to Bursa Securities and/or shareholders.

Ms. Yukiko Nishioka, the Chief Finance Officer, had also presented to the AC and the Board detailed presentations on the financial results, including performance against targets/budget.

5.2 Have policies and procedures to assess the suitability and independence of external auditors

The Company's independent external auditors fill an essential role by enhancing the reliability of the Company's annual audited financial statements and giving assurance to stakeholders of the reliability of the annual audited financial statements.

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 AC and the Board.

The AC without the presence of executive Board members and management also meets with the external auditors at least twice during each financial year to exchange free and honest views on issues which the external auditors may wish to discuss in relation to their audit and findings.

Policies governing the circumstances under which contracts for the provision of non-audit services can be entered into and procedures that must be followed by the external auditors are established by the AC. The AC also monitors the independence and qualification of external auditors and obtains written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The suitability and independence of external auditors are assessed annually based on the following key factors in order for the AC to recommend to the Board to recommend to the shareholders the re-appointment of the external auditors for the ensuing year:-

- The adequacy of the experience and resources of the audit firm
- The level and nature of review procedures, the approach to audit judgments and issues, independent quality control reviews and approach to risk
- The adequacy of the scope of the audit plan
- The external auditor's ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the audit plan
- Whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the external auditors
- Whether there are professional and open dialogues between the external auditors and the AC

The AC was of the view that Messrs. Hanafiah Raslan & Mohamad ("HRM") is suitable and independent to be re-appointed for the ensuing year and had recommended the same to the Board of Directors. The Board of Directors, having considered the AC's recommendation and feedback, was satisfied with the suitability and independence of HRM as the external auditors and had recommended their re-appointment to the shareholders for approval at the Fifty-Sixth AGM.

Corporate Governance Statement (cont'd.)

Principle 6: Recognise and manage risks

6.1 Establish a sound framework to manage risks

The Board is committed to determine the Company's level of risk tolerance and to actively identify, assess and monitor key business risks to safeguard shareholders' investments and the Company's assets by monitoring the internal controls in place with the assistance of the AC, the external auditors and the internal auditors, who will report on the effectiveness and efficiency of the internal control processes and procedures periodically to ensure that the system is viable and robust.

Information on the Company's risk management framework and internal control system is presented in the Statement on Risk Management and Internal Control of this Annual Report.

6.2 Establish an internal audit function which reports directly to the AC

The internal audit function is outsourced to a professional firm and reports directly to the AC. The head of the internal audit function or his representative attends the AC meetings quarterly to report to the AC on their findings of the effectiveness of the governance, risk management and internal control processes within the Company.

Principle 7: Ensure timely and high quality disclosure

7.1 Ensure the Company has appropriate corporate disclosure policies and procedures

The Board ensures that all material information and corporate disclosures are discussed with the management prior to dissemination to ensure compliance with the MainLR. In deciding on the necessary disclosures and announcements, the Board is also guided by Bursa Malaysia's corporate disclosure guides as published by Bursa Malaysia from time to time.

7.2 Encourage the Company to leverage on information technology for effective dissemination of information

The Board acknowledges the use of information technology to communicate with its stakeholders. Timely announcements are made through Bursa Link online with regard to the Company's quarterly results, corporate proposals and other required announcements, and the same are also available on the Company's website at <http://www.ajinomoto.com.my>, to ensure effective dissemination of information relating to the Company and that accurate information are provided to the public at large.

Principle 8: Strengthen relationship between company and stakeholders

8.1 Take reasonable steps to encourage shareholder participation at general meetings

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 explanatory notes on the proposed resolutions under Special Business are given to help the shareholders vote on the resolutions.

All Notices of general meetings are served within the minimum prescribed notice period as the Board is of the view that serving of such notices earlier than the minimum notice period does not tantamount to encouragement of shareholder participation.

Also, the Board is of the view that given the circumstances and technology surrounding electronic voting currently, the adoption of electronic voting may not facilitate greater shareholder participation as it is not user-friendly and most shareholders may not be familiar with using such a system. Nonetheless, the Board is committed to disclose all relevant information to shareholders in the Notices and during the meetings to enable them to exercise their rights.

Corporate Governance Statement (cont'd.)

Principle 8: Strengthen relationship between company and stakeholders (continued)

8.2 Encourage poll voting

Paragraph 8.29A of the MainLR requires that any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, is voted by poll for all AGM from 1 July 2016 onwards. The Company had conducting its voting on all resolutions at the 2016 AGM held on 26 September 2016 by electronic polling, as recommended by the MCCG 2012.

8.3 Promote effective communication and proactive engagements with shareholders

The AGM remains the principal forum for dialogue with shareholders where they may seek clarifications on the Company's business and reports. During the AGM, the Managing Director/Chief Executive Officer will present the financial results and the Company's business strategy for the financial year, and the Chairman will open the floor to questions shareholders may have for the Board before receiving the annual audited financial statements. Shareholders are encouraged to meet and communicate with the Board at the AGM and to vote on all resolutions. The Board will respond to any questions raised during general meetings and also share with the shareholders the Company's responses to questions submitted in advance of the AGM by the Minority Shareholder Watchdog Group, if any.

This Statement is made in compliance with Paragraphs 15.25 and 15.08A of the MainLR and approved by the Board on 29 June 2017.

ADDITIONAL COMPLIANCE INFORMATION

1. Utilisation of Proceeds

Not Applicable.

2. Audit and Non-Audit Fees

During the financial year, the amount of audit fees and non-audit fees paid by the Company to the external auditors amounted to RM88,200 and RM44,900 respectively.

3. Material Contracts

There are no material contracts entered into by the Company (not being contracts entered into in the ordinary course of business) involving Directors' and major shareholders' interests which were still subsisting, since the end of the previous financial year.

4. Recurrent Related Party Transactions of Revenue or Trading Nature

The recurrent related party transactions entered into by the Company during the financial year ended 31 March 2017 were as follows:-

- (a) Name of Related Party : Ajinomoto Affiliated Companies
- (b) Relationship : Ajinomoto Co., Inc. ("AjiCo.") is the holding company of the Company and has presence in over 22 countries worldwide through its subsidiaries and affiliated companies wherein it owns direct and indirect shareholdings. This group of companies is referred to as Ajinomoto Affiliated Companies.

Naoko Yamamoto, Yukiko Nishioka, Hiroki Suzuki and Kinji Yamashita who are Executive Directors of the Company, being persons nominated and appointed by AjiCo., are deemed interested in the Proposed Renewal of RRPT Mandate.

- (c) Nature of Transaction and transacted value:-

Nature of Transaction	1 April 2016 to 31 March 2017 RM'000
Commission income	18
Royalties payable	(10,011)
Sales	98,425
Purchases	(168,012)
Purchases of assets	(2,002)
Promotional expenses	(4)
Other expenses	(513)
Shared information technology services	(2,817)

STATEMENT OF DIRECTORS' RESPONSIBILITY

In Relation To The Financial Statements

This statement is prepared as required by the Listing Requirements of 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 the year then ended.

The Directors consider that in preparing the financial statements,

- the Company has used appropriate accounting policies and are consistently applied;
- reasonable and prudent judgements and estimates have been 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 2016.

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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

For the Financial Year Ended 31 March 2017

INTRODUCTION

The Board of Directors (“**the Board**”) of Ajinomoto (Malaysia) Berhad is pleased to present its Statement on Risk Management And Internal Control for the financial year ended 31 March 2017, which has been prepared pursuant to paragraph 15.26(b) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) Main Market Listing Requirements (“**Main LR**”) and in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (“**the Guidelines**”). The statement below outlines the nature and scope of risk management and internal control of the Company during the financial year under review.

BOARD RESPONSIBILITY

The Board acknowledges its responsibility and re-affirms its commitment in maintaining a sound system of internal control to safeguard shareholders’ investments and the Company’s assets as well as reviewing the adequacy and integrity of the system of internal control. The responsibility of reviewing the adequacy and integrity of the Company’s system of internal control is delegated to the Audit Committee, which is empowered by its terms of reference to seek assurance on the adequacy and integrity of the internal control system through independent reviews carried out by the internal audit function.

However, as there are inherent limitations in any system of internal control, such system put into effect by Management can only reduce but cannot eliminate all risks that may impede the achievement of the Company’s business objectives. Therefore, the internal control system can only provide reasonable and not absolute assurance against material misstatement or loss.

KEY FEATURES OF THE COMPANY’S INTERNAL CONTROL SYSTEM

1. CONTROL ENVIRONMENT

- Organisation Structure & Authorisation Procedures

The Company maintains a formal organisation structure with well-defined delegation of responsibilities and accountability within the Company’s Senior Management. It sets out the roles and responsibilities, appropriate authority limits, review and approval procedures in order to enhance the internal control system of the Company’s various operations.

- Periodic and Annual Budget

The Company has a comprehensive budgeting and forecasting system. The annual business plan and budget are approved by the Board and the holding Company. Budgetary control is in place for every operation of the Company, where actual performance is closely monitored against budgets to identify and to address significant variances.

- Company Policies and Procedures

The Company has documented policies and procedures that are regularly reviewed and updated to ensure that it maintains its effectiveness and continues to support the Company’s business activities at all times as the Company continues to grow.

- Human Resource Policy

Comprehensive and rigorous guidelines on employment, performance appraisal, training and retention of employees are in place to ensure that employees of the Company are well trained and equipped with all the necessary knowledge, skills and abilities to carry out their responsibility effectively.

- Quality of Product

Quality of product is of prime importance to the Board. Compliance to procedures outlined in ISO9001:2008 and “Hazard Analysis and Critical Control Point” (HACCP) accreditation to underpin quality assurance and control are strictly adhered to via regular internal and external quality audits.

- Regular Operational and Management Meetings

Monthly operational meetings are conducted among senior management to discuss and review the business plans, budgets, financial and operational performances of the Company. Weekly meetings of Department Heads are also held to monitor performances. The quarterly financial statements containing key financial results and comparisons are tabled to the Board for their review.

Statement On Risk Management And Internal Control (cont'd.) For The Financial Year Ended 31 March 2017

2. RISK MANAGEMENT FRAMEWORK

The Board acknowledges that the Company's business activities involve some degree of risks and key management staff and Heads of Department are responsible for managing identified risks within defined parameters and standards.

The Risk Management Committee which adopts the risk framework from the parent company's Risk Management Guideline System is chaired by the Managing Director/Chief Executive Officer and includes other key management staff. Identifying, evaluating and managing the significant risks faced by the Company is an ongoing process which is undertaken at each department. During the year under review, this process was carried out through periodic management meetings held to communicate and deliberate key issues and risks amongst Management team members and where appropriate, controls are devised and implemented.

The abovementioned practices / initiatives by the Management serves as the ongoing process used to identify, assess and manage key business, operation and financial risks faced by the Company.

Significant risks identified are escalated to the Board for their attention by the Managing Director/Chief Executive Officer. The Board views the key risks which will have significant impact on the Company's results are price increase of key raw materials, fluctuation in foreign currency exchange rates, food safety and regulatory change. Some of the other significant risks that were brought to the attention of the Board during the financial year were short supply of manpower, product quality issue, environmental related issue and computer system operation issue. All of the risks stated above have been mitigated/resolved and are closely monitored.

3. INTERNAL AUDIT FUNCTION

The Company's internal audit function, which is outsourced to a professional service firm, assists the Board and the Audit Committee in providing independent assessment of the adequacy, efficiency and effectiveness of the Company's internal control system. The Internal Auditor reports directly to the Audit Committee and internal audit plans are tabled to the Audit Committee for review and approval to ensure adequate coverage.

On a quarterly basis, the results of the internal audit reviews and the recommendations for improvement are presented to the Audit Committee. In addition, the status of the implementation of corrective actions to address control weaknesses is also followed up by the internal auditors to ensure that these actions have been satisfactorily implemented. Senior Management will continue to ensure that appropriate actions are taken to enhance and strengthen the internal control environment.

Based on the internal audit reviews carried out, none of the weaknesses noted have resulted in any material losses, contingencies or uncertainties that would require separate disclosure in this annual report.

The costs incurred in maintaining the outsourced internal audit function for the financial year ended 31 March 2017 amounted to RM68,504 (financial year ended 31 March 2016: RM76,058).

4. REVIEW BY THE BOARD

The Board's review of risk management and internal control effectiveness is based on information from:-

- Senior Management within the organisation responsible for the development and maintenance of the risk management and internal control system.
- The work by the internal audit function which submits reports to the Audit Committee together with the assessment of the internal controls systems relating to key risks and recommendations for improvement.

The Board considered the system of internal controls described in this statement to be satisfactory and the risks to be at an acceptable level within the context of the Company's business environment.

5. INFORMATION AND COMMUNICATION

Information critical to the achievement of the Company's business objectives are communicated through established reporting lines across the Company. This is to ensure that matters that require the Board and Senior Management's attention are highlighted for review, deliberation and decision on a timely basis.

Statement On Risk Management And Internal Control (cont'd.)

For The Financial Year Ended 31 March 2017

6. REVIEW OF THIS STATEMENT

Pursuant to Paragraph 15.23 of the Main LR, the External Auditors have reviewed this Statement for inclusion in the 2017 Annual Report, and reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the processes adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

7. CONCLUSION

The Board has received assurance from the Managing Director/Chief Executive Officer and Chief Finance Officer that the Company's risk management and internal control systems are operating adequately and effectively, in all material aspects, based on the risk management and internal control systems of the Company. There was no material control failure that would have any material adverse effect on the financial results of the Company for the year under review and up to the date of issuance of the financial statements.

Moving forward, the Company will continue to enhance the existing systems of risk management and internal controls, taking into consideration the changing business environment.

The Board is of the view that the Company's system of internal control is adequate to safeguard shareholders' investments and the Company's assets and has not resulted in any material loss, contingency or uncertainty. The Board has not identified any circumstances which suggest any fundamental deficiencies in the Company's system of internal control. However, the Board is also cognisant of the fact that the Company's system of internal control and risk management practices must continuously evolve to meet the changing and challenging business environment. Therefore, the Board will, when necessary, put in place appropriate action plans to further enhance the system of internal control.

This statement was approved by the Board of Directors on 29 June 2017.

AUDIT COMMITTEE REPORT

INTRODUCTION

The Board of Directors of the Company is pleased to present the report of the Audit Committee for the financial year ended 31 March 2017.

PURPOSE

The Audit Committee assists the Board in carrying out its responsibilities and meeting the corporate governance requirements. It reviews the quarterly financial information before recommending to the Board for adoption and release to Bursa Malaysia Securities Berhad, the Securities Commission and shareholders. In addition to this, the Audit Committee reviews 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 reports of the independent Internal and External Auditors.

COMPOSITION OF THE AUDIT COMMITTEE AND ATTENDANCE OF MEMBERS AT MEETINGS

The composition of the Audit Committee and the attendance of the respective members at each Audit Committee Meeting during the financial year ended 31 March 2017 are as follows:-

Names	Designation	Directorship	Attendance*
Tan Sri Dato' (Dr.) Teo Chiang Liang	Chairman	Independent Non-Executive Director	4/5
General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd. Ali (Rtd)	Member	Independent Non-Executive Director	5/5
Koay Kah Ee	Member	Senior Independent Non-Executive Director	5/5
Dominic Aw Kian-Wee	Member	Independent Non-Executive Director	5/5
Dato' Setia Ramli bin Mahmud	Member	Independent Non-Executive Director	4/5

* There were five (5) Audit Committee Meetings held during the financial year ended 31 March 2017. The meetings were held on 24 May 2016, 29 June 2016, 24 August 2016, 23 November 2016 and 27 February 2017.

Summary of work and discharge of responsibilities

During the financial year ended 31 March 2017, the Audit Committee had discharged its functions and carried out its duties as set out in the Terms of Reference.

The Audit Committee has also met up with the External Auditors without the presence of all the Executive Board members three (3) times during the financial year, which is beyond the requirement of two (2) times as stipulated in the Audit Committee's Terms of Reference, to encourage a greater exchange of free and honest views between both parties.

A summary of the work of the Audit Committee in the discharge of its functions and duties for the financial year and how it has met its responsibilities during the financial year are as follows:-

1. Financial Results

- a) Reviewed the quarterly financial results of the Company focusing particularly on changes in or implementation of major accounting policy changes, significant and unusual events and compliance with accounting standards and other legal requirements before recommending them for approval by the Board of Directors for announcement to Bursa Malaysia Securities Berhad;

Audit Committee Report (cont'd.)

- b) Reviewed the reports and the audited financial statements of the Company together with the external auditors prior to tabling to the Board for approval.

In the review of the annual audited financial statements, the Audit Committee had discussed with Management and the External Auditors the accounting principles and standards that were applied and their judgement of the items that may affect the financial statements as well as issues and reservations arising from the statutory audit.

The AC had met on the following dates during the financial year to deliberate on the financial reporting matters:-

Date of Meeting	Financial Reporting Statement Reviewed
24 May 2016	<ul style="list-style-type: none"> Fourth quarter results for the financial year ended 31 March 2016
29 June 2016	<ul style="list-style-type: none"> Audited Financial Statements for the financial year ended 31 March 2016
24 August 2016	<ul style="list-style-type: none"> First quarter results for the financial year ended 31 March 2017
23 November 2016	<ul style="list-style-type: none"> Second quarter results for the financial year ended 31 March 2017
27 February 2017	<ul style="list-style-type: none"> Third quarter results for the financial year ended 31 March 2017

2. External Audit

- Reviewed the External Auditors' scope of work, fees, and audit plan for the financial year and made recommendations to the Board on their re-appointment and remuneration;
- Reviewed and discussed the External Auditors' audit report and areas for concern highlighted in the management letter, including management's response to the concerns raised by the external auditors, and evaluation of the system of internal controls;
- Discussed significant accounting and auditing issues, impact of new or proposed changes in accounting standards and regulatory requirements; and
- Inquired into the assistance given by the Management to the External Auditors.

During the financial year, the AC had three (3) private meetings with the External Auditor on 24 May 2016, 29 June 2016 and 27 February 2017 without the presence of the Executive Directors and Management of the Company to discuss any issues that may have arose from the external audit.

3. Internal Audit

- Reviewed and approved the internal audit plan for the financial year and the internal audit fees;
- Reviewed the internal audit issues, recommendations and the management responses to rectify and improve the system of internal control;
- Monitored the implementation of programmes recommended by internal auditors arising from its audits in order to obtain assurance that all key risks and controls have been fully dealt with; and
- Reviewed the performance of the internal auditors pursuant to Paragraph 15.12(1)(e) of the MainLR and the Terms of Reference of the Audit Committee. The areas being assessed were:-
 - Level of understanding of the Company's business and the industry in which the Company operates
 - Frequency of review to test the effectiveness of the financial, operational and compliance controls of the Company
 - Adequacy of manpower, budget and competency
 - Recommendation of action plans to monitor risks and internal controls

Audit Committee Report (cont'd.)

4. Related Party Transactions ("RPT")

- a) Reviewed the recurrent RPT of the Company on a quarterly basis.
- b) Reviewed the Circular to Shareholders in relation to the renewal of shareholder mandate for recurrent RPT.

5. Other matters

- a) Reviewed the revised Terms of Reference to be aligned with the changes in the Bursa Malaysia Securities Berhad's Main Market Listing Requirements ("MainLR").
- b) Reviewed the Audit Committee Report, Statement on Corporate Governance and Statement on Risk Management and Internal Control for disclosure in the 2017 Annual Report.

Internal audit function

The Company's internal audit function, which is outsourced to a professional service firm, assists the Board and the Audit Committee in providing independent assessment of the adequacy, efficiency and effectiveness of the Company's internal control system.

A summary of work of the internal audit function for the financial year ended 31 March 2017 is as follows:-

- (a) Formulated the internal audit plan and presented the plan for the Audit Committee's review and approval;
- (b) Executed the internal audit reviews covering the following areas in accordance with the approved audit plan:-
 - branch operations
 - sales and marketing operations
 - inventory management
 - goods-in-transit management
- (c) Based on the audit reviews carried out, reported the results of the audit reviews to the Audit Committee every quarter. The reports highlighted internal control weaknesses identified and corresponding recommendations for improvements; and
- (d) Followed up on the status of implementation of management action plans carried out and reported the same to the Audit Committee.

The internal audit reviews carried out during the financial year ended 31 March 2017 did not reveal weaknesses that have resulted in any material losses, contingencies or uncertainties that would require separate disclosure in this annual report.

ANALYSIS OF SHAREHOLDINGS

AS AT 30 JUNE 2017

Issued Share Capital	:	RM60,798,534.00
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per ordinary share

ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares Held	%
1 – 99	305	9.12	4,968	0.01
100 – 1,000	1,316	39.33	828,972	1.36
1,001 – 10,000	1,408	42.08	5,104,389	8.40
10,001 – 100,000	278	8.31	7,941,640	13.06
100,001 – 3,039,925 (*)	38	1.14	16,473,120	27.09
3,039,926 and above (**)	1	0.03	30,445,445	50.08
TOTAL	3,346	100.00	60,798,534	100.00

Remarks: * Less than 5% of Issued Shares
** 5% and above of Issued Shares

SUBSTANTIAL SHAREHOLDER

The substantial shareholder of Ajinomoto (Malaysia) Berhad and its respective shareholdings based on the Register of Substantial Shareholders of the Company as at 30 June 2017 is as follows:-

	No. of Shares			
	Direct	%	Indirect	%
Ajinomoto Co., Inc.	30,445,445	50.08	-	-
FMR LLC	3,101,200	5.10	-	-

DIRECTORS' SHAREHOLDINGS

The Directors' Shareholdings based on the Register of Directors' Shareholdings of the Company as at 30 June 2017 are as follows:-

Directors	Direct Interest		Indirect Interest	
	No. of Shares Held	%	No. of Shares Held	%
General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd. Ali (Rtd)	10,000	0.02	10,000 ⁽¹⁾	0.02
Tan Sri Dato' (Dr.) Teo Chiang Liang	-	-	150,000 ⁽²⁾	0.25
Koay Kah Ee	-	-	-	-
Dominic Aw Kian-Wee	-	-	-	-
Dato' Setia Ramli bin Mahmud	-	-	-	-
Kamarudin bin Rasid	-	-	-	-
Azharudin bin Ab Ghani	-	-	-	-
Yukiko Nishioka	-	-	-	-

⁽¹⁾ Deemed interested by virtue of his directorship in Hamiiz Holdings Sdn. Bhd.

⁽²⁾ Deemed interested by virtue of his and/or persons associated with him who has/have more than 15% equity interest in Teo Soo Cheng Sdn. Bhd. and See Hoy Chan Holdings Sendirian Berhad respectively.

Analysis of Shareholdings (cont'd.)

As at 30 June 2017

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS

No.	Shareholders	No. of Shares	%
1.	Ajinomoto Co., Inc.	30,445,445	50.08
2.	Cartaban Nominees (Asing) Sdn. Bhd. <i>BBH and Co. Boston for Fidelity Puritan Trust: Fidelity Series Intrinsic Opportunities Fund</i>	1,700,000	2.80
3.	HSBC Nominees (Asing) Sdn. Bhd. <i>Exempt AN for Credit Suisse (SG BR-TST-ASING)</i>	1,499,500	2.47
4.	Cartaban Nominees (Asing) Sdn. Bhd. <i>SSBT Fund F9EX for Fidelity Northstar Fund</i>	1,400,000	2.30
5.	Berjaya Sampo Insurance Berhad	1,307,454	2.15
6.	Chinchoo Investment Sdn. Berhad	1,210,800	1.99
7.	Maybank Nominees (Asing) Sdn. Bhd. <i>Bank of East Asia (Nominees) Pte Ltd for The Bank of East Asia Ltd Singapore (A/C 2-970510)</i>	1,131,030	1.86
8.	Maybank Nominees (Tempatan) Sdn. Bhd. <i>National Trust Fund (IFM Maybank)</i>	934,200	1.54
9.	Amanahraya Trustees Berhad <i>PB Smallcap Growth Fund</i>	646,100	1.06
10.	Tee Teh Sdn. Berhad	564,508	0.93
11.	Lim Kuan Gin	500,000	0.82
12.	Wong Lok Jee @ Ong Lok Jee	500,000	0.82
13.	Yong Siew Lee	400,000	0.66
14.	Seah Mok Khoon	375,000	0.62
15.	See Hoy Chan Agencies Sendirian Berhad	338,100	0.56
16.	Amanahraya Trustees Berhad <i>PMB Shariah Aggressive Fund</i>	336,500	0.55
17.	Yee Fook Leong	234,000	0.38
18.	Maybank Securities Nominees (Asing) Sdn. Bhd. <i>Maybank Kim Eng Securities Pte Ltd for Tan Pheok Gee</i>	225,238	0.37
19.	Tay How Seng	206,259	0.34
20.	Key Development Sdn. Berhad	200,000	0.33
21.	Seah Heng Lye	200,000	0.33
22.	HSBC Nominees (Tempatan) Sdn. Bhd. <i>HSBC (M) Trustee Bhd for RHB Smart Balanced Fund</i>	199,400	0.33
23.	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Exempt AN for Maybank Asset Management Sdn. Bhd. (Resident)</i>	197,400	0.32
24.	Oh Siew Heong	190,000	0.31
25.	Amanahraya Trustees Berhad <i>Public Select Treasures Equity Fund</i>	173,500	0.29
26.	HSBC Nominees (Tempatan) Sdn. Bhd. <i>HSBC (M) Trustee Bhd for RHB Smart Income Fund</i>	160,700	0.26
27.	Eu Lee Chuan Enterprise Sdn. Berhad	160,000	0.26
28.	Goh Beng Choo	155,300	0.26
29.	Amanahraya Trustees Berhad <i>Public Strategic Smallcap Fund</i>	149,500	0.25
30.	Affin Hwang Nominees (Asing) Sdn. Bhd. <i>Exempt AN for DBS Vickers Securities (Singapore) Pte Ltd (Clients)</i>	138,000	0.23
TOTAL		45,877,934	75.46

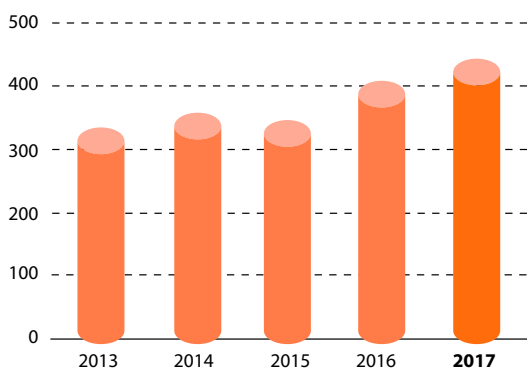
FINANCIAL HIGHLIGHTS

	2013 RM'000	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000
REVENUE	332,908	345,351	340,376	400,201	419,917
PROFIT BEFORE TAXATION	28,085	37,596	40,596	53,941	211,469
NET PROFIT	19,404	28,041	29,733	40,787	187,462
SHAREHOLDERS FUNDS	244,344	262,076	279,522	307,813	474,638
PER SHARE					
o GROSS EARNINGS (Sen)	46.2	61.8	66.8	88.7	347.8
o NET EARNINGS (Sen)	31.9	46.1	48.9	67.1	308.3
o NET ASSET (RM)	4.0	4.3	4.6	5.1	7.8
FINANCIAL RATIOS					
Return on Asset (%)	6.59%	9.10%	8.93%	11.11%	35.21%
Return on Equity (%)	7.94%	10.70%	10.64%	13.25%	39.50%
Dividend Payout Ratio (%)	54.05%	40.11%	40.90%	50.31%	50.27%*^Δ
Net Dividend per share (sen)	17.25	18.50	20.00	33.75	42.00 *
Special Dividend per share (sen)	-	-	-	-	113.00 ^Δ

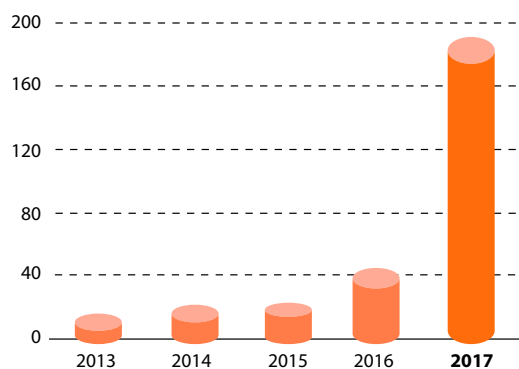
* Subject to shareholders' approval at the forthcoming Annual General Meeting

^Δ Subject to shareholders' approval at the forthcoming Extraordinary General Meeting

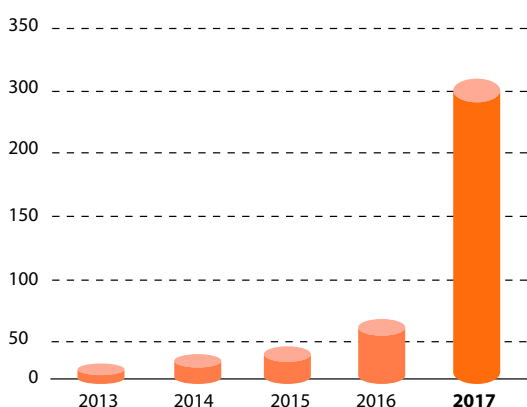
REVENUE
(RM Millions)



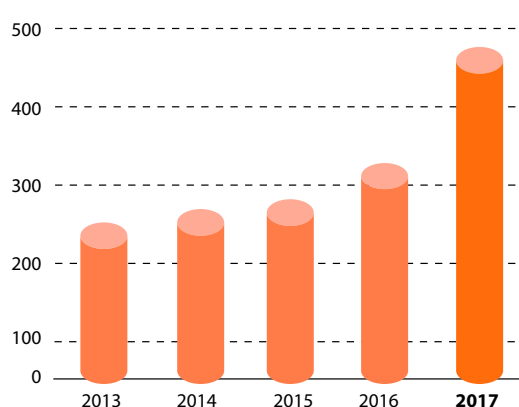
PROFIT NET OF TAX
(RM Millions)



NET EARNINGS PER SHARE
(Sen)



SHAREHOLDERS FUNDS
(RM Millions)



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 2017.

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 year.

Results

	RM
Profit net of tax	187,462,280

There have been no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in Note 32 of the financial statements.

Dividends

The amount of dividends paid by the Company since 31 March 2016 were as follows:

	RM
In respect of the financial year ended 31 March 2016 as reported in the directors' report of that year	
First and final single-tier dividend of 33.75 sen per ordinary share declared on 26 September 2016 and paid on 19 October 2016	20,519,505

At the forthcoming Annual General Meeting, a first and final single-tier dividend in respect of the financial year ended 31 March 2017 of 42.00 sen per ordinary share on 60,798,534 ordinary shares, amounting to a dividend payable of RM25,535,384 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividends, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 31 March 2018.

At the forthcoming Extraordinary General Meeting, a special one-off single-tier dividend in respect of the financial year ended 31 March 2017 of 113.00 sen per ordinary share on 60,798,534 ordinary shares, amounting to a dividend payable of RM68,702,343 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividends, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 31 March 2018.

Directors' Report (cont'd.)

DIRECTORS

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd. Ali (Rtd)	
Tan Sri Dato' (Dr.) Teo Chiang Liang	
Keiji Kaneko	
Yukiko Nishioka	(appointed on 1 July 2016)
Koay Kah Ee	
Dominic Aw Kian-Wee	
Dato' Setia Ramli bin Mahmud	
Kamarudin bin Rasid	
Azharudin bin Ab Ghani	
Motohiro Komase	
Dr. Masata Mitsuiki	
Katsuhide Shirai	(resigned on 30 June 2016)

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 7 of the financial statements or the fixed salary of a full time employee) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

The total amount of insurance premium for the directors of the Company as at the financial year end is RM13,015.

DIRECTORS' INTERESTS

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

	Number of ordinary shares			At 31.3.2017
	At 1.4.2016	Acquired	Sold	
The Company				
Direct interest:				
General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd. Ali (Rtd)	10,000	-	-	10,000
Indirect interest:				
General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd. Ali (Rtd)	10,000	-	-	10,000
Tan Sri Dato' (Dr.) Teo Chiang Liang	150,000	-	-	150,000

Directors' Report (cont'd.)

DIRECTORS' INTERESTS (CONT'D.)

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

	At 1.4.2016/ Date of appointment	Number of shares		At 31.3.2017
		Acquired	Sold	
Holding company				
- Ajinomoto Co. Inc.				
Direct interest:				
Dr. Masata Mitsui	2,663	-	-	2,663
Yukiko Nishioka	2,951	137	-	3,088

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.

OTHER STATUTORY INFORMATION

- (a) Before the statement of comprehensive income and statement of financial position 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 allowance for doubtful debts, and satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values 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 is necessary to write off any bad debts or the amount of the allowance 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 methods 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 the 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.

Directors' Report

(cont'd.)

OTHER STATUTORY INFORMATION (CONT'D.)

(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.

SIGNIFICANT EVENT

The significant event during the financial year is disclosed in Note 32 to the financial statements.

AUDITORS

The auditors, Hanafiah Raslan & Mohamad, have expressed their willingness to continue in office. Auditors' remuneration are disclosed in Note 8 to the financial statements.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Hanafiah Raslan & Mohamad, as part of the terms of its audit engagement against claims by third parties arising from the audit. No payment has been made to indemnify Hanafiah Raslan & Mohamad during or since the financial year.

Signed on behalf of the Board in accordance with a resolution of the directors dated 29 June 2017.

General Tan Sri (Dr.) Dato' Paduka
Mohamed Hashim bin Mohd. Ali (Rtd)

Keiji Kaneko

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd. Ali (Rtd) and Keiji Kaneko, being two of the directors of Ajinomoto (Malaysia) Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 46 to 88 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 March 2017 and of the results and the cash flows of the Company for the year then ended.

The information set out in Note 33 on page 89 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 29 June 2017.

General Tan Sri (Dr.) Dato' Paduka
Mohamed Hashim bin Mohd. Ali (Rtd)

Keiji Kaneko

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, Heng Wai Shen, being the officer primarily responsible for the financial management of Ajinomoto (Malaysia) Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 46 to 89 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 Heng Wai Shen at
Kuala Lumpur in the Federal
Territory on 29 June 2017

Heng Wai Shen

Before me,

Tan Seok Kett
(W530)
Commissioner for Oaths
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF AJINOMOTO (MALAYSIA) BERHAD (INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Ajinomoto (Malaysia) Berhad, which comprise the statement of financial position as at 31 March 2017, and statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 46 to 88.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2017, and of its financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

Revenue recognition

The Company recognised revenue from sale of goods amounting to approximately RM419.9 million during the year. We identified revenue recognition in respect of sale of goods to be an area of audit focus as we consider the high volume of transactions for numerous types of finished goods produced by the Company to be a possible cause of higher risk of material misstatements in respect of the timing and amount of revenue recognised. We focused our audit efforts to determine the possibility of overstatement of revenue.

The note relating to revenue is disclosed in Note 2.3(m) to the financial statements.

Our audit procedures for revenue included testing the Company's internal controls over the timing and amount of revenue recognised. We inspected the terms of sales arrangement to determine the point of transfer of significant risk and rewards. We inspected documents which evidenced the delivery of goods to customers. We also focused on testing the recording of sales transaction close to year end, including credit notes issued after year end, to establish whether the transactions were recorded in the correct accounting period.

Independent Auditors' Report

To the members of Ajinomoto (Malaysia) Berhad (Incorporated in Malaysia) (cont'd.)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

Information other than the financial statements and auditor's report

The directors of the Company are responsible for the other information. The other information comprises the Company's corporate information, management discussion and analysis, directors' profile, corporate governance statement, additional compliance information, statement of directors' responsibility in relation to the financial statements, statement on risk management and internal control, audit committee report, financial highlights, list of properties and sustainability reports, but does not include the financial statements of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report and the statistics shareholding, which is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Independent Auditors' Report

To the members of Ajinomoto (Malaysia) Berhad (Incorporated in Malaysia) (cont'd.)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

Auditor's responsibilities for the audit of the financial statements (cont'd.)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other reporting responsibilities

The supplementary information set out in Note 33 on page 89 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Hanafiah Raslan & Mohamad
AF: 0002
Chartered Accountants

Teoh Soo Hock
No. 2477/10/17(J)
Chartered Accountant

Kuala Lumpur, Malaysia
29 June 2017

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Note	2017 RM	2016 RM
Revenue	4	419,917,079	400,200,539
Other items of income	5	152,738,464	6,040,168
Items of expenses			
Changes in inventories of finished goods, work in progress and goods-in-transit		3,540,796	(5,291,915)
Raw materials and packaging materials consumed		(217,059,385)	(204,492,272)
Finished goods purchased		(19,765,656)	(12,793,863)
Employee benefits expense	6	(48,707,175)	(43,439,487)
Depreciation of property, plant and equipment		(11,804,353)	(11,536,922)
Other operating expenses		(67,390,780)	(74,744,801)
Profit before tax	8	211,468,990	53,941,447
Income tax expense	9	(24,006,710)	(13,154,438)
Profit net of tax		<u>187,462,280</u>	<u>40,787,009</u>
Other comprehensive income			
Reclassified to profit or loss due to disposal of investment securities		(126,129)	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>			
Actuarial loss on defined benefit plans		9,762	(427,440)
Tax impact relating to actuarial loss on defined benefit plans		(2,357)	91,128
Other comprehensive income for the year, net of tax		<u>(118,724)</u>	<u>(336,312)</u>
Total comprehensive income for the year		<u>187,343,556</u>	<u>40,450,697</u>
Earnings per share attributable to equity holders of the Company (sen)			
- Basic	10	<u>308.3</u>	<u>67.1</u>
Net dividend per share (sen)	11	<u>33.75</u>	<u>20.00</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2017

	Note	2017 RM	2016 RM
Assets			
Non-current assets			
Property, plant and equipment	12	89,545,984	105,043,473
Other receivables	16	1,290,146	1,343,712
Investment securities	13	-	798,814
Other investments	14	226,000	271,000
		91,062,130	107,456,999
Current assets			
Inventories	15	61,501,284	53,309,443
Trade and other receivables	16	49,870,354	43,067,766
Derivative assets	17	-	966,667
Investment securities	13	200,066,655	-
Cash and bank balances	18	129,937,428	162,252,623
		441,375,721	259,596,499
Total assets		532,437,851	367,053,498
Equity and liabilities			
Current liabilities			
Retirement benefit obligations	19	313,830	568,508
Trade and other payables	20	38,861,184	43,295,725
Derivative liabilities	17	56,836	460,137
Tax payable		6,095,751	2,439,691
		45,327,601	46,764,061
Non-current liabilities			
Retirement benefit obligations	19	9,596,693	9,206,250
Deferred tax liabilities	21	2,876,021	3,269,702
		12,472,714	12,475,952
Total liabilities		57,800,315	59,240,013
Net assets		474,637,536	307,813,485
Equity attributable to equity holders of the Company			
Share capital	22	65,102,234	60,798,534
Share premium	22	-	4,303,700
Retained earnings	23	410,724,637	243,781,862
Other reserves	24	(1,189,335)	(1,070,611)
Total equity		474,637,536	307,813,485
Total equity and liabilities		532,437,851	367,053,498

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

		Non-distributable		Distributable		
		Share capital	Share premium	Other reserves	Retained earnings	Total equity
	Note	RM (Note 22)	RM (Note 22)	RM (Note 24)	RM (Note 23)	RM
At 1 April 2015		60,798,534	4,303,700	(734,299)	215,154,560	279,522,495
Total comprehensive income		-	-	(336,312)	40,787,009	40,450,697
<u>Transaction with owners</u>						
Dividends	11	-	-	-	(12,159,707)	(12,159,707)
At 31 March 2016		60,798,534	4,303,700	(1,070,611)	243,781,862	307,813,485
At 1 April 2016		60,798,534	4,303,700	(1,070,611)	243,781,862	307,813,485
Total comprehensive income		-	-	(118,724)	187,462,280	187,343,556
Transition to no-par value regime		4,303,700	(4,303,700)	-	-	-
<u>Transaction with owners</u>						
Dividends	11	-	-	-	(20,519,505)	(20,519,505)
At 31 March 2017		65,102,234	-	(1,189,335)	410,724,637	474,637,536

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	2017 RM	2016 RM
Cash flows from operating activities		
Profit before tax	211,468,990	53,941,447
Adjustments for:		
Provision for short-term accumulating compensated absences	260,535	65,897
Interest income	(5,499,629)	(4,293,099)
Depreciation of property, plant and equipment	11,804,353	11,536,922
(Reversal)/Impairment loss on trade receivables, net	(12,486)	32,257
Inventories written off	1,754,608	1,463,084
Property, plant and equipment written off	31,348	730,041
(Gain)/Loss on disposal of property, plant and equipment	(121,319,793)	21,244
Gain on disposal of investment securities	(1,429,455)	-
Loss on disposal of other investment	29,906	-
Fair value gain on funds placed with licensed financial institutions	(55,696)	-
Provision for defined benefit plans	1,663,791	1,416,560
Unrealised foreign exchange (gain)/loss	(1,653,713)	1,523,078
Net fair value loss/(gain) on derivatives	563,366	(812,341)
Operating profit before working capital changes	97,606,125	65,625,090
(Increase)/Decrease in inventories	(9,946,449)	8,409,206
Increase in trade and other receivables	(5,662,868)	(6,184,243)
(Decrease)/Increase in trade and other payables	(5,093,626)	2,828,043
Cash generated from operations	76,903,182	70,678,096
Taxes paid	(20,746,688)	(11,147,642)
Net payments made to retirement benefit obligations	(1,518,264)	(801,585)
Net cash generated from operating activities	54,638,230	58,728,869
Cash flows from investing activities		
Purchase of property, plant and equipment	(17,774,387)	(12,719,326)
Proceeds from disposal of property, plant and equipment	142,755,968	717,256
Proceeds from disposal of investment securities	2,102,140	-
Proceeds from disposal of other investment	15,094	-
Interest received	5,640,633	4,228,316
Placement with licensed financial institutions	(200,010,959)	-
Placement of deposits with maturity more than 90 days	(84,383)	(2,164,417)
Net cash used in investing activities	(67,355,894)	(9,938,171)
Cash flows from financing activity		
Dividends paid, representing net cash used in financing activity	(20,519,505)	(12,159,707)
Net (decrease)/increase in cash and cash equivalents	(33,237,169)	36,630,991
Effect of exchange rate changes on cash and cash equivalents	837,591	332,891
Cash and cash equivalents at beginning of the financial year	160,088,206	123,124,324
Cash and cash equivalents at end of the financial year (Note 18)	127,688,628	160,088,206

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

1. CORPORATE INFORMATION

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

The holding company is Ajinomoto Co., Inc., a corporation incorporated in Japan.

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 financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 29 June 2017.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Company comply with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Company have been prepared on a historical cost basis unless otherwise indicated in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM") which is also the Company's functional currency.

2.2 Changes in accounting policies and effects from the adoption of new and revised MFRSs

As of 1 April 2016, the Company adopted the following new and amended MFRSs and IC Interpretations (collectively referred to as "pronouncements") that have been issued by the Malaysian Accounting Standards Board ("MASB"):

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 April 2016

- Annual Improvements to MFRSs 2012-2014 Cycle
- Amendments to MFRS 10, 12 and 128: Investment Entities: Applying the Consolidation Exception
- Amendments to MFRS 11: Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations
- MFRS 14: Regulatory Deferral Accounts
- Amendments to MFRS 101: Presentation of Financial Statements: Disclosure Initiative
- Amendments to MFRS 116 and 138: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to MFRS 116 and 141: Agriculture: Bearer Plants
- Amendments to MFRS 127: Separate Financial Statements: Equity Method in Separate Financial Statements

The adoption of the above pronouncements did not have any significant financial impact to the Company.

2.3 Summary of significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, unless otherwise stated.

(a) Foreign currency

(i) Functional and presentation currency

The financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

Notes to the Financial Statements

For the financial year ended 31 March 2017 (cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

(a) Foreign currency (cont'd.)

(ii) Foreign currency transactions

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(b) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. The carrying value of the replaced part is derecognised. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land has an unlimited useful life and therefore is not depreciated. Leasehold lands are depreciated over the period of their respective lease term. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	9 to 15 years
Motor vehicles	6 years
Plant, machinery and equipment	4 to 15 years
Furniture, fixtures and fittings	10 years

Capital work in progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and expected pattern of consumption of the economic benefits embodied in the property, plant and equipment, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

Notes to the Financial Statements

For the financial year ended 31 March 2017 (cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

(c) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

(d) Financial assets

Financial assets are recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Company determines the classification of its financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

(i) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

Financial assets at fair value through profit or loss of the Company comprise derivative assets and funds placed with licensed financial institutions.

Notes to the Financial Statements

For the financial year ended 31 March 2017 (cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

(d) Financial assets (cont'd.)

(ii) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. The loans and receivables of the Company comprise trade and other receivables (excluding prepayments and Goods and Services Tax ("GST") refund) and cash and cash equivalents.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(iii) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

The Company does not have any financial asset at held-to-maturity.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Company's right to receive payment is established.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

The available-for-sale financial asset of the Company comprises investment in quoted shares.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying value and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Company commits to purchase or sell the asset.

Notes to the Financial Statements

For the financial year ended 31 March 2017 (cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

(e) Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar credit risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying value and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying value of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(ii) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

Notes to the Financial Statements

For the financial year ended 31 March 2017 (cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a weighted average method.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average method.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

(h) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(i) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

Notes to the Financial Statements

For the financial year ended 31 March 2017 (cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

(i) Financial liabilities (cont'd.)

(ii) Other financial liabilities

The Company's other financial liabilities include trade payables and other payables and derivative liabilities.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(j) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(k) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the period in which the associated services are rendered by employees. 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. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. As required by law, the Company makes contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred.

(iii) Defined benefit plans

The Company has a partly funded defined benefit plan for employees and executives who have served the required number of years of service. Contributions are made to approved benefit schemes operated by independent trustees in accordance with a trust deed.

The defined benefit costs and the present value of defined benefit obligations are calculated at the reporting date by the qualified actuaries using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses are recognised immediately in the statement of financial position with corresponding debit or credit to other comprehensive income in the period they occur. Remeasurements are not classified to profit or loss in subsequent periods.

Notes to the Financial Statements

For the financial year ended 31 March 2017 (cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

(k) Employee benefits (cont'd.)

(iii) Defined benefit plans (cont'd)

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment; and
- The date that the Company recognised restructuring related cost.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset and is recognised in profit or loss. The Company recognises the following changes in the net defined benefit obligations in profit or loss:

- Service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements.
- Net interest expense or income.

(l) Leases

(i) As lessee

Finance leases, which transfer to the Company substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(ii) As lessor

Assets leased out under operating leases are presented in the statement of financial position according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(m) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(i) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Notes to the Financial Statements

For the financial year ended 31 March 2017 (cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

(m) Revenue (cont'd.)

(ii) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(iii) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessee are recognised as a reduction of rental income over the lease term on a straight-line basis.

(iv) Other income

Other than those mentioned above, all other income are recognised on accrual basis unless collectability is in doubt.

(n) Income taxes

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Notes to the Financial Statements

For the financial year ended 31 March 2017 (cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

(n) Income taxes (cont'd.)

(ii) Deferred tax (cont'd.)

The carrying value of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(iii) Goods and Services Tax ("GST")

The net amount of GST being the difference between output and input of GST, payable to or receivable from the respective authorities at the reporting date, is included in other payable or other receivables in the statement of financial position.

(o) Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(p) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Company.

Contingent liabilities and assets are not recognised in the statement of financial position of the Company.

(q) Fair value measurements

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

Notes to the Financial Statements

For the financial year ended 31 March 2017 (cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

(q) Fair value measurements (cont'd.)

(i) Financial instruments

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business at the end of reporting date. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include:

- using recent arm's length market transactions;
- reference to the current fair value of another instrument that is substantially the same; and
- discounted cash flow analysis or other valuation models.

Where fair value cannot be reliably estimated, assets are carried at cost less impairment losses, if any.

(ii) Non-financial assets

For a non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable input).

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

2.4 New and revised pronouncements not yet in effect

The standards and interpretations that are issued but not yet effective are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- Annual Improvements to MFRSs 2014-2016 Cycle
- Amendments to MFRS 107: Statement of Cash Flows: Disclosure Initiative
- Amendments to MFRS 112: Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- Annual Improvements to MFRSs 2014-2016 Cycle
- Amendments to MFRS 2: Share-based Payment: Classification and Measurement of Share-based Payment Transactions
- MFRS 9: Financial Instruments
- MFRS 15: Revenue from Contracts with Customers
- Amendments to MFRS 15: Revenue from Contracts with Customers: Clarifications
- Amendments to MFRS 140: Investment Property: Transfer of Investment Property
- IC Interpretation 22: Foreign Currency Transactions and Advance Consideration

Notes to the Financial Statements

For the financial year ended 31 March 2017 (cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 New and revised pronouncements not yet in effect (cont'd.)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16: Leases

Effective for a date yet to be confirmed

- Amendments to MFRS 10 and 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The directors expect that the adoption of the standards and IC interpretations above will have no material impact on the financial statements in the period of initial application except for the following:

MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Company is currently assessing the impact of MFRS 15 and plans to adopt the new standard on the stipulated effective date.

MFRS 9 Financial Instruments

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9 will have an effect on the classification and measurement of the Company’s financial assets, but no impact on the classification and measurement of the Company’s financial liabilities.

MFRS 16 Leases

MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to recognise interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

Notes to the Financial Statements

For the financial year ended 31 March 2017 (cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 New and revised pronouncements not yet in effect (cont'd.)

MFRS 16 Leases (cont'd.)

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Company plans to assess the impact of MFRS 16 and plans to adopt the new standard on the stipulated effective date.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Judgement made in applying accounting policies

In the process of applying the Company's accounting policies, management has made the following judgement, apart from those involving estimations, which have significant effect on the amounts recognised in the financial statements:

(a) Assessment of income taxes

Significant judgement is involved in determining the Company's provision for income taxes. During the financial year, the Company received compensation for business disturbance arising from compulsory land acquisition by the federal government. Management made an assumption that the said compensation is taxable based on management's interpretation of Section 22(2) of the Income Tax Act, 1967. Consequently, the Company recognises liabilities for the expected tax in the financial statements.

Significant judgement is also used in assessing the deductibility of expense items for tax purposes in arriving at taxable profit for the year and prior years. Management are guided by tax laws/cases on such instances. Management believes that all deductions claimed, in arriving at taxable profits for current and prior years, are appropriate and justifiable.

Where the final tax outcome of these matters are different from the amounts that were initially recognised, such differences will impact the tax payable and deferred tax provision in the period in which such determination is made. The carrying amount of the Company's tax payable and deferred tax liabilities at the reporting date was RM6,095,751 (2016: RM2,439,691) and RM2,876,021 (2016: RM3,269,702).

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Depreciation of plant and machinery

The cost of plant and machinery is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and machinery to be within 4 to 15 years. These are based on past life expectancies of the plant and machinery used. Changes in the expected level of usage and technological developments could impact the economical useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

Notes to the Financial Statements

For the financial year ended 31 March 2017 (cont'd.)

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D.)

3.2 Key sources of estimation uncertainty (cont'd.)

(b) Deferred tax

Deferred tax assets are recognised for all other temporary differences to the extent that it is probable that taxable profit will be available against which the losses, capital allowances, unused reinvestment allowances and other temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details of the recognised deferred tax assets are disclosed in Note 21.

(c) Impairment of loans and receivables

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Company's loans and receivables at the reporting date is disclosed in Note 16.

(d) Retirement benefit obligations

The cost of the defined benefit plan and the present value of the retirement obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in future. These includes discount rates, future salary increases, mortality rates and future retirement increases. Due to the complexity of the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting period date. Further details are disclosed in Note 19.

(e) Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using valuation techniques, including the discounted cash flow method. Where possible, the inputs to these valuation models are taken from observable markets. However, when this is considered unfeasible, a degree of judgement is made in establishing fair values. The judgements made include having considered a host of factors including liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Further disclosure of fair value of financial instruments is provided in Note 28.

Notes to the Financial Statements

For the financial year ended 31 March 2017 (cont'd.)

4. REVENUE

	2017 RM	2016 RM
Sale of goods	419,917,079	400,200,539

5. OTHER ITEMS OF INCOME

	2017 RM	2016 RM
Gain on disposal of property, plant and equipment	121,319,793	-
Other Income received from compensation on compulsory acquisition	23,542,893	-
Interest income	5,499,629	4,293,099
Gain on disposal of investment securities	1,429,455	-
Miscellaneous income	210,356	156,938
Rental income	680,642	777,790
Fair value gain on funds placed with licensed financial institutions	55,696	-
Net fair value gain on derivatives	-	812,341
	<u>152,738,464</u>	<u>6,040,168</u>

6. EMPLOYEE BENEFITS EXPENSE

	2017 RM	2016 RM
Wages and salaries	38,869,558	34,928,043
Gratuity	60,000	60,000
Defined contribution plans	3,919,849	3,377,223
Provision for defined benefit plans (Note 19)	1,663,791	1,416,560
Social security costs	325,222	260,958
Provision for short-term accumulating compensated absences	260,535	65,897
Other staff related expenses	3,608,220	3,330,806
Total employee benefit expenses (Note 8)	<u>48,707,175</u>	<u>43,439,487</u>

Included in employee benefits expense of the Company are executive directors' remuneration amounting to RM3,377,890 (2016: RM3,175,582) as further disclosed in Note 7.

Notes to the Financial Statements

For the financial year ended 31 March 2017 (cont'd.)

7. DIRECTORS' REMUNERATION

The details of remuneration receivable by directors of the Company during the year are as follows:

	2017 RM	2016 RM
Executive:		
Salaries and other emoluments	2,613,799	2,517,972
Fees	150,000	150,000
Bonus	426,426	343,957
Gratuity	60,000	60,000
Defined contribution plan	127,665	103,653
Total executive directors' remuneration (excluding benefits-in-kind) (Note 6)	3,377,890	3,175,582
Estimated money value of benefit-in-kind	366,205	326,653
Total executive directors' remuneration (including benefits-in-kind)	3,744,095	3,502,235
Non-executive:		
Fees	210,000	210,000
Gratuity	84,000	84,000
Other emoluments	145,400	118,100
Total non-executive directors' remuneration (excluding benefits-in-kind) (Note 8)	439,400	412,100
Estimated money value of benefit-in-kind	38,491	-
Total non-executive directors' remuneration (including benefits-in-kind)	477,891	412,100
Total directors' remuneration	4,221,986	3,914,335

The number of directors of the Company, which included the directors who had resigned during the year whose total remuneration during the year fell within the following bands, is analysed below:

	Number of directors	
	2017	2016
Executive directors:		
RM150,001 - RM200,000	-	1
RM200,001 - RM250,000	1	1
RM350,001 - RM400,000	-	2
RM400,001 - RM450,000	2	-
RM450,001 - RM500,000	1	1
RM500,001 - RM550,000	-	1
RM650,001 - RM700,000	-	2
RM700,001 - RM750,000	2	-
RM800,001 - RM850,000	1	-
Non-executive directors:		
RM50,001 - RM100,000	4	4
RM100,001 - RM150,000	-	1
RM150,001 - RM200,000	1	-

Notes to the Financial Statements

For the financial year ended 31 March 2017 (cont'd.)

8. PROFIT BEFORE TAX

The following amounts have been included in arriving at profit before tax:

	2017 RM	2016 RM
Employee benefits expenses (Note 6)	48,707,175	43,439,487
Non-executive directors' remuneration excluding benefits-in-kind (Note 7)	439,400	412,100
Auditors' remuneration:		
- Statutory	88,200	76,700
- Other services	44,900	25,950
Depreciation of property, plant and equipment (Note 12)	11,804,353	11,536,922
Inventories written off	1,754,608	1,463,084
(Reversal)/Impairment loss on trade receivables, net (Note 16)	(12,486)	32,257
Foreign exchange loss/(gain) :		
- Realised	1,207,467	446,555
- Unrealised	(1,653,713)	1,523,078
Net fair value loss/(gain) on derivatives	563,366	(812,341)
Loss on disposal of other investments	29,906	-
Fair value gain on funds placed with licensed financial institutions	(55,696)	-
(Gain)/Loss on disposal of property, plant and equipment	(121,319,793)	21,244
Property, plant and equipment written off	31,348	730,041

9. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the year ended 31 March 2017 and 2016 are:

	2017 RM	2016 RM
Current income tax	24,333,393	13,409,000
Under/(Over) provision in prior years	69,355	(113,690)
	<u>24,402,748</u>	<u>13,295,310</u>
Deferred tax (Note 21):		
Relating to origination and reversal to temporary differences	254,673	64,021
Relating to reduction in Malaysian income tax rate	-	(149,317)
Overprovision in prior years	(650,711)	(55,576)
	<u>(396,038)</u>	<u>(140,872)</u>
Total income tax expense	<u>24,006,710</u>	<u>13,154,438</u>

Domestic current income tax is calculated at the statutory tax rate of 24% (2016: 24%) of the estimated taxable profit for the year.

Notes to the Financial Statements

For the financial year ended 31 March 2017 (cont'd.)

9. INCOME TAX EXPENSE (CONT'D.)

Reconciliation between tax expense and accounting profit

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

	2017 RM	2016 RM
Profit before tax	211,468,990	53,941,447
Taxation at Malaysian statutory tax rate of 24%	50,752,558	12,945,947
Effect on deferred tax of reduction in Malaysian income tax rate	-	(149,317)
Income not subject to tax	(27,147,833)	-
Expenses not deductible for tax purposes	983,341	527,074
Overprovision of deferred tax in prior years	(650,711)	(55,576)
Under/(Over) provision of income tax expense in prior years	69,355	(113,690)
Income tax expense	24,006,710	13,154,438

10. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year held by the Company.

	2017 sen	2016 sen
Basic earnings per share	308.3	67.1

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

There are no instruments in issuance which have a dilutive effect to the earnings per share of the Company. Therefore, diluted earnings per share is not disclosed.

Notes to the Financial Statements

For the financial year ended 31 March 2017 (cont'd.)

11. DIVIDENDS

	Amount 2017 RM	2016 RM	Net dividend per share 2017 Sen	2016 Sen
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Recognised during the year:

Dividend in respect of financial year ended 31 March 2016

First and final single-tier dividend of 33.75 sen per ordinary share	20,519,505	-	33.75	-
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Dividend in respect of financial year ended 31 March 2015

First and final single-tier dividend of 20.0 sen per ordinary share	-	12,159,707	-	20.00
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At the forthcoming Annual General Meeting, a first and final single-tier dividend of 42.00 sen per ordinary share in respect of the financial year ended 31 March 2017 amounting to a dividend payable of RM25,535,384 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividends, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 31 March 2018.

At the forthcoming Extraordinary General Meeting, a special one-off single-tier dividend of 113.00 sen per ordinary share in respect of the financial year ended 31 March 2017 amounting to a dividend payable of RM68,702,343 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividends, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 31 March 2018.

Notes to the Financial Statements

For the financial year ended 31 March 2017 (cont'd.)

12. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM	Long term leasehold land RM	Buildings RM	Motor vehicles RM	Plant, machinery and equipment RM	Furniture, fixtures and fittings RM	Capital work in progress RM	Total RM
At 31 March 2017								
Cost								
At 1 April 2016	71,525	41,362,294	59,601,731	9,085,401	161,340,767	8,008,040	582,271	280,052,029
Reclassification /Adjustment	-	-	-	-	(16,995)	16,995	-	-
Additions	-	-	1,112,981	1,351,523	5,461,929	150,631	9,697,323	17,774,387
Transfers	-	-	70,680	-	511,591	-	(582,271)	-
Disposals	-	(18,994,897)	(3,961,254)	(1,205,405)	(13,910,379)	(200,946)	-	(38,272,881)
Written off	-	-	(28,645)	-	(2,001,795)	(106,160)	-	(2,136,600)
At 31 March 2017	71,525	22,367,397	56,795,493	9,231,519	151,385,118	7,868,560	9,697,323	257,416,935
Accumulated depreciation								
At 1 April 2016	-	4,197,606	46,384,875	3,058,375	117,193,330	4,174,370	-	175,008,556
Depreciation charge for the year (Note 8)	-	541,223	3,352,397	886,849	6,330,225	693,659	-	11,804,353
Disposals	-	(1,913,206)	(3,508,937)	(635,716)	(10,674,057)	(104,790)	-	(16,836,706)
Written off	-	-	(21,996)	-	(1,990,775)	(92,481)	-	(2,105,252)
At 31 March 2017	-	2,825,623	46,206,339	3,309,508	110,858,723	4,670,758	-	167,870,951
Net carrying amount	71,525	19,541,774	10,589,154	5,922,011	40,526,395	3,197,802	9,697,323	89,545,984
At 31 March 2016								
Cost								
At 1 April 2015	71,525	41,386,462	57,473,052	9,840,021	157,871,831	7,507,463	1,498,539	275,648,893
Additions	-	15,200	1,938,398	1,541,410	8,003,291	638,756	582,271	12,719,326
Transfers	-	-	198,281	-	1,284,647	15,611	(1,498,539)	-
Disposals	-	-	-	(2,296,030)	(4,090)	-	-	(2,300,120)
Written off	-	(39,368)	(8,000)	-	(5,814,912)	(153,790)	-	(6,016,070)
At 31 March 2016	71,525	41,362,294	59,601,731	9,085,401	161,340,767	8,008,040	582,271	280,052,029
Accumulated depreciation								
At 1 April 2015	-	3,608,146	42,832,793	3,820,967	116,414,798	3,642,579	-	170,319,283
Depreciation charge for the year (Note 8)	-	589,758	3,553,638	794,938	5,942,436	656,152	-	11,536,922
Disposals	-	-	-	(1,557,530)	(4,090)	-	-	(1,561,620)
Written off	-	(298)	(1,556)	-	(5,159,814)	(124,361)	-	(5,286,029)
At 31 March 2016	-	4,197,606	46,384,875	3,058,375	117,193,330	4,174,370	-	175,008,556
Net carrying amount	71,525	37,164,688	13,216,856	6,027,026	44,147,437	3,833,670	582,271	105,043,473

Notes to the Financial Statements

For the financial year ended 31 March 2017 (cont'd.)

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

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

	2017 RM	2016 RM
At cost:		
Buildings	25,078,682	25,188,016
Motor vehicles	79,648	-
Plant, machinery and equipment	61,637,320	68,258,816
Furniture, fixtures and fittings	1,272,988	1,073,808
	<u>88,068,638</u>	<u>94,520,640</u>

The Company acquired property, plant and equipment amounting to RM17,774,387 (2016: RM12,719,326) via cash.

13. INVESTMENT SECURITIES

	2017 RM	2016 RM
Non-current		
Available-for-sale financial asset:		
Quoted shares in a Malaysian corporation, at fair value	-	798,814
Current		
Financial asset at fair value through profit or loss:		
Funds placed with licensed financial institutions	200,066,655	-

During the year, the Company had placed its fund with licensed financial institutions.

Other details of fair value of investment securities are further disclosed in Note 28.

14. OTHER INVESTMENTS

	2017 RM	2016 RM
Transferable club memberships	236,000	344,000
Less: Accumulated impairment loss	(10,000)	(73,000)
	<u>226,000</u>	<u>271,000</u>

Notes to the Financial Statements

For the financial year ended 31 March 2017 (cont'd.)

15. INVENTORIES

	2017 RM	2016 RM
At cost:		
Raw materials	30,825,290	26,786,184
Consumables	2,469,148	1,857,209
Work-in-progress	127,504	787,357
Finished goods	28,079,342	23,878,693
	<u>61,501,284</u>	<u>53,309,443</u>

The cost of inventories recognised as an expense during the financial year amounted to RM274,713,827 (2016: RM261,814,088).

16. TRADE AND OTHER RECEIVABLES

	2017 RM	2016 RM
Current		
Trade receivables		
Third parties	28,499,337	24,733,280
Amount due from holding company	140,297	-
Amount due from other related companies	18,079,118	14,711,957
	<u>46,718,752</u>	<u>39,445,237</u>
Less: Allowance for impairment - Third parties	(31,954)	(50,623)
Trade receivables, net	<u>46,686,798</u>	<u>39,394,614</u>
Other receivables		
Deposits	527,716	563,464
Prepayments	565,786	910,062
Staff loans	638,716	497,783
GST refundable, net	636,417	619,190
Sundry receivables	814,921	1,082,653
	<u>3,183,556</u>	<u>3,673,152</u>
	<u>49,870,354</u>	<u>43,067,766</u>
Non-current		
Other receivables		
Staff loans	1,290,146	1,352,085
Less: Allowance for impairment	-	(8,373)
	<u>1,290,146</u>	<u>1,343,712</u>
Total trade and other receivables (current and non-current)	51,160,500	44,411,478
Add: Cash and bank balances (Note 18)	129,937,428	162,252,623
Less: Prepayments	(565,786)	(910,062)
GST refundable, net	(636,417)	(619,190)
Total loans and receivables carried at amortised cost	<u>179,895,725</u>	<u>205,134,849</u>

Notes to the Financial Statements

For the financial year ended 31 March 2017 (cont'd.)

16. TRADE AND OTHER RECEIVABLES (CONT'D.)

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 14 to 90 days (2016: 14 to 90 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

The ageing analysis of the Company's trade receivables is as follows:

	2017 RM	2016 RM
Neither past due nor impaired	35,232,827	27,531,073
1 to 30 days past due not impaired	9,335,016	9,886,456
31 to 60 days past due not impaired	1,741,113	1,257,731
61 to 90 days past due not impaired	195,830	667,151
91 to 120 days past due not impaired	119,930	32,075
More than 120 days past due not impaired	62,082	20,128
Impaired	11,453,971 31,954	11,863,541 50,623
	<u>46,718,752</u>	<u>39,445,237</u>

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Company.

Receivables that are past due but not impaired

The Company has trade receivables amounting to RM11,453,971 (2016: RM11,863,541) that are past due at the reporting date but not impaired.

At the reporting date, trade receivables arising from export sales amounting to RM1,551,230 (2016: RM525,959) have been arranged to be settled via letters of credit issued by reputable banks in countries where the customers are based. Trade receivables that are secured by bank guarantee amounted to RM440,189 (2016: RM499,159) at the reporting date. The remaining balance of receivables are unsecured in nature and relates to customers who have never defaulted on payments but are slow paymaster and hence, are periodically monitored.

Notes to the Financial Statements

For the financial year ended 31 March 2017 (cont'd.)

16. TRADE AND OTHER RECEIVABLES (CONT'D.)

(a) Trade receivables (cont'd.)

Receivables that are impaired

The Company's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Individually impaired	
	2017	2016
	RM	RM
Trade receivables - nominal amounts	31,954	50,623
Less: Allowance for impairment	(31,954)	(50,623)
	-	-
	-	-

Movement in allowance accounts:

	2017	2016
	RM	RM
At 1 April 2016/2015	50,623	33,617
Impairment loss (Note 8)	17,343	47,820
Reversal of impairment loss (Note 8)	(29,829)	(15,563)
Written off	(6,183)	(15,251)
	31,954	50,623
At 31 March	31,954	50,623

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(b) Staff loans

Other receivables that are impaired

The Company's other receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Individually impaired	
	2017	2016
	RM	RM
Other receivables - nominal amounts	-	8,373
Less: Allowance for impairment	-	(8,373)
	-	-
	-	-

Notes to the Financial Statements

For the financial year ended 31 March 2017 (cont'd.)

16. TRADE AND OTHER RECEIVABLES (CONT'D.)

(b) Staff loans (cont'd.)

Movement in allowance accounts:

	2017 RM	2016 RM
At 1 April 2016/2015	8,373	8,373
Written off	(8,373)	-
At 31 March	-	8,373

Staff loans are unsecured, bears interest at 0% to 2.5% (2016: 0% to 2.5%) per annum. Non-current amounts have an average maturity of 2.71 years (2016: 2.86 years). The loans are recognised initially at fair value. The difference between the fair value and the nominal loan amount represents payment for services to be rendered during the period of the loan and is recorded as part of operating expenses.

(c) Amount due from holding company and related companies

These amounts are unsecured, non-interest bearing and are repayable upon demand.

17. DERIVATIVES

The table below shows the fair values of derivative financial instruments, recorded as assets or liabilities, together with their notional amounts. The notional amount, recorded at gross, is the amounts of a derivative's underlying assets, reference rate or index and is the basis upon which changes in the values of derivatives are measured. The notional amounts indicated the volume of transactions outstanding at the reporting date and are indicative of neither the market risk nor the credit risk.

	Forward foreign exchange contracts RM	Notional Amount RM
As at 31 March 2017: Derivative liabilities	(56,836)	9,333,899
As at 31 March 2016: Derivative assets	966,667	18,352,182
Derivative liabilities	(460,137)	17,947,201

The Company uses forward currency contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure.

During the financial year, the Company recognised a loss of RM563,366 (2016: gain of RM812,341) arising from fair value changes of these derivatives. The fair value changes are attributable to changes in foreign exchange spot and forward rate.

Notes to the Financial Statements

For the financial year ended 31 March 2017 (cont'd.)

18. CASH AND BANK BALANCES

	2017 RM	2016 RM
Cash at banks and on hand	21,615,518	19,857,401
Deposits with licensed banks	108,321,910	142,395,222
Total cash and bank balances	129,937,428	162,252,623
Less: Deposits with maturity more than 90 days	(2,248,800)	(2,164,417)
Cash and cash equivalents	127,688,628	160,088,206

The interest rates relating to deposits with licensed banks at the reporting date vary from 2.55% to 3.55% (2016: 2.40% to 3.86%) per annum.

The maturities of the deposits with licensed banks as at the reporting date vary from 3 days to 180 days (2016: 6 days to 180 days).

19. EMPLOYEE BENEFITS

Retirement 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% (2016: 6% and 10%) on aggregate basic salaries of eligible staff and the number of completed years of service.

The amounts recognised in the statement of financial position are determined as follows:

	2017 RM	2016 RM
Present value of defined benefit obligations, representing net liability	9,910,523	9,774,758
Analysed as:		
Within the next 12 months	313,830	568,508
Beyond 1 year	9,596,693	9,206,250
	9,910,523	9,774,758

Notes to the Financial Statements

For the financial year ended 31 March 2017 (cont'd.)

19. EMPLOYEE BENEFITS (CONT'D.)

Retirement benefit obligations (cont'd.)

2017 changes in the defined obligation and fair value of plan assets are as follows:

	Defined benefit obligation RM	Fair value of plan asset RM	Total RM
Balance as at 1 April 2016	13,113,431	(3,338,673)	9,774,758
Movement during the financial year:			
Service cost	1,158,065	-	1,158,065
Net interest	698,995	(193,269)	505,726
Retirement benefit cost charged to profit of loss (Note 6)	1,857,060	(193,269)	1,663,791
Net benefits (paid)/received	(1,232,287)	236,295	(995,992)
Actuarial gain recognised in other comprehensive income	(6,921)	(2,841)	(9,762)
Contributions by the Company	-	(522,272)	(522,272)
	(1,239,208)	(288,818)	(1,528,026)
Balance as at 31 March 2017	13,731,283	(3,820,760)	9,910,523

2016 changes in the defined obligation and fair value of plan assets are as follows:

	Defined benefit obligation RM	Fair value of plan asset RM	Total RM
Balance as at 1 April 2015	11,581,834	(2,849,491)	8,732,343
Movement during the financial year:			
Service cost	941,897	-	941,897
Net interest	649,188	(174,525)	474,663
Retirement benefit cost charged to profit of loss (Note 6)	1,591,085	(174,525)	1,416,560
Net benefits (paid)/received	(646,739)	352,799	(293,940)
Actuarial loss/(gain) recognised in other comprehensive income	587,251	(159,811)	427,440
Contributions by the Company	-	(507,645)	(507,645)
	(59,488)	(314,657)	(374,145)
Balance as at 31 March 2016	13,113,431	(3,338,673)	9,774,758

Notes to the Financial Statements

For the financial year ended 31 March 2017 (cont'd.)

19. EMPLOYEE BENEFITS (CONT'D.)

Retirement benefit obligations (cont'd.)

The principal assumptions used in determining defined benefit plan obligations of the Company are shown below:

	2017 %	2016 %
Discount rate	5.30	5.50
Salary increment rate	5.00	5.00

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming if all other assumptions were held constant.

	Increase/ (decrease)	2017 RM	Increase/ (decrease)	2016 RM
Discount rate	+1%	(1,070,120)	+1%	(973,839)
	-1%	1,222,936	-1%	1,110,315
Salary increment rate	+1%	288,702	+1%	323,055
	-1%	(265,537)	-1%	(296,056)

20. TRADE AND OTHER PAYABLES

	2017 RM	2016 RM
Trade payables		
Third parties	9,012,771	8,216,540
Amount due to holding company	326,799	475,671
Amount due to other related companies	10,845,217	13,263,608
	<u>20,184,787</u>	<u>21,955,819</u>
Other payables		
Accruals	7,917,462	7,334,206
Sundry payables	7,546,402	11,030,978
Amount due to holding company	3,196,775	2,783,361
Amount due to other related companies	15,758	191,361
	<u>18,676,397</u>	<u>21,339,906</u>
Total trade and other payables, representing total financial liabilities carried at amortised cost	<u>38,861,184</u>	<u>43,295,725</u>

Notes to the Financial Statements

For the financial year ended 31 March 2017 (cont'd.)

20. TRADE AND OTHER PAYABLES (CONT'D.)

(a) Trade payables

These amounts are non-interest bearing. The normal trade credit terms granted to the Company ranges from 30 to 60 days (2016: 30 to 60 days).

(b) Other payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of 3 months (2016: average term of 3 months).

(c) Amounts due to holding company and related companies

These amounts are unsecured, non-interest bearing and have credit terms of 30 to 60 days (2016: 30 to 60 days).

21. DEFERRED TAXATION

	2017 RM	2016 RM
At 1 April 2016/2015	3,269,702	3,501,702
Recognised in statement of comprehensive income (Note 9)	(396,038)	(140,872)
Recognised in other comprehensive income	2,357	(91,128)
	<u>2,876,021</u>	<u>3,269,702</u>
At 31 March	<u>2,876,021</u>	<u>3,269,702</u>
Presented after appropriate offsetting as follows:		
Deferred tax assets	(3,991,899)	(4,037,300)
Deferred tax liabilities	6,867,920	7,307,002
	<u>2,876,021</u>	<u>3,269,702</u>

Deferred tax assets of the Company:

	Retirement benefit obligations RM	Provisions RM	Total RM
At 1 April 2016	2,492,645	1,544,655	4,037,300
Recognised in the statement of comprehensive income	103,560	(146,604)	(43,044)
Recognised in other comprehensive income	(2,357)	-	(2,357)
	<u>2,593,848</u>	<u>1,398,051</u>	<u>3,991,899</u>
At 31 March 2017	<u>2,593,848</u>	<u>1,398,051</u>	<u>3,991,899</u>
At 1 April 2015	2,322,631	691,469	3,014,100
Recognised in the statement of comprehensive income	78,886	853,186	932,072
Recognised in other comprehensive income	91,128	-	91,128
	<u>2,492,645</u>	<u>1,544,655</u>	<u>4,037,300</u>
At 31 March 2016	<u>2,492,645</u>	<u>1,544,655</u>	<u>4,037,300</u>

Notes to the Financial Statements

For the financial year ended 31 March 2017 (cont'd.)

21. DEFERRED TAXATION (CONT'D.)

Deferred tax liabilities of the Company:

	Property, plant and equipment RM
At 1 April 2016	7,307,002
Recognised in the statement of comprehensive income	(439,082)
At 31 March 2017	6,867,920
At 1 April 2015	6,515,802
Recognised in the statement of comprehensive income	791,200
At 31 March 2016	7,307,002

22. SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares		Amount	
	2017	2016	2017 RM	2016 RM
Authorised:				
At 1 April 2016/2015	80,000,000	80,000,000	80,000,000	80,000,000
Less : Abolishment under Companies Act 2016	(80,000,000)	-	(80,000,000)	-
At 31 March	-	80,000,000	-	80,000,000
Issued and fully paid:				
At 1 April 2016/2015	60,798,534	60,798,534	60,798,534	60,798,534
Add: Transition to no-par value regime	-	-	4,303,700	-
At 31 March	60,798,534	60,798,534	65,102,234	60,798,534

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares ranked equally with regard to the Company's residual assets.

The new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account become part of the Company's share capital pursuant to the transitional provisions set out in Section 618 (2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM4,303,700 for purposes as set out in Sections 618 (3) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

23. RETAINED EARNINGS

The Company may distribute dividends out of its entire retained earnings under the single tier system.

Notes to the Financial Statements

For the financial year ended 31 March 2017 (cont'd.)

24. OTHER RESERVES

	Fair value reserve RM	Defined benefit reserves RM	Total RM
At 1 April 2016	126,129	(1,196,740)	(1,070,611)
Other comprehensive income:			
Realised to profit or loss due to disposal of investment securities	(126,129)	-	(126,129)
Defined benefit plan actuarial loss	-	9,762	9,762
Income tax effect	-	(2,357)	(2,357)
At 31 March 2017	-	(1,189,335)	(1,189,335)
At 1 April 2015	126,129	(860,428)	(734,299)
Other comprehensive income:			
Defined benefit plan actuarial loss	-	(427,440)	(427,440)
Income tax effect	-	91,128	91,128
At 31 March 2016	126,129	(1,196,740)	(1,070,611)

The fair value reserve represent the cumulative fair value changes of available for sale financial assets until they are disposed of or impaired.

The defined benefit reserve represent the re-measurement of actuarial gains or losses of the defined benefit liability or asset.

25. COMMITMENTS

	2017 RM	2016 RM
(a) Capital commitment		
Approved but not contracted for:		
Property, plant and equipment	16,350,000	19,567,000

(b) Operating lease commitments – as lessor

The Company has entered into commercial lease on its long-term leasehold land. This non-cancellable lease has ceased during the financial year.

Future minimum rentals receivable under non-cancellable operating lease at the reporting date are as follows:

	2017 RM	2016 RM
Not later than 1 year	-	518,127

Notes to the Financial Statements

For the financial year ended 31 March 2017 (cont'd.)

26. CONTINGENT LIABILITIES

	2017 RM	2016 RM
Unsecured bank guarantees extended to third parties	1,412,000	1,405,500

27. RELATED PARTY DISCLOSURES

- (a) In addition to the transactions detailed elsewhere in the financial statements, the Company had the following transactions with related parties during the financial year:

	2017 RM	2016 RM
Transactions with related companies:		
Commission income	18,249	17,365
Royalties payable	(10,011,096)	(9,667,373)
Sales	98,424,721	83,872,941
Purchases	(168,011,777)	(150,234,926)
Purchases of assets	(2,001,531)	(514,514)
Promotional expenses	(3,608)	(105,121)
Other expenses	(513,347)	(656,136)
Shared information technology services	(2,816,928)	(2,303,343)

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 negotiated terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

- (b) Compensation of key management personnel

The directors of the Company are the key management personnel during the year whose remuneration is disclosed in Note 7.

28. FAIR VALUE OF FINANCIAL INSTRUMENTS

Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables (excluding prepayments and GST refundable, net) (current)	16
Trade and other payables (current)	20

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term nature except as follows:

Staff loans

The fair values of staff loans are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending and borrowing at the reporting date.

Notes to the Financial Statements

For the financial year ended 31 March 2017 (cont'd.)

28. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D.)

Derivatives

Forward currency contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates.

The Company uses the following hierarchy for determining the fair value of all financial instruments carried at fair value:

- Level 1 - Quoted prices in active markets for identical financial instruments.
- Level 2 - Inputs other than quoted prices that are included in Level 1 that are observable for the asset either directly or indirectly.
- Level 3 - Inputs that are not based on observable market data.

As at the reporting date, the Company held the following financial assets and liabilities that are measured at fair value:

	Level 1 RM	Level 2 RM	Total RM
As at 31 March 2017:			
<i>Financial assets</i>			
At fair value through profit or loss:			
Funds placed with licensed financial institutions	-	200,066,655	200,066,655
<i>Financial liability</i>			
Derivatives	-	56,836	56,836
As at 31 March 2016:			
<i>Financial assets</i>			
Available-for-sale financial assets - Investment securities	798,814	-	798,814
Derivatives	-	966,667	966,667
	798,814	966,667	1,765,481
<i>Financial liability</i>			
Derivatives	-	460,137	460,137

There were no material transfer between Level 1, Level 2 and Level 3 during the financial year.

Notes to the Financial Statements

For the financial year ended 31 March 2017 (cont'd.)

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the director in charge of finance, finance manager and the finance department. The management committee provides an oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Company's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Company does not apply hedge accounting.

The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities, cash and bank balances and derivatives), the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Company trades only with recognised and creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. For transactions that do not occur in the country of the relevant operating unit, the Company does not offer credit terms without appropriate approval.

Exposure to credit risk

At the reporting date, the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position, including derivatives with positive fair values.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 16.

Credit risk concentration profile

The Company determines concentrations of credit risk by monitoring the country profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Company's trade receivables at the reporting date are as follows:

	2017		2016	
	RM'000	% of total	RM'000	% of total
By country:				
Malaysia	18,973	41%	16,809	43%
Indonesia	6,883	15%	4,731	12%
Middle East	6,257	13%	5,722	15%
Singapore	1,366	3%	1,297	3%
Thailand	3,599	8%	4,135	10%
Brunei	903	2%	820	2%
Japan	764	1%	396	1%
Other countries	7,942	17%	5,485	14%
	46,687	100%	39,395	100%

Notes to the Financial Statements

For the financial year ended 31 March 2017 (cont'd.)

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(a) Credit risk (cont'd.)

Credit risk concentration profile (cont'd.)

At the reporting date, approximately:

- 41% (2016: 44%) of the Company's trade receivables were due from 5 major customers.
- 36% (2016: 33%) of the Company's trade and other receivables were due from related companies.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 16. Cash and cash equivalents, investment securities and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 16.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The table below summarises the maturity profile of the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within one year	
	2017	2016
	RM	RM
Financial liabilities:		
Trade and other payables	38,861,184	43,295,725
Derivatives liabilities	56,836	460,137
	<u>38,918,020</u>	<u>43,755,862</u>

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Company's exposure to interest rate risk arises primarily from the deposits placed with licensed financial institutions. All of the Company's financial assets are contractually re-priced at intervals of less than 6 months (2016: less than 6 months) from the reporting date.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 10 basis points lower/higher, with all other variables held constant, the Company's profit before tax would have been RM108,322 (2016: RM142,395) lower/higher, arising mainly as a result of lower/higher interest income from deposits with licensed financial institutions. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

Notes to the Financial Statements

For the financial year ended 31 March 2017 (cont'd.)

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the functional currency of the Company, Ringgit Malaysia ("RM"). The foreign currencies in which these transactions are denominated are mainly USD and SGD.

Approximately 40% (2016: 38%) of the Company's sales are denominated in foreign currencies whilst almost 35% (2016: 36%) of costs are denominated in foreign currencies. The Company's trade receivables and trade payables balances at the reporting date have similar exposures.

The Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances in USD and SGD amounted to RM12,546,930 (2016: RM7,311,665).

The Company use forward currency contracts to eliminate the currency exposures for which settlement is anticipated more than one month after the Company has entered into a firm commitment for a sale or purchase. The forward currency contracts must be in the same currency as the hedged item. It is the Company's policy not to enter into forward contracts until a firm commitment is in place.

At the reporting date, the Company hedged 53% (2016: 96%) and 85% (2016: 89%) of its foreign currency denominated sales and purchases of raw materials respectively for which firm commitments existed at the reporting date, extending to June 2017.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Company's profit net of tax to a reasonably possible change in the USD, JPY, EUR and SGD exchange rates against the respective foreign currencies, with all other variables held constant.

	2017 RM'000 Profit net of tax	2016 RM'000 Profit net of tax
USD/RM - strengthened 4% (2016: 4%)	599	268
- weakened 4% (2016: 4%)	(599)	(268)
JPY/RM - strengthened 4% (2016: 4%)	(56)	(26)
- weakened 4% (2016: 4%)	56	26
SGD/RM - strengthened 4% (2016: 4%)	47	56
- weakened 4% (2016: 4%)	(47)	(56)
EUR/RM - strengthened 4% (2016: 4%)	(14)	(4)
- weakened 4% (2016: 4%)	14	4

Notes to the Financial Statements

For the financial year ended 31 March 2017 (cont'd.)

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(e) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Company is exposed to market price risk arising from its investments in quoted equity instruments and funds placed with licensed financial institutions which are classified as available-for-sale financial assets and fair value through profit and loss respectively.

At prior reporting date, if the market price of the equity instruments had been 5% higher/lower, with all other variables held constant, the Company's other reserve in equity would have been RM39,941 higher/lower, arising as a result of an increase/decrease in the fair value of equity instruments classified as available-for-sale. The quoted equity instruments have been disposed in the current year.

At the reporting date, if the market price of the funds placed with licensed financial institutions had been 1% higher/lower, with all other variables held constant, the Company's profit for the year would have been RM2,000,557 higher/lower.

30. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains a sustainable capital position in order to support its business and operations.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 March 2017 and 31 March 2016.

31. SEGMENTAL INFORMATION

(a) Business segment

The business segments have been changed from umami segment and food and seasoning segment and other segment to consumer business segment and industrial business segment in line with the revision in internal management reporting information to management. Consumer business segment consists of manufacture and distribution of consumer products including "Aji-no-moto", flavour seasoning "Tumix", menu seasoning "Seri Aji" and other seasonings. Industrial business segment consists of manufacture and distribution of monosodium glutamate for industry-use, industrial seasonings and related products.

	Consumer business segment RM	Industrial business segment RM	Total RM
At 31 March 2017			
Revenue	305,337,316	114,579,763	419,917,079
Results			
Segment profit	34,919,754	26,186,921	61,106,675
Interest income			5,499,629
Gain on disposal of property, plant and equipment			121,319,793
Other income received from compensation on compulsory acquisition			23,542,893
Profit before tax			211,468,990
Income tax expense			(24,006,710)
Profit, net of tax			187,462,280

Notes to the Financial Statements

For the financial year ended 31 March 2017 (cont'd.)

31. SEGMENTAL INFORMATION (CONT'D)

(a) Business segment (cont'd.)

	Consumer business segment RM	Industrial business segment RM	Total RM
At 31 March 2016			
Revenue	297,803,477	102,397,062	400,200,539
Results			
Segment profit	27,912,572	21,757,020	49,669,592
Interest income			4,293,099
Loss on disposal of property, plant and equipment			(21,244)
Profit before tax			53,941,447
Income tax expense			(13,154,438)
Profit, net of tax			40,787,009
At 31 March 2017			
Assets			
Segment assets	347,496,594	184,941,257	532,437,851
Total assets			532,437,851
Liabilities			
Segment liabilities	29,579,962	19,248,581	48,828,543
Current tax payable			6,095,751
Deferred tax liabilities			2,876,021
Total liabilities			57,800,315
Other segment information			
Capital expenditure	8,599,834	9,174,553	17,774,387
Depreciation	5,711,336	6,093,017	11,804,353

Notes to the Financial Statements

For the financial year ended 31 March 2017 (cont'd.)

31. SEGMENTAL INFORMATION (CONT'D)

(a) Business segment (cont'd.)

	Consumer business segment RM	Industrial business segment RM	Total RM
At 31 March 2016			
Assets			
Segment assets	220,177,172	146,876,326	367,053,498
Total assets			367,053,498
Liabilities			
Segment liabilities	26,777,388	26,753,232	53,530,620
Current tax payable			2,439,691
Deferred tax liabilities			3,269,702
Total liabilities			59,240,013
Other segment information			
Capital expenditure	5,759,151	6,960,175	12,719,326
Depreciation	5,223,774	6,313,148	11,536,922

(b) Geographical segment:

Segmental reporting by geographical regions has only been prepared for revenue as the Company's assets are located in Malaysia. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers.

	Malaysia RM	Middle East RM	Other Asian Countries RM	Others RM	Total RM
Revenue					
2017	251,567,524	59,044,743	104,248,672	5,056,140	419,917,079
2016	248,739,165	55,072,670	91,345,691	5,043,013	400,200,539

32. SIGNIFICANT EVENT

During the year, the Company received approximately RM166 million of compensation from the federal government in relation to the compulsory acquisition of lands for the purpose of "Projek Mass Rapid Transit (MRT) – Jajaran Sungai Buloh-Serdang-Putrajaya (MRT Jajaran 2)".

The compensation includes compensation on the disposal of property plant and equipment, business disturbance, loss of rental income and relocation cost. The Company has recognised a total income of approximately RM145 million in the current year.

Notes to the Financial Statements

For the financial year ended 31 March 2017 (cont'd.)

33. SUPPLEMENTARY INFORMATION

The breakdown of the retained earnings of the Company as at 31 March 2017 and 31 March 2016 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2011 and prepared in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	2017 RM	2016 RM
Total retained earnings of the Company		
- realised	412,322,525	248,952,579
- unrealised	(1,597,888)	(5,170,717)
Retained earnings as per financial statements	410,724,637	243,781,862

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

LIST OF PROPERTIES

AS AT 31 MARCH 2017

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)	41 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)	52 years	17,306,191
Land and buildings Lot 5710, Jalan Kuchai Lama, Petaling, Kuala Lumpur	Office, warehouse and factory complex	172,640 sq. ft.	Leasehold expiring on 5.7.2067	1984 (Revaluation)	47 years	7,859,441
Land and buildings Lot 5710, Jalan Kuchai Lama, Petaling, Kuala Lumpur	Mining pool	304,920 sq. ft.	Leasehold expiring on 2062	1984 (Revaluation)	52 years	1,966,370
Land and buildings Lot 5710, Jalan Kuchai Lama, Petaling, Kuala Lumpur	Factory complex	85,568 sq. ft.	Leasehold expiring on 15.3.2073	1992	25 years	2,020,721
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	25 years	172,238
Land and buildings Lot 47088, Jalan Kuchai Lama, Petaling, Kuala Lumpur	Industrial land and store	5,653 sq. mtr.	Leasehold expiring on 20.1.2074	2003	12 years	2,651,536

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifty-Sixth ("56th") Annual General Meeting ("AGM") of the Company will be held at Bukit Jalil Golf & Country Resort, Jalan 3/155B, Bukit Jalil, 57000 Kuala Lumpur on Monday, 28 August 2017 at 10:00 a.m. for the following purposes:-

AGENDA

- | | | |
|----|--|---|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 March 2017 together with the Reports of the Directors and the Auditors thereon. | (Please refer to the Notes to the Notice of 56th AGM No. 7) |
| 2. | To declare a first and final single-tier dividend of 42.0 sen per ordinary share for the financial year ended 31 March 2017. | (Resolution 1) |
| 3. | To approve the payment of Directors' fees for the financial year ended 31 March 2017. | (Resolution 2) |
| 4. | To approve the payment of Directors' benefits up to an amount of RM1,250,000 from 31 January 2017 until the next Annual General Meeting of the Company. | (Resolution 3) |
| 5. | To re-elect the following Directors who are retiring in accordance with Article 120 of the Company's Articles of Association and being eligible, had offered themselves for re-election:- | |
| | (a) Ms. Naoko Yamamoto; | (Resolution 4) |
| | (b) Mr. Hiroki Suzuki; and | (Resolution 5) |
| | (c) Mr. Kinji Yamashita. | (Resolution 6) |
| 6. | To re-appoint General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd. Ali (Rtd) as a Director of the Company. | (Resolution 7) |
| 7. | To re-elect the following Directors who are retiring in accordance with Article 114 of the Company's Articles of Association and being eligible, have offered themselves for re-election:- | |
| | (a) Y. Bhg. Tan Sri Dato' (Dr.) Teo Chiang Liang; and | (Resolution 8) |
| | (b) Mr. Dominic Aw Kian-Wee. | (Resolution 9) |
| 8. | To re-appoint Messrs. Hanafiah Raslan & Mohamad as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration. | (Resolution 10) |

As Special Business

To consider and if thought fit, with or without any modification, to pass the following Ordinary Resolutions :-

- | | | |
|----|---|-----------------|
| 9. | ORDINARY RESOLUTION NO. 1:
- AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT, 2016 | (Resolution 11) |
|----|---|-----------------|

"THAT subject always to the Companies Act, 2016 ("the Act"), the Articles of Association of the Company and the approvals from Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered pursuant to the Act, to issue and allot shares in the capital of the Company from time to time at such price and upon such terms and conditions, for such purposes and to such person or persons whomsoever the Directors may in their absolute discretion deem fit provided always that the aggregate number of shares issued pursuant to this resolution does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being;

AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities; AND FURTHER THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."

Notice of Annual General Meeting (cont'd.)

10. **ORDINARY RESOLUTION NO. 2:** (Resolution 12)
- PROPOSED RENEWAL OF EXISTING SHAREHOLDER MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

THAT subject to Bursa Malaysia Securities Berhad Main Market Listing Requirements, approval be and is hereby given for the Proposed Renewal of Existing Shareholder Mandate for the Company to enter into and to give effect to the category of the recurrent transactions of a revenue or trading nature from time to time with the Related Party as specified in Section 2.3 of the Circular to Shareholders dated 28 July 2017, provided that such transactions are:-

- (i) recurrent transactions of a revenue or trading nature;
 - (ii) necessary for the Company's day-to-day operations;
 - (iii) carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and
 - (iv) not to the detriment of minority shareholders,
- (the "Mandate");

AND THAT such authority shall commence upon the passing of this resolution and shall continue to be in force until:-

- (i) the conclusion of the next Annual General Meeting of the Company following the general meeting at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the next Annual General Meeting, the authority is renewed;
- (ii) the expiration of the period within which the next Annual General Meeting after that date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
- (iii) revoked or varied by resolution passed by the shareholders in a general meeting; whichever is the earlier;

AND FURTHER THAT the Directors be authorised to complete and do all such acts and things (including executing all such documents as may be required), as they may consider expedient or necessary to give effect to the Mandate."

11. **ORDINARY RESOLUTION NO. 3** (Resolution 13)
- APPROVAL TO CONTINUE IN OFFICE AS INDEPENDENT DIRECTOR

"THAT General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd. Ali (Rtd) who has served the Board as an Independent Director of the Company for a cumulative term of more than nine years since 5 September 1995 be and is hereby retained as an Independent Director of the Company."

12. **ORDINARY RESOLUTION NO. 4** (Resolution 14)
- APPROVAL TO CONTINUE IN OFFICE AS INDEPENDENT DIRECTOR

"THAT Tan Sri Dato' (Dr.) Teo Chiang Liang who has served the Board as an Independent Director of the Company for a cumulative term of more than nine years since 28 June 2001 be and is hereby retained as an Independent Director of the Company."

Notice of Annual General Meeting (cont'd.)

13. **ORDINARY RESOLUTION NO. 5** (Resolution 15)
- APPROVAL TO CONTINUE IN OFFICE AS INDEPENDENT DIRECTOR

“THAT Mr. Koay Kah Ee who has served the Board as an Independent Director of the Company for a cumulative term of more than nine years since 15 November 2007 be and is hereby retained as an Independent Director of the Company.”

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

NOTICE OF BOOK CLOSURE

NOTICE IS ALSO HEREBY GIVEN that a first and final single-tier dividend of 42.0 sen per ordinary share for the financial year ended 31 March 2017 will be payable on 20 September 2017 to depositors whose names appear in the Record of Depositors at the close of business on 5 September 2017 if approved by the members at the 56th AGM.

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 5 September 2017 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)
YEOW SZE MIN (MAICSA 7065735)
Company Secretaries

Kuala Lumpur
Dated : 28 July 2017

Explanatory Notes to Special Business: -

1. Authority pursuant to the Act

The Company wishes to renew the mandate on the authority to issue shares pursuant to the Act, at the Fifty-Sixth Annual General Meeting of the Company (hereinafter referred to as the “General Mandate”). The Company had been granted a general mandate by its shareholders at the Fifty-Fifth Annual General Meeting of the Company held on 26 September 2016 (hereinafter referred to as the “Previous Mandate”).

The Previous Mandate granted by the shareholders had not been utilised and hence no proceed was raised therefrom.

The purpose to seek the General Mandate is to provide flexibility to the Company for allotment of shares for any possible fund raising activities for the purpose of funding working capital without convening a general meeting as it would be both time and cost-consuming to organise a general meeting.

2. Proposed Renewal of Existing Shareholder Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (hereinafter referred to as “the Proposal”)

The Proposal 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 the Circular to Shareholders dated 28 July 2017 for more information.

Notice of Annual General Meeting (cont'd.)

3. Approval to Continue in Office as Independent Director

(i) General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd. Ali (Rtd)

The Board of Directors has vide the Nomination Committee conducted an annual performance evaluation and assessment of General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd. Ali (Rtd) ("**Tan Sri Hashim**") who has served as an Independent Director for a cumulative term of more than nine (9) years and recommended him to continue in office as an Independent Director based on the following justifications:-

- (a) Tan Sri Hashim has fulfilled the definition of an independent director as set out under Paragraph 1.01 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements ("**MainLR**")
- is not an executive director of the Company or any related corporation of the Company (each corporation is referred to as "**said Corporation**");
 - has not been within the last two (2) years and is not an officer (except as a non-executive director) of the said Corporation ["**officer**" includes a director, secretary, employee, receiver who is also a manager not appointed by the Court, and liquidator not appointed by the Court or creditors];
 - is not a major shareholder of the said Corporation;
 - is not a family member of any executive director, officer or major shareholder of the said Corporation;
 - is not acting as a nominee or representative of any executive director or major shareholder of the said Corporation;
 - has not been engaged as an adviser by the said Corporation under such circumstances as prescribed by the Exchange or is not presently a partner, director (except as an independent director) or major shareholder, as the case may be, of a firm or corporation which provides professional advisory services to the said Corporation under such circumstances as prescribed by the Exchange; or
 - has not engaged in any transaction with the said Corporation under such circumstances as prescribed by the Exchange or is not presently a partner, director or major shareholder, as the case may be, of a firm or corporation (other than subsidiaries of the Company) which has engaged in any transaction with the said Corporation under such circumstances as prescribed by the Exchange;
- (b) Tan Sri Hashim has not been involved in any business or other relationship which could hinder the exercise of independent judgement, objectivity or his ability to act in the best interests of the Company;
- (c) Tan Sri Hashim has no potential conflict of interest, whether business or non-business related with the Company;
- (d) Tan Sri Hashim has not established or maintained any significant personal or social relationship, whether direct or indirect, with the Managing Director/Chief Executive Officer and Executive Directors, major shareholders or management of the Company (including their family members) other than normal engagements and interactions on a professional level consistent with his duties and expected of him to carry out his duties as an independent director; and
- (e) Tan Sri Hashim does not derive any remuneration and other benefits apart from Directors' fees that are approved by shareholders.

(ii) Tan Sri Dato' (Dr.) Teo Chiang Liang

The Board of Directors has vide the Nomination Committee conducted an annual performance evaluation and assessment of Tan Sri Dato' (Dr.) Teo Chiang Liang ("**Tan Sri Teo**") who has served as an Independent Director for a cumulative term of more than nine (9) years and recommended him to continue in office as an Independent Director based on the following justifications:-

- (a) Tan Sri Teo has fulfilled the definition of an independent director as set out under Paragraph 1.01 of the Bursa Malaysia Securities Berhad MainLR
- is not an executive director of the Company or any related corporation of the Company (each corporation is referred to as "**said Corporation**");
 - has not been within the last two (2) years and is not an officer (except as a non-executive director) of the said Corporation ["**officer**" includes a director, secretary, employee, receiver who is also a manager not appointed by the Court, and liquidator not appointed by the Court or creditors];
 - is not a major shareholder of the said Corporation;

Notice of Annual General Meeting (cont'd.)

- is not a family member of any executive director, officer or major shareholder of the said Corporation;
 - is not acting as a nominee or representative of any executive director or major shareholder of the said Corporation;
 - has not been engaged as an adviser by the said Corporation under such circumstances as prescribed by the Exchange or is not presently a partner, director (except as an independent director) or major shareholder, as the case may be, of a firm or corporation which provides professional advisory services to the said Corporation under such circumstances as prescribed by the Exchange; or
 - has not engaged in any transaction with the said Corporation under such circumstances as prescribed by the Exchange or is not presently a partner, director or major shareholder, as the case may be, of a firm or corporation (other than subsidiaries of the Company) which has engaged in any transaction with the said Corporation under such circumstances as prescribed by the Exchange;
- (b) Tan Sri Teo has not been involved in any business or other relationship which could hinder the exercise of independent judgement, objectivity or his ability to act in the best interests of the Company;
- (c) Tan Sri Teo has no potential conflict of interest, whether business or non-business related with the Company;
- (d) Tan Sri Teo has not established or maintained any significant personal or social relationship, whether direct or indirect, with the Managing Director/Chief Executive Officer and Executive Directors, major shareholders or management of the Company (including their family members) other than normal engagements and interactions on a professional level consistent with his duties and expected of him to carry out his duties as an independent director; and
- (e) Tan Sri Teo does not derive any remuneration and other benefits apart from Directors' fees that are approved by shareholders.

(iii) Mr. Koay Kah Ee

The Board of Directors has vide the Nomination Committee conducted an annual performance evaluation and assessment of Mr. Koay Kah Ee ("Mr. Koay") who has served as an Independent Director for a cumulative term of more than nine (9) years and recommended him to continue in office as an Independent Director based on the following justifications:-

- (a) Mr. Koay has fulfilled the definition of an independent director as set out under Paragraph 1.01 of the Bursa Malaysia Securities Berhad MainLR
- is not an executive director of the Company or any related corporation of the Company (each corporation is referred to as "said Corporation");
 - has not been within the last 2 years and is not an officer (except as a non-executive director) of the said Corporation ["officer" includes a director, secretary, employee, receiver who is also a manager not appointed by the Court, and liquidator not appointed by the Court or creditors];
 - is not a major shareholder of the said Corporation;
 - is not a family member of any executive director, officer or major shareholder of the said Corporation;
 - is not acting as a nominee or representative of any executive director or major shareholder of the said Corporation;
 - has not been engaged as an adviser by the said Corporation under such circumstances as prescribed by the Exchange or is not presently a partner, director (except as an independent director) or major shareholder, as the case may be, of a firm or corporation which provides professional advisory services to the said Corporation under such circumstances as prescribed by the Exchange; or
 - has not engaged in any transaction with the said Corporation under such circumstances as prescribed by the Exchange or is not presently a partner, director or major shareholder, as the case may be, of a firm or corporation (other than subsidiaries of the Company) which has engaged in any transaction with the said Corporation under such circumstances as prescribed by the Exchange;
- (b) Mr. Koay has not been involved in any business or other relationship which could hinder the exercise of independent judgement, objectivity or his ability to act in the best interests of the Company;
- (c) Mr. Koay has no potential conflict of interest, whether business or non-business related with the Company;

Notice of Annual General Meeting (cont'd.)

- (d) Mr. Koay has not established or maintained any significant personal or social relationship, whether direct or indirect, with the Managing Director/Chief Executive Officer and Executive Directors, major shareholders or management of the Company (including their family members) other than normal engagements and interactions on a professional level consistent with his duties and expected of him to carry out his duties as an independent director; and
- (e) Mr. Koay does not derive any remuneration and other benefits apart from Directors' fees that are approved by shareholders.

Notes to the Notice of the 56th AGM:-

1. In respect of deposited securities, only members/shareholders whose names appear in the Record of Depositors on 21 August 2017 shall be eligible to attend the Meeting.
2. A member of the Company shall be entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote at a meeting of members of the Company. There shall be no restriction as to the qualification of the proxy.
3. In the case of a Company having a share capital, a member may appoint up to two (2) proxies for the Meeting, provided that the member specifies the proportion of the member's shareholdings to be represented by each proxy.
4. The instrument appointing proxy shall be in print or writing under the hand of the member/shareholder or his duly constituted attorney, or in the case of a corporate member/shareholder, under its common seal or under the hand of its officer or attorney duly authorised. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
5. Where a member/shareholder is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at Securities Services (Holdings) Sdn. Bhd. of Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than 48 hours before the time for holding the Meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for taking of the poll, and in default the instrument of proxy shall not be treated as valid.
7. This Agenda item is meant for discussion only, as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

Eat Well, Live Well.
AJINOMOTO®

SUSTAINABILITY STATEMENT



FOR THE
FUTURE
OF **PEOPLE** AND THE **EARTH**

In line with the amendments to the Main Market Listing Requirements on sustainability reporting, issued by Bursa Malaysia Securities Berhad in October 2015, Ajinomoto (Malaysia) Berhad (AMB) is proud to present our inaugural Sustainability Statement. The statement provides an overview of the Company's sustainability approach, priorities and progress. This report primarily covers activities and assessments carried out during the Financial Years 2015 and 2016 (every Financial Year starts from April in that particular year until March of the following year).

This sustainability statement has been prepared in accordance with the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines which are internationally recognised and widely used for sustainability reporting. These guidelines set out a framework on the principles and standard disclosures required to report the Economic, Environmental and Social (EES) performances of the Company's business operations in Malaysia.

This report has been structured to disseminate information about AMB's sustainability performance and practices in a transparent manner. It details the company's sustainability governance, materiality assessment, stakeholder engagement, sustainability commitment and achievements, as well as significant EES impact of the Company's performance.

The Company welcomes feedback from our stakeholders and other readers of this report. Our contact details are provided below.

Name : Kamarudin bin Rasid
Position : Chief Administration Officer/Director

Ajinomoto (Malaysia) Berhad
Lot 5710, Jalan Kuchai Lama,
Petaling, 58200 Kuala Lumpur.
Tel : 603-7980 6958
Fax : 603-7981 1731

2. THE CHAIRMAN'S MESSAGE



General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd. Ali (Rtd)

Ajinomoto (Malaysia) Berhad (AMB) which is one of the very first Japanese companies to be set up in Malaysia, started its operations in 1961. With its headquarter and factory located in Kuala Lumpur, the Company has grown into a dynamic food and seasoning manufacturer, producing diverse branded products accepted by Malaysians for decades. AMB has expanded the product range from its pioneer product, AJI-NO-MOTO® Umami Seasoning to the other seasoning products such as TUMIX®, SERI-AJI®, AJI-SHIO® and AJI-MIX™, the low calories sweetener – Pal Sweet®, and the industrial products that include AJIMATE™, AJI-AROMA™ and ACTIVA™ TG.

AMB has contributed its commitment to the Earth and the People, while delivering sustainable growth for the benefit of its shareholders and other stakeholders. The Company continuously contributes to society through its profitable economic value generated by focusing on resolving social issues related to healthy living, global sustainability and food resources. All these efforts are referring to the Ajinomoto Group Creating Shared Value (ASV) initiatives which create value together with local community. This is to achieve the ultimate goal of promoting 'Eat Well, Live Well.' motto for the sustainability of our Mother Earth, people and all living matter.

AMB's sustainability commitment drives continuous improvement in four key environmental areas that are strategic priorities which include 'energy saving', 'water consumption', 'Greenhouse Gas (GHG) emissions' and 'waste water reduction'. Furthermore, its longstanding commitment to social responsibility, treating employees and people in the community with respect represents a custom being practiced by AMB. This can be proven by the high retention rate of the employees since its establishment.

As a responsible corporate citizen in Malaysia, all products manufactured, imported and distributed by AMB are certified HALAL by the Department of Islamic Development Malaysia (JAKIM) and the relevant recognised authorities. Its HALAL commitment is in line with the Government's vision of Malaysia as a HALAL hub, creates assurance for Muslim consumers, and to ensure products meet the highest quality, safety and hygiene standards.

Looking ahead, AMB focuses on driving sustainable growth over the coming years. The Company is committed, as always, to engaging its stakeholders and operating with the highest degree of integrity and transparency. Keeping this in mind, the Company strives to meet their expectations and achieve its Economic, Environmental and Social (EES) responsibility goals. The Company aims to become the most trusted and efficient food company which its employees are proud to be part of.

With signature
General Tan Sri (Dr.) Dato' Paduka
Mohamed Hashim bin Mohd. Ali (Rtd)
Chairman, Independent Non-Executive Director

3. STAKEHOLDER ENGAGEMENT

Ajinomoto (Malaysia) Berhad (AMB) strongly believes that engaging stakeholders is integral in steering the Company towards achieving its sustainability goals. Stakeholder engagement is an absolute priority for developing a strategy to realise the company’s vision to continue remaining a sustainable business operation.

Across all of its business operations, AMB maintains a constant line of communication with its stakeholders, both at a formal and informal level. It is through this practice of open communication that the Company is able to build a trustworthy relationship with and amongst its stakeholders. These include its customers, investors, suppliers, employees, regulatory and statutory bodies, local communities, Non-Profit Organisations (NPOs) and academic institutions.

The table below (Table 1) lists the issues of concern impacting different stakeholders and the various forms of engagement the Company undertakes with each of them.

Stakeholder	Issues of Concern	Forms of Engagement
Customers/Consumers	Support services, inventory supply commitment, product pricing and quality.	<ul style="list-style-type: none"> • Customer call centre • Website/social media • Plant tour • Consumer survey • Sales/technical visit • Consumer promotion
Shareholders/Investors	Group financial performance, business strategy and governance.	<ul style="list-style-type: none"> • Annual general meeting of shareholders • Analysts’ meetings on financial results
Suppliers	Service delivery, project scope, payment schedule, pricing of services and service/product quality.	<ul style="list-style-type: none"> • Business communication on day-to-day basis • Purchasing Policy and Guidelines briefing • Supplier evaluation/audit • Purchasing contract
Employees	Compensation benchmark, career development, retirement planning, streamlining governance, policies, systems, employee welfare and health & safety.	<ul style="list-style-type: none"> • Employee survey • Meeting/discussion • Intranet portal • Whistleblower programme • Training • Food Industry Employee Union (FIEU) meeting/discussion
Regulatory Agencies and Statutory Bodies	Compliance, environmental emissions and discharges, security issues, labour practices and health issues.	<ul style="list-style-type: none"> • Inspections by regulating agencies (DOE, DOSH, MOH, JAKIM) • Active engagement with agencies/associations
Local Communities/ Non-Profit Organisation (NPO)/Academic Institution	Community living, food and nutrition issues	<ul style="list-style-type: none"> • Dialogue with neighborhood residents • Social contribution and community service programmes

Table 1: Stakeholder Groups, Issues of Concern and Forms of Engagement

4. SUSTAINABILITY REPORTING WORKING COMMITTEE

The Sustainability Reporting Working Committee at AMB comprises employees from different departments, all contributing towards the preparation and facilitation of AMB’s sustainability report. More specifically, this committee’s role involves designing AMB’s business improvement plan and strategy, and setting guidelines for the Company’s sustainability report. The main work of the committee constitutes determining the Economic, Environmental and Social (EES) risks and opportunities within the eco-system of the organisation. Identifying the EES impacts of AMB’s operations enables the committee to map the long, medium and short term performance of the organisation in the context of sustainability.

At AMB, specific departments such as General Affairs, Factory Administration, Quality Assurance and etc. are selected to gather information on the EES impact of the Company’s operations. This information is subsequently provided to the Head of the Corporate Communications Department. Thereafter it is compiled and collated into a comprehensive sustainability report. Subsequently, the data collected by the Head of Corporate Communications Department is communicated to the Chief Administration Officer (as shown in Figure 1). There is a clear line of communication and information gathering within the committee, and this enables an accurate representation of the Company’s sustainability profile.

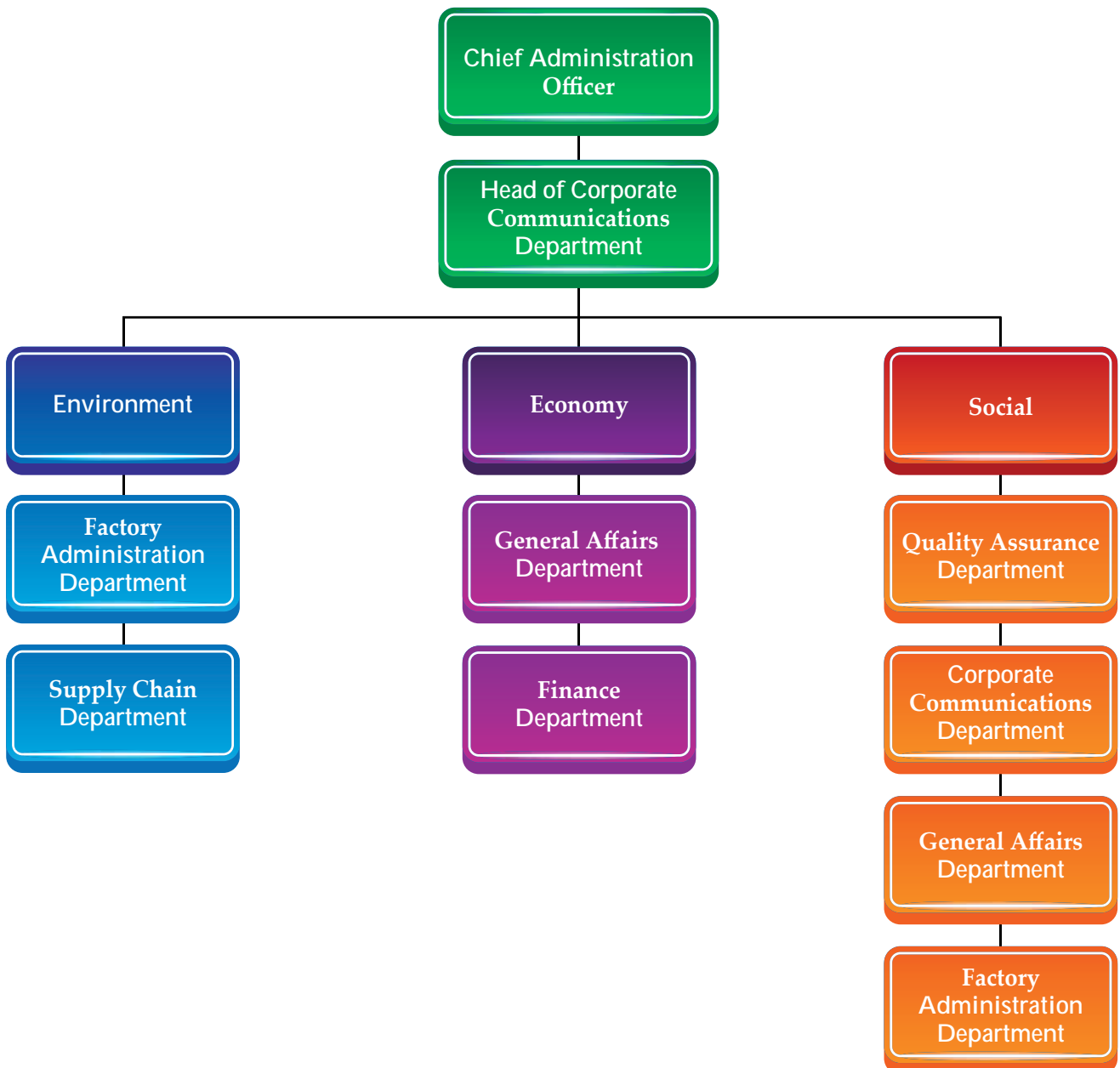


Figure 1: Sustainability Reporting Working Committee of AMB

5. MATERIALITY ASSESSMENT

According to the G4 Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI) “Material Aspects are those that reflect the organisation’s significant economic, environmental and social impacts; or substantively influence the assessments and decisions of stakeholders.” AMB’s material aspects are defined in terms of the degree of impact on its sustainability vision and mission, the potential impact on its operations, and finally, the importance of these issues to its key stakeholders.

A salient objective of a sustainability report is to first identify the EES impacts of the organisation’s operations and then categorise them in order of priority. This is achieved by using a tool known as ‘materiality assessment process’. AMB’s team has undertaken an in-depth materiality assessment based on the G4 guidelines to identify and prioritise relevant EES issues.

Figure 2 presents the materiality assessment matrix of the Company. This is meant to serve as a baseline for progressive planning of sustainability initiatives for years to come. The process of identification and prioritisation of sustainability indicators will form part of the Company’s periodic review to cater for changes in the organisation’s operations, emerging trends and stakeholder feedback.

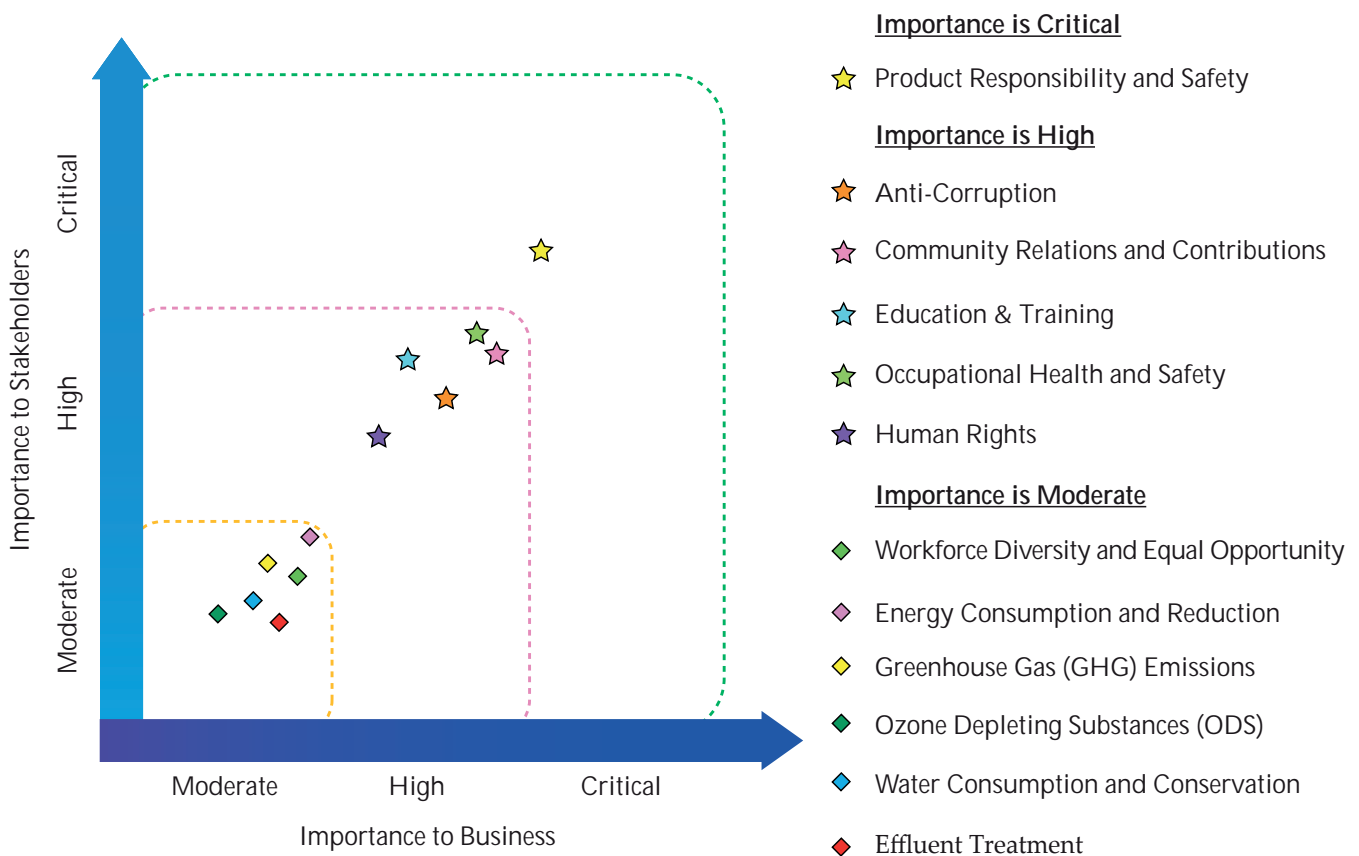


Figure 2: Materiality Assessment Matrix of Ajinomoto (Malaysia) Berhad

6. WORKFORCE

The environment at AMB's workplace ensures a strong sense of job satisfaction amongst its employees and provides great opportunities for employees to achieve their full potential. AMB promotes inclusiveness and equal opportunity, regardless of ethnicity, nationality, gender or age of the employees. AMB's new global HR system is designed to accommodate this ideology, thereby creating a conducive environment for all employees to thrive, sans discrimination.

AMB invests in the strength of its workforce and seeks to further develop its employees' potential. By providing tested and proven management and skill-development training to its employees, the Company aims to develop the next generation of leaders in its business operations.

AMB strives to instill work-life balance and safety at the workplace. The Company also encourages active communication between labour and management, which it believes are necessary to guarantee employees a nourishing and productive workplace. AMB also looks to increase the percentage of women in its workforce and develop a formal policy on gender diversity to ensure that female candidates are actively sought as part of its recruitment exercise. In 2016, male employee strength at AMB was 30% higher than female employees.

Policies are in place to reinforce the ethical standards of the Company. While the Malaysia Employment Act (1955) condemns child or forced labour, the Fraud Prevention Policy mitigates fraudulent activities. Policies such as these, adopted by AMB, cultivate and strengthen a culture of honesty, reliability, transparency and accountability throughout the organisation and among its stakeholders. Furthermore, all AMB employees at Non-executive level are protected by collective bargaining agreements between the Company and the Food Industry Employee Union (FIEU).

AMB has been steadily improving the work environment and work styles to help employees engage better with each other. The Company believes that diversity is essential because the employee's background and values play a crucial part in leveraging employees' skills for new value creation.

AMB had 625 employees in 2016. Its employee turnover rate during the year has been calculated to be 10.2% and 6.2% for male and female employees, respectively.

Figure 3 and Figure 4 depict the distribution of employees by gender and age group, respectively. Figure 3 reveals that male employees were higher by 30% compared to female employees, while Figure 4 shows the distribution for employees under 30 years old, 30 to 50 years old, and more than 50 years old to be 27.4%, 62.9% and 9.7%, respectively.

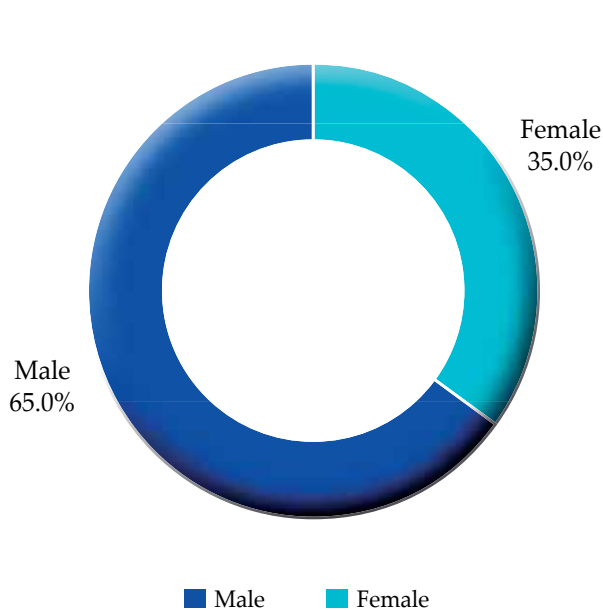


Figure 3: Employee Distribution by Gender

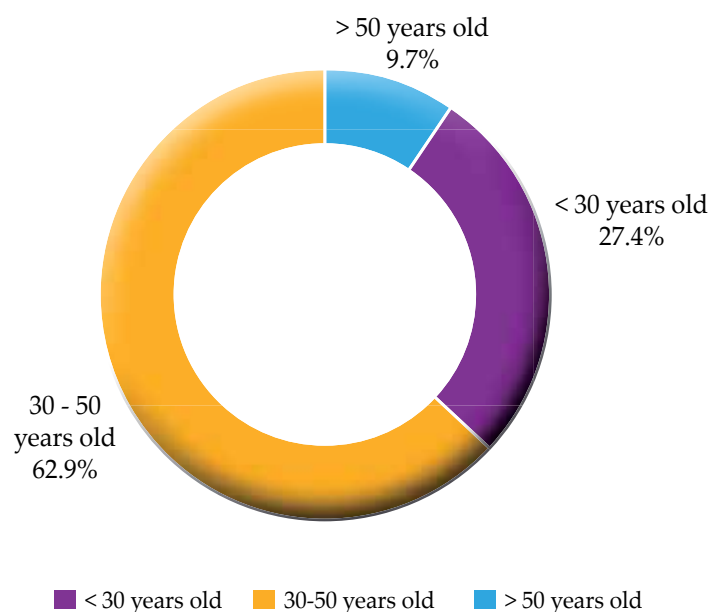


Figure 4: Employee Distribution by Age Group

6. WORKFORCE (cont'd.)

Figure 5 portrays the distribution of male employees across three employment levels: Management, Executive and Non-executive and Figure 6 shows the distribution of female employees across the same three employment levels.

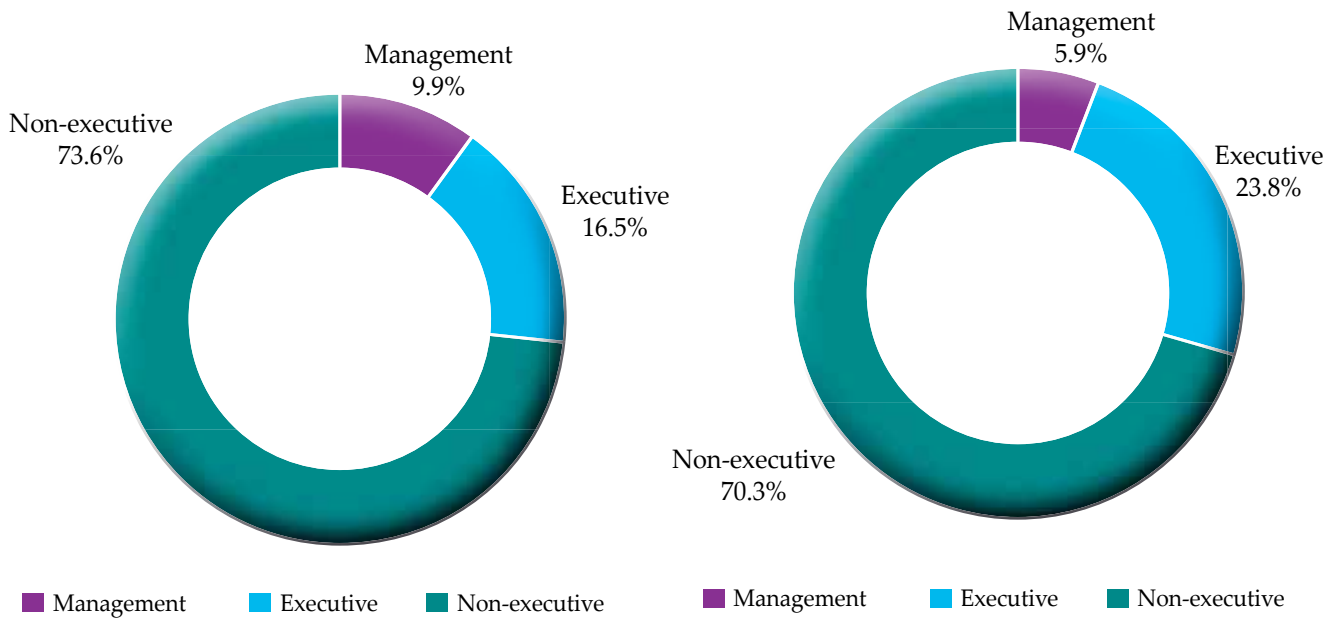


Figure 5: Distribution of Male Employees across 3 Employment Levels

Figure 6: Distribution of Female Employees across 3 Employment Levels

Figure 7 displays the percentage distribution of AMB's foreign workers. The total number of foreign workers for 2016 was 122. Of these Bangladeshi and Indonesian foreign workers constituted 79.5%.

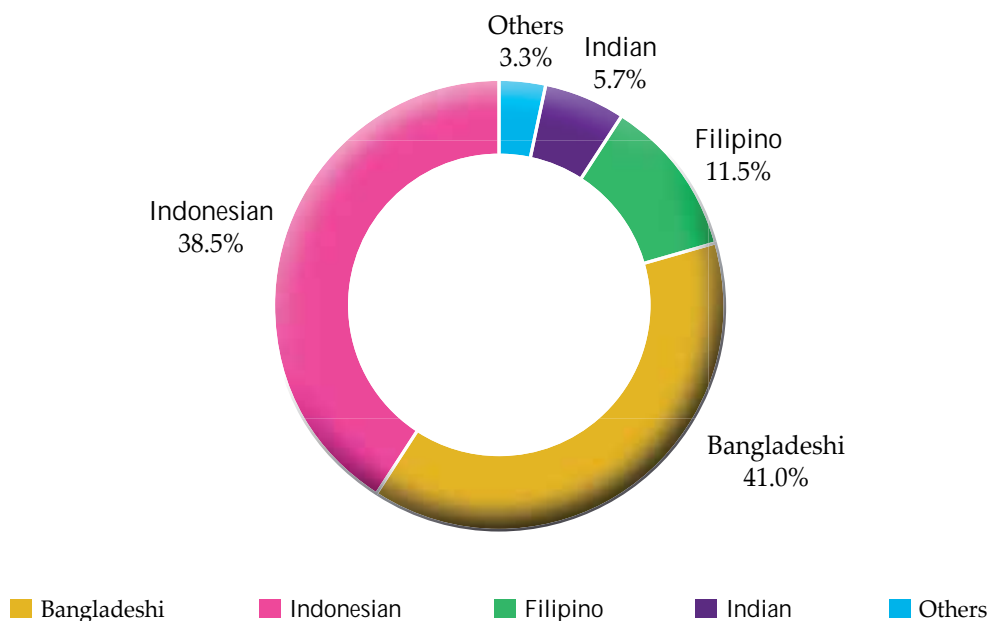


Figure 7: Percentage Distribution of Foreign Workers Hired

7.1. Policy

The Company complies with occupational health and safety laws and regulations with the aim of striving towards zero accidents at the workplace. Through information sharing and training, AMB's employees are up-to-date on the full spectrum of health and safety requirements connected to the Company's operational activities. In addition to providing training, it regularly involves the employees in occupational health and safety programmes and encourages the staff to take ownership of these standards.

As part of AMB's effort to safeguard its employees from accidents and other risks related to health and safety, the Company has implemented occupational health and safety performance targets for the entire organisation. These targets are reviewed periodically to ensure that they meet management requirements.

7.2. Safe and Healthy Workplace

The joint management of Safety, Health and Environment (SHE) committee at AMB comprises of 24 members. This committee helps monitoring and advises on occupational health and safety programs within the Company.

AMB has created a series of customised training programmes in line with SHE concerns that focus on leadership competencies, personal effectiveness and team building. The different training programmes include:

- Fire Fighting Training
- Fire Safety Talk
- Road Safety Talk
- Chemical Handling Training
- Food Safety and Health Training
- First Aid and Cardiopulmonary Resuscitation (CPR) Training

From year 2014 to 2016, the serious accidents has reduced from 2 to 0 cases (Medical Certificate > 4 days) and less-serious accidents from 6 to 4 cases (Medical Certificate < 4 days). Upon further investigation, the Company has come to understand the root cause of these incidents and identified the factors that contributed towards them.

Human behaviour, physical conditions and management factors are three contributing factors that were identified. **Figure 8** represents the extent to which each of these factors contributed to accidents.

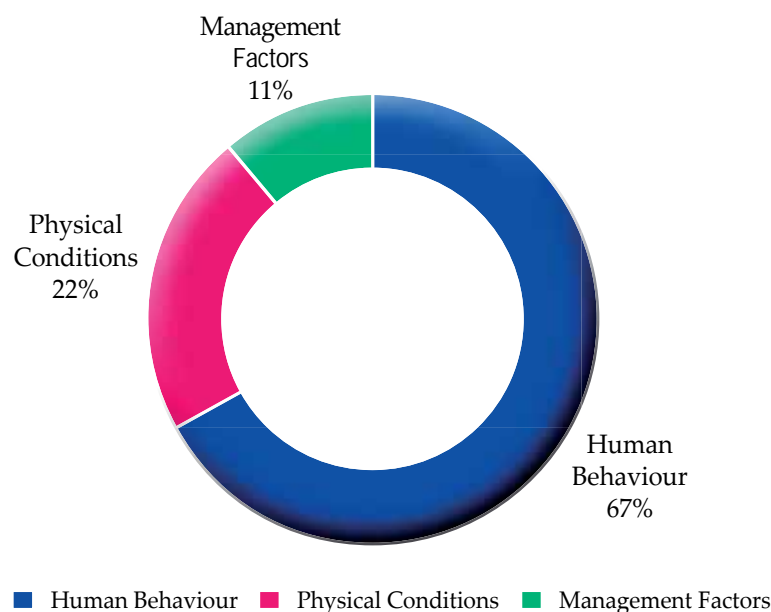


Figure 8: Percentage Distribution of Factors Responsible for Accidents

7. OCCUPATIONAL HEALTH AND SAFETY (cont'd.)

Of the three factors, from 2010 to 2016, human behaviour has been the main factor contributing to accidents at AMB. In this context, human behaviour is a combination of poor judgement and lack of awareness on safety rules. Another observation made from these incidents is that they occurred within the process area that involved contract workers. To tackle these issues, AMB has developed specific programmes for employees working in process areas. These focus on carrying out periodic enforcement, training on related topics, and competency assessment and monitoring. A contractors' management programme has been implemented to ensure that third party contractors who work within AMB's plant adhere to its safety standards and regulatory requirements.

In its efforts to achieve zero accidents, AMB has deliberated and introspected over the implementation of certain measures and initiatives directed to future prevention of accidents. **Figure 9** illustrates four of these precautionary measures along with their main objective and target audience.



Figure 9: Proposed Measures and Activities-Safety Precautions

Some of the measures include increasing safety awareness at the workplace by improving hazard anticipation methods and risk assessment. Formalising on-the-job training by establishing comprehensive training programmes for contract workers, is yet another measure. In such cases, the workers are expected to maintain their training records for verification.

The third measure suggests organising small group discussions amongst AMB employees on safety improvement activities. In this way, the employees are involved and can take ownership of safety concerns, thereby instilling a strong 'safety sense' throughout the organisation.

CCTV monitoring of process areas is yet another effective method for checking and reporting unsafe activities. CCTV surveillance also has the added advantage of monitoring both food quality and activities taking place in process areas.

To improve the enforcement of occupational health and safety, AMB has established daily safety patrols to ensure frequent monitoring, and to meet AMB's safety standards and requirements. The Company also provides safety briefing and orientation for newcomers, in addition to annual awareness training and chemical handlers training. Furthermore, AMB provides competency assessment of forklift drivers, monitoring confined space entry, safety briefing and permit implementation for contractors and authorised gas testers.

8. EDUCATION AND TRAINING

AMB has invested in developing individual talents within the organisation into powerful leaders, capable of handling different challenges. The training programmes, both internal and external focus on employees' leadership competencies, functional competencies, personal effectiveness, and building team spirit. The different training programmes are:

- 5S Training to enhance workplace efficiency
- 'See-Think-Plan-Do' Tool Training for problem solving
- Analytical Skills Training
- Team Building Training
- Positive Work Attitude Training
- Quality Management System Training
- Quality Control Tool Training
- Supervisory Skills Training



AMB is committed to providing meaningful opportunities to its employees to further their skill development, broaden their exposure to different aspects of the business and build on their individual strengths. Fundamentally, AMB seeks to build and maintain a positive workplace based on open communication where people respect one another, and it is free from discrimination and harassment.

AMB provides scholarships for meritorious students to pursue fully paid postgraduate degree courses for three years at the University of Tokyo in Japan. Furthermore, AMB plans to award annual prizes to students for excellent academic achievements in local higher learning institutions. A total of 6.12 million Yen will be awarded to the best scholars every year. The Company has also collaborated with local and overseas universities for promoting aggressive and positive learning.

9. FOOD RESPONSIBILITY AND QUALITY ASSURANCE

The Ajinomoto Group offers safe products and services of the highest quality with the aim to improve the lifestyle of mankind. As an Ajinomoto subsidiary, AMB is also committed to contributing to a better life for all by providing safe and high quality products and services. To that end, it prioritises customers' needs and manufactures products and services that meet their requirements.



AMB makes no compromise with regards to food safety, and it ensures food safety standards by conducting surveys and research in a thorough manner. The Company complies with applicable laws and regulations in all its operations. It consistently delivers products and services of uniformed quality.

With regards to communication, the Company has an open door policy for all interested stakeholders. The 1909 Infoseum was established in 2011 to create awareness amongst the public about Umami taste, Monosodium Glutamate (MSG) and the Ajinomoto Company. AMB welcomes 4,500 visitors every year at the Infoseum. Furthermore, it shares the up-to-date information about amino acids in relation to nutrition and health through exhibitions, symposia and roadshows.

In 2016, AMB organised the 'Makanan Lazat, Kehidupan Sihat' programme for 23,000 secondary school students and 2,000 homemakers. These initiatives are geared towards promoting healthy living through the enjoyment of deliciousness with Umami taste and strengthening AMB's relationship with its stakeholders, thus making the Company more trustworthy and dependable.



10. SOCIAL CONTRIBUTION

In 2016, AMB collaborated with the International Medical University, Malaysia, to enhance the quality of life and improve the dietary intake of the elderly through Umami application. As a result, it has created 56 balanced and low sodium menus (with average 14% lower sodium content on single menu) improvement of blood pressure and appetite by 50% for the elderly in a charity home. This community service programme has won the Silver Award for the Best Community Programme at the 9th Annual Global CSR Summit & Awards 2017.

A living skill development programme called 'Hope of Life with Culinary Arts' has continuously been organised for those underprivileged youth. This programme is working along with the principle of 'teaching a man to fish and you feed him for a lifetime'. With the specialty in deliciousness, the Company aims to develop and equip the talented youth with culinary knowledge and skills which they can apply in pursuing their future success. In this program, the Company was working with NPOs and academy for 26 youths from underprivileged families. Culinary classes and charity selling campaign were arranged under this programme.

Mottainai campaign is a yearly program aims to collect the unused items from Company staff and donate them to the needy. Throughout the 2 weeks campaign this year, numerous items have been collected and donated to the NPOs that support the underprivileged community.

On 14th February 2017, Ajinomoto Co., Inc. (Ajinomoto Co.) signed an agreement to be the Platinum Sponsor of the 29th SEA Games and the 9th ASEAN Para Games scheduled to be held in Kuala Lumpur in August and September 2017. This sponsorship commemorates the 60th anniversary of the establishment of diplomatic relations between Japan and Malaysia, and on occasion to Malaysia's 60th Diamond Jubilee of national independence. Ajinomoto Co. has been actively supporting and involving in sports and athletes' development programme through its speciality in the advancement of amino acids science.



Thriving with the group's advances in 'food' and 'health', AMB aims to continue contributing to Malaysian society and maintain a close connection to the local food culture through its full range of products and Corporate Social Responsibility activities.





11.1. Policy

AMB regards the environment as a priority. The Company is committed to improving its environmental performance so as to mitigate any negative impact on the environment from its operations. First and foremost, staff are encouraged to be aware of global environmental issues and to formulate comprehensive environmental plans that ensure compliance with the relevant environment laws, rules and regulations. Through education and training programmes, AMB seeks to enhance environmental awareness amongst its employees and contractors.

AMB is also presently setting and implementing company-wide environmental objectives and targets that focus on preventing pollution and addressing significant environmental impacts from its business activities. It also seeks to continuously improve environmental preservation activities wherever technically and economically viable. For instance, the Ajinomoto Group Zero Emissions Plan (AGZEP) targets issues relating to emission, waste and energy consumption, and in doing so meets the requirements of the Environment Quality Act, 1974 enforced by the Department of Environment. Additionally, it has adopted the 4R concept (Reduce, Reuse, Recycle and Recovery) in its daily operations. AMB pursues partnerships and collaborations with its stakeholders with the goal of enhancing environmental and social sustainability.

11.2. Greenhouse Gas (GHG) Emissions

Greenhouse gases refer to gases that trap heat in the atmosphere. Activities that contribute largely to GHG emissions involve the combustion of fossil fuels. Such activities include consumption of electricity, transport and manufacturing. AMB is aligned with the goals and targets of the Ajinomoto Group, especially with regards to GHG emission reductions. It has implemented Ajinomoto Group Zero Emissions Plan (AGZEP) 2014 - 2016 with specific emphasis on carbon dioxide (CO²). At all production sites, AGZEP has set a target of 20% CO² emission reduction per unit of production from that of 2005 emissions.

With electricity being acquired purely from outside the Company's operations, AMB's main sources of GHG emissions are from the usage of Liquefied Petroleum Gas (LPG), diesel and fuel oil. The estimation of ratio for CO² emission against production weight for both years 2015 and 2016 were 0.55 and 0.51.

The target is to achieve a reduction of 20% or more of unit CO² emission against production weight as compared to that of year 2005. The unit CO² emission for year 2005 stands at 1.61. In 2016, AMB achieved a reduction of 68.3% in unit CO² emission against its production weight compared to 2005. Overall, AMB has been improving operation efficiency and implementing several energy saving activities, leading to significant improvement in its CO² reduction.

11.3. Ozone Depleting Substances (ODS)

The earth's ozone layer prevents harmful ultraviolet rays (wavelength of 280-315 nm) from penetrating the Earth's atmosphere. However, since the late 1970s a steady decline of ozone in the Earth's stratosphere has decreased greatly, especially around both polar regions. This could lead to, among other effects, global warming, skin cancer and negative impact on plankton and other aquatic organisms.

AMB endorses the zero emission of Ozone Depleting Substances (ODS). With the implementation of AGZEP 2014-2016, the Company's factory and business operations do not emit ODS such as Chlorofluorocarbons (CFCs), Hydrochlorofluorocarbons (HCFCs), and Hydrofluorocarbons (HFCs).

11.4. Energy Conservation

Minimising energy consumption is a priority in the Company's effort to conserve energy and improve the sustainable use of resources. As part of the Company's energy conservation efforts, the hot condensate formed by condensation which being discharged after the first round of usage is now re-used to preheat other fluids and it is able to prevent energy wastage. Furthermore, AMB has increased the frequency of boiler cleaning in order to remove fouling in the heat exchangers, and regularly maintained and upgraded the thermal insulation material used in the manufacturing plant. This helps to boost efficiency as well as reduce the heat loss to the surrounding.

Another energy conservation initiatives is about energy generation in spray dryer. Energy efficiency methods have been introduced to use the steam generated from the boiler to preheat the spray dryer. LPG is then used to further heat up the spray dryer. This green initiative not only reduces the use of fossil fuels, but is also cost effective.

In the Company's supply chain operations, forklifts are used to distribute and transport the final products. Over the years, AMB has replaced its diesel-powered forklifts with battery-powered. This is yet another way in which the Company has implemented to reduce GHG emissions at different points in the product supply chain.

11.5. Water Conservation

Along with energy savings, the Company seeks to conserve the usage of water throughout its operations. It has taken initiatives to reduce water usage by minimising operational washing, recycling water and reducing the possibility of leakage. The total volume of water consumed by the Company from Jabatan Bekalan Air (JBA) reduced from 331,463 tonnes in 2015 to 267,528 tonnes in 2016. This was achieved mainly through the Company's optimal usage of water from a nearby pond (2.2 ha, 30m deep), for cooling tower maintenance, operational washing and landscaping.

11.6. Wastewater Quality

The Ajinomoto Group Zero Emissions Plan (AGZEP) aims to minimise the environmental impact from all of its business activities. Prior to AGZEP, environmental initiatives such as 'Zero Emissions' were introduced to reduce the concentration of Biochemical Oxygen Demand (BOD) in treated waste water to less than 10 ppm and Total Nitrogen (TN) in all production sites globally to less than 5 ppm by 2010. However, the standards of BOD and TN limit in Malaysia are set at 50 ppm and 20 ppm, respectively, which provides greater allowance than the Ajinomoto Group's standard. AMB operates a highly advanced effluent treatment plant that complies with the Group's more conservative regulatory discharge limits. AMB's compliances could therefore be described as exemplary.



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Form Of Proxy

AJINOMOTO®

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

CDS Account No.

Number of
ordinary shares held

*I/We (full name), _____

bearing *NRIC No./Passport No./Company No. _____

of (full address) _____

being a *shareholder/shareholders of Ajinomoto (Malaysia) Berhad ("the Company") hereby appoint :-

First Proxy "A"

Full Name	NRIC/ Passport No	Proportion of Shareholdings Represented	
		No. of Shares	%
Full Address			

and/or failing *him/her,

First Proxy "B"

Full Name	NRIC/ Passport No	Proportion of Shareholdings Represented	
		No. of Shares	%
Full Address			

100%

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 Fifty-Sixth Annual General Meeting of the Company to be held at Bukit Jalil Golf & Country Resort, Jalan 3/155B, Bukit Jalil, 57000 Kuala Lumpur on Monday, 28 August 2017 at 10:00 a.m. and at any adjustment thereof.

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.	Agenda	Resolution	For	Against
1.	To receive the Audited Financial Statements for the financial year ended 31 March 2017 together with the Reports of the Directors and the Auditors thereon.			
2.	To declare a first and final single-tier dividend of 42.0 sen per ordinary share for the financial year ended 31 March 2017.	1		
3.	To approve the payment of Directors' fees for the financial year ended 31 March 2017.	2		
4.	To approve the payment of Directors' benefits up to an amount of RM1,250,000 from 31 January 2017 until the next Annual General Meeting of the Company.	3		
5.	To re-elect Ms. Naoko Yamamoto who is retiring in accordance with Article 120 of the Company's Articles of Association and being eligible, has offered herself for re-election.	4		
6.	To re-elect Mr. Hiroki Suzuki who is retiring in accordance with Article 120 of the Company's Articles of Association and being eligible, has offered himself for re-election.	5		
7.	To re-elect Mr. Kinji Yamashita who is retiring in accordance with Article 120 of the Company's Articles of Association and being eligible, has offered himself for re-election.	6		
8.	To re-appoint General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd. Ali (Rtd) as a Director of the Company.	7		
9.	To re-elect Y. Bhg. Tan Sri Dato' (Dr.) Teo Chiang Liang who is retiring in accordance with Article 114 of the Company's Articles of Association and being eligible, has offered himself for re-election.	8		
10.	To re-elect Mr. Dominic Aw Kian-Wee who is retiring in accordance with Article 114 of the Company's Articles of Association and being eligible, has offered himself for re-election.	9		
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.	10		

Special Business

12.	Ordinary Resolution No. 1: Authority to Issue Shares pursuant to the Companies Act 2016	11		
13.	Ordinary Resolution No. 2: Proposed Renewal of Existing Shareholder Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature	12		
14.	Ordinary Resolution No. 3: Approval to Continue in Office as Independent Non-Executive Director - General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd. Ali (Rtd)	13		
15.	Ordinary Resolution No. 4: Approval to Continue in Office as Independent Non-Executive Director - Tan Sri Dato' (Dr.) Teo Chiang Liang	14		
16.	Ordinary Resolution No. 4: Approval to Continue in Office as Independent Non-Executive Director - Mr. Koay Kah Ee	15		

As witness my/our hand(s) this day _____ of _____ 2017.

* Strike out whichever not applicable

*Signature/Common Seal of Shareholder

Notes :-

1. In respect of deposited securities, only members/shareholders whose names appear in the Record of Depositors on 21 August 2017 (“General Meeting Record of Depositors”) shall be eligible to attend the Meeting.
2. A member of the Company shall be entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote at a meeting of members of the Company. There shall be no restriction as to the qualification of the proxy.
3. In the case of a Company having a share capital, a member may appoint up to two (2) proxies for the Meeting, provided that the member specifies the proportion of the member’s shareholdings to be represented by each proxy.
4. The instrument appointing proxy shall be in print or writing under the hand of the member/shareholder or his duly constituted attorney, or in the case of a corporate member/shareholder, under its common seal or under the hand of its officer or attorney duly authorised. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
5. Where a member/shareholder is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 (“SICDA”) which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at Securities Services (Holdings) Sdn. Bhd. of Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than 48 hours before the time for holding the Meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for taking of the poll, and in default the instrument of proxy shall not be treated as valid.

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Form Of Proxy

Stamp

The Company Secretaries
AJINOMOTO (MALAYSIA) BERHAD (4295-W)
c/o Securities Services (Holdings) Sdn. Bhd.
Level 7, Menara Milenium, Jalan Damanlela,
Pusat Bandar Damansara, Damansara Heights,
50490, Kuala Lumpur, Wilayah Persekutuan

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AJINOMOTO (MALAYSIA) BERHAD (4295-W)

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

Tel : 603 7980 6958 **Fax :** 603 7981 1731

Website : www.ajinomoto.com.my