Eat Well, Live Well.

AJINOMOTO®

ANNUAL REPORT 2019

AJINOMOTO (MALAYSIA) BERHAD
(4295-W)

CONTENTS

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)
Shunsuke Sasaki (Chief Finance Officer)
Koay Kah Ee
Dominic Aw Kian-Wee
Dato' Setia Ramli bin Mahmud
Kamarudin bin Rasid
Hiroki Suzuki
Miki Moriyama
Azhan bin Mohamed

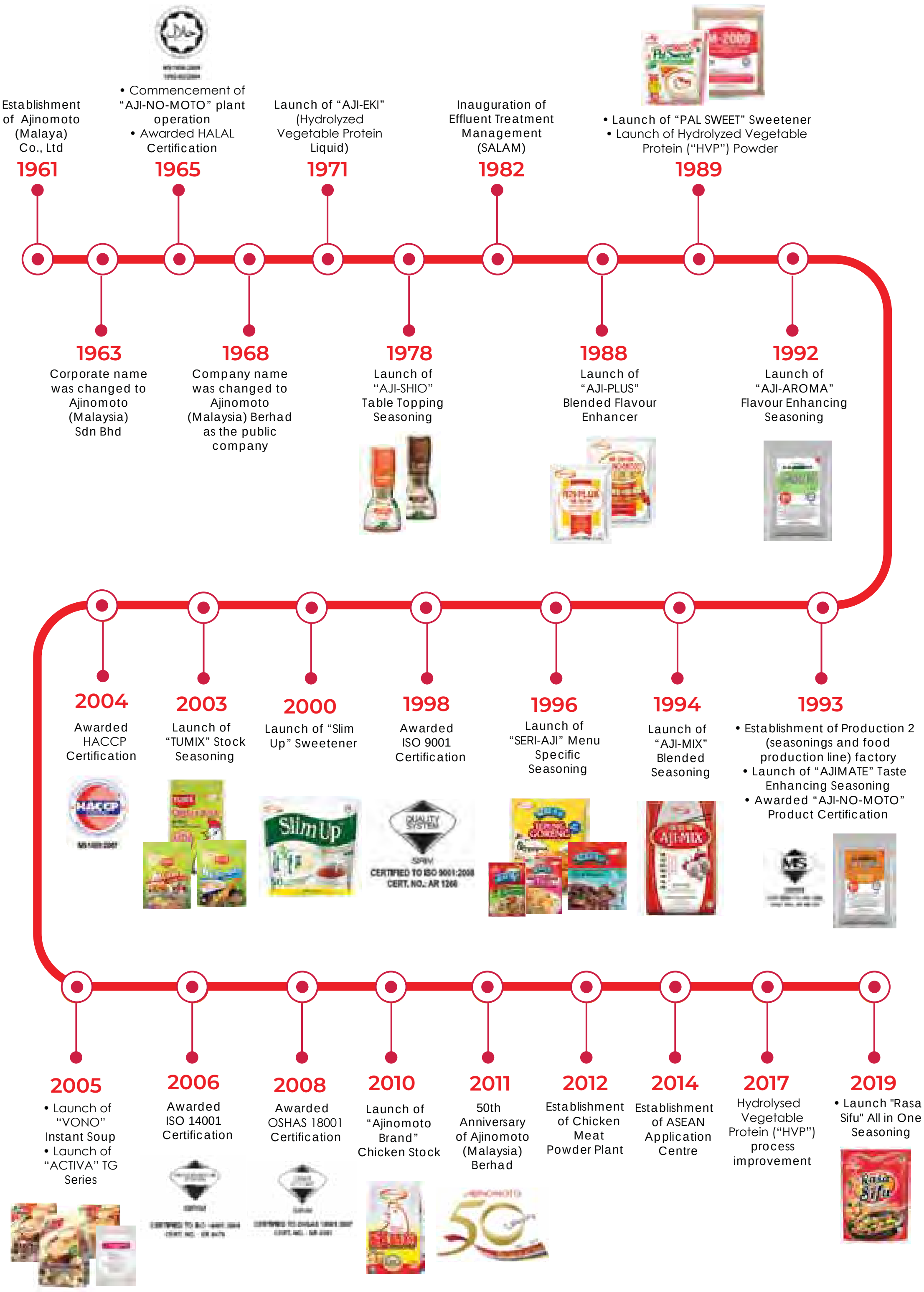
BANKERS	MUFG Bank (Malaysia) Berhad Citibank Berhad Malayan Banking Berhad Standard Chartered Bank Malaysia Berhad
AUDITORS	Hanafiah Raslan & Mohamad
SOLICITORS	Lee, Ling & Partners
SECRETARIES	Chua Siew Chuan (MAICSA 0777689) Yeow Sze Min (MAICSA 7065735)
REGISTERED OFFICE	Lot 5710, Jalan Kuchai Lama, 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**") was incorporated fifty-eight years ago in year 1961 and started its business operations as a distributor of monosodium glutamate ("**MSG**") under the brand, AJI-NO-MOTO®, which was imported from its parent company in Japan. In year 1965, the Company commenced its own production of MSG and subsequently other products at its current factory. The Company is one of the early Japanese companies to be set up in Malaysia. The Company has since established itself as a dynamic food manufacturer distributing a variety of trusted food seasoning brands. Our AJI-NO-MOTO® Umami seasoning has become an indispensable item in almost every household.



Management Discussion & Analysis (cont'd.)

Our Policy

As a trusted food seasoning company in Malaysia, the Company's policy is to consistently develop and distribute high quality and safe products that meet customers' needs and satisfaction, and at the same time comply with international and local rules and regulations for food manufacturing. This is the Company's contribution to the joyful and healthy living of the community and society.

The Company is committed to being an exemplary corporate citizen. The Company remains committed to protecting and improving the environment in all areas of its operations. The Company is also dedicated to providing a safe and healthy workplace environment to all employees.

MS1500:2009
1092-02/2004
HALAL

SIRIM
ISO 9001:2015

HACCP
Hazard Analysis and Critical Control Point

Product Range

Retail Products

The Company commenced operations in year 1961 with only a single product, namely, AJI-NO-MOTO® Umami seasoning. Today, the retail product range has expanded to include chicken stock, menu seasoning for local dishes, sweetener, and so on. In March 2019, the Company successfully launched a brand new all-in-one seasoning, namely, RASA SIFU™, which provides a new delicious experience and convenience to consumers. The Company will continue to conduct market research to capture changing consumer trends and needs in the area of food seasoning in order to further expand its product range.

Industrial Products

The Company has a wide range of savoury seasoning products, which the Company markets under the name TENCHO. These TENCHO products are widely used by industrial producers of food such as the producers of instant noodles, seasoning, snack foods, sauces and processed foods. The Company also launched a new TENCHO product for a new business sector, namely the dairy industry.

Management Discussion & Analysis (cont'd.)

Sales Branches & Overseas Market

The Company has 10 branches in Malaysia and 1 sales office in Saudi Arabia.

The Company's products are well-received by customers in many countries.

Management Discussion & Analysis (cont'd.)

Financial Results

Snapshot

Financial Year Ended 31 March 2019 Highlights

Revenue
RM447.7mil

Profit before Tax
RM72.7mil

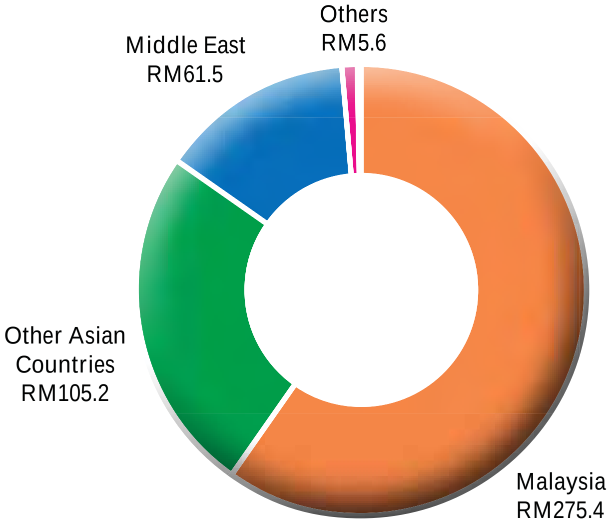
Total Assets
RM533.3mil

Earnings per Share
93.06sen

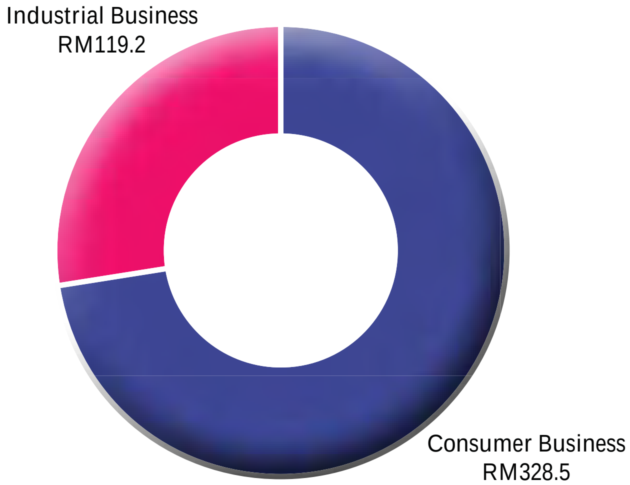
Return on Equity
12.16%

Ordinary Dividends per Share (Proposed)
47.0sen

Revenue By Geographical Area (RM Millions)



Revenue By Business (RM Millions)



Operating Environment

The global economy in year 2018 had been challenging, having been impacted by trade tension and sanctions.

The Malaysian economy grew moderately in year 2018 and consumer sentiments improved as compared to the previous year.

Management Discussion & Analysis (cont'd.)

Financial Review

In the financial year ended 31 March 2019, the Company achieved higher revenue by 2.6% from RM436.3 million in the preceding financial year to RM447.7 million. Increase in the Company's revenue was contributed by increase in sales volume and better selling price of AJI-NO-MOTO® products. Profit before tax in the current financial year improved by 8.3% to RM72.7 million from RM67.1 million in the preceding financial year. The notable increase in profit before tax was mainly attributable to cost improvements including the decrease in the purchase price of a key raw material. However, part of this cost reduction was diluted by the increase in advertising and sales promotion expenses due to active sales activities, but despite this the Company's profit before tax increased, aided by Company's effective financial management.

In relation to the acquisition of the freehold land located in Techpark@ Enstek as announced by the Company on 12 February 2018, the conditions precedent and various responsibilities of the vendor as stated in the Sales and Purchase Agreement are expected to be fulfilled within the agreed timeline.

Segment Information

Consumer Business

Revenue in the Consumer Business segment grew by 4.8% in the current financial year from RM313.4 million in the preceding financial year to RM328.5 million attributed by an increase in sales volume and better selling price of AJI-NO-MOTO® products. While selling expenses hiked with the increase in sales, the segmental profit of the Consumer Business segment increased from RM31.6 million in the preceding financial year to RM39.1 million in the current financial year. This increase in the segmental profit was attributable to lower production costs, which were mainly due to the reduction in the purchase price of a key raw material.

Industrial Business

Revenue in the Industrial Business segment reduced by 3.0% from RM122.9 million in the preceding financial year to RM119.2 million in the current financial year mainly due to the decrease in export sales, which was largely impacted by the weaker US Dollars against Malaysian Ringgit, particularly in the first half of the current financial year. This resulted in lower segmental profit of RM22.8 million in the current financial year as compared to RM25.5 million in the preceding financial year.

Financial Condition

Total Assets and Total Net Assets as at the end of the current financial year increased as compared to the end of the preceding financial year.

Net cash from operating activities was RM65.5 million as compared to RM60.8 million in the preceding financial year. Net cash used for investing activities was RM58.1 million as compared to net cash inflow of RM34.1 million in the preceding financial year, mainly due to the deposit payments for the new land and placement of short-term funds. Cash outflow for financing activities was RM28.3 million as compared to RM94.2 million in the preceding financial year mainly because there was the special one-off single-tier dividend payment to shareholders in the previous year.

Dividend

The Board of Directors continues to uphold the policy of stable and sustainable dividend payout to shareholders. The Directors propose a first and final single-tier dividend of 47.0 sen per ordinary share, which is subject to the approval of shareholders at the forthcoming Annual General Meeting.

Operational Risk

(1) Risks Related to the Operating Environment

Impact of Exchange Rate Fluctuations

Exchange rate fluctuations impacted the Company's business results in the current financial year, with sales to customers in regions other than Malaysia amounting to RM172.3 million and the need to import a key raw material which is priced in US Dollars.

Management Discussion & Analysis (cont'd.)

(1) Risks Related to the Operating Environment (cont'd.)

Occurrence of Unforeseen Adverse Economic or Political Factors

The Company conducts business globally. It therefore cannot avoid any economic, political and legal impediments overseas, such as political instability, that may have an adverse impact on its business results.

Impact of Price Fluctuations for Raw Materials and Fuels

The prices of certain raw materials and energy resources used by the Company may fluctuate according to market conditions. These will result in higher manufacturing costs, which will impact the Company's business results.

(2) Risks Related to Business Activities

Matters Affecting Food Safety

The Company makes extensive efforts to manage factors that impact food safety, which is a key foundation on which the Company's business is built. However, unforeseen issues affecting food safety may arise, which are beyond the Company's control. Such unforeseen events may have an adverse impact on the Company's business results.

(3) Laws and Regulations, Litigation, etc.

Impact of Laws, Regulations and Other Rules

As the Company conducts business in Malaysia and globally, it complies with all laws, rules and regulations of Malaysia and the countries in which the Company exports its products and purchases its raw materials. However, new legal requirements may be introduced that cannot currently be foreseen, which the Company may not be in a position to meet immediately or within a stipulated period. The Company's operations and business results may be impacted.

Outlook

The Malaysian economy is expected to grow at a steady pace in the coming year mainly driven by the private sector, which is being supported by continued income and employment growth. However, the domestic economic growth may encounter challenges from the uncertainties in developed economies and the escalating trade tensions, which could impede global trade and growth.

The Company expects challenges from currency fluctuation, intensifying competition and increasing costs in raw materials and some operating costs. The Company will stay focused in offering products and services that meet industry and consumer expectations and work towards further cost improvements in order to sustain growth in profits.

For the Consumer Business segment, we will sustain the Company's market leader position of AJI-NO-MOTO® through successful strategies such as continuing the effective "Campur, Campur, Siap!" campaign to promote healthy eating habits with more vegetable intake and sharing of positive information on monosodium glutamate on social media. In addition to strengthening the sales of other seasoning products such as TUMIX®, SERI-AJI® and AJI-SHIO® in the household and food service market, we will expand the distribution of our newly launched product, namely, RASA SIFU™, to delight family households and consumers with delicious new taste and convenience in cooking.

For the Industrial Business segment, we will further leverage on our in-house specialty technologies acquired from our parent company and increase sales for our major products, namely, TENCHO and ACTIVA® TG, by expanding their distribution to our existing customers while developing new customer base including gaining share of the new dairy industry sector.

We will keep improving the efficiency and profitability of the Company through process improvement, people management and operational cost reduction. At the same time, Management will continue to uphold the Ajinomoto Group Shared Value to guide the Company in its contribution to society in areas related to healthy living, global sustainability and food resource as a responsible corporate citizen.

DIRECTOR'S PROFILE

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

General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd. Ali (Rtd) was appointed as the 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 Fusang Exchange Ltd. He is also 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 a private company namely National Aerospace & Defence Industries 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
68 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 all 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 Vice-President.

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 any other public company and listed issuer. 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
52 years of age – Japanese
Female

Ms. Yamamoto was appointed as Managing Director/ Chief Executive Officer on 1 July 2017. She attended all five (5) Board meetings held in the financial year. She is not a member of any Board Committee.

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 has held various positions mainly in business development, marketing and sales functions of consumer food business in Japan and overseas within the Ajinomoto Group of Companies.

She does not hold directorships in any other public company and listed issuer. 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.)

Shunsuke Sasaki
Executive Director, Chief Finance Officer
41 years of age – Japanese
Male

Mr. Sasaki was appointed to the Board of Ajinomoto (Malaysia) Berhad on 1 July 2019 and hence, he did not attend any of the Board meetings held in the financial year. He is not a member of any Board Committee.

Mr. Sasaki graduated with a Bachelor of Social Sciences Degree from the Faculty of Social Sciences, Hitotsubashi University, Japan in year 2000.

He joined Ajinomoto Co., Inc. Japan in 2000 and began his career with the Tokyo Branch and has held various positions in Japan within the Ajinomoto Group of Companies, with almost 15 years in the areas of finance, treasury, accounting and tax.

He does not hold directorships in any other public company and listed issuer. 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.

Koay Kah Ee
Independent Non-Executive Director
60 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 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 the Chartered Institute of Management Accountants (CIMA), UK, fellow member of the Australian Certified Practicing Accountants (CPA Australia), Chartered Accountant (CA) of the Malaysian Institute of Accountants (MIA) and Chartered Global Management Accountant (CGMA), member of the SOCSO Appellate Board (JRKS) of the Ministry of Human Resources 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, and was appointed as a Director of Tashin Holdings Berhad on 18 April 2018.

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.)

Dominic Aw Kian-Wee
Independent Non-Executive Director
48 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 all 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 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
65 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 all five (5) Board meetings held in the financial year.

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

He had served the Malaysian Government for over thirty (30) years. He began his civil service career in the Ministry of Home Affairs and had 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 any other public company and listed issuer. 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
58 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. He is not a member of any Board Committee.

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 any other public company and listed issuer. 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
42 years of age – Japanese
Male

Mr. Suzuki was appointed to the Board of Ajinomoto (Malaysia) Berhad on 1 July 2017. He attended all five (5) Board meetings held in the financial year. He is not a member of any Board Committee.

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 any other public company and listed issuer. 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.)

Miki Moriyama
Executive Director
50 years of age – Japanese
Male

Mr. Moriyama was appointed to the Board of Ajinomoto (Malaysia) Berhad on 1 July 2018. He attended all three (3) Board Meetings held since his appointment to the Board. He is not a member of any Board Committee.

Mr. Moriyama graduated from the School of Industrial Administration (Master Course), Tokyo University of Science, Japan in year 1993.

He joined Ajinomoto Co., Inc. Japan in 1993 and began his career in Production Technology Lab IE Technology Section and has held various positions in Japan and overseas within the Ajinomoto Group of Companies.

He does not hold directorships in any other public company and listed issuer. 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.

Azhan Bin Mohamed
Executive Director
55 years of age – Malaysian
Male

En. Azhan was appointed to the Board of Ajinomoto (Malaysia) Berhad on 15 September 2018. He attended two (2) Board Meetings held since his appointment to the Board. He is not a member of any Board Committee.

He graduated from University Putra Malaysia with a Bachelor of Food Science and Technology in 1990.

He joined the Production Department of Ajinomoto (Malaysia) Berhad in February 1991 and over the years he moved up the corporate ladder and served under various capacities.

He does not hold directorships in any other public company and listed issuer. 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.

CORPORATE GOVERNANCE OVERVIEW 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 understands 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.

In establishing the Company's Corporate Governance framework, the Board takes cognizance of the Malaysian Code on Corporate Governance ("**MCCG**") that was issued on 26 April 2017. An overview statement on the corporate governance practices of the Company for the financial year ended 31 March 2019 is appended below. The comprehensive Corporate Governance Report is published on the Company's website at www.ajinomoto.com.my.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

1.0 Board's Leadership on Objectives and Goals

1.1 The Board is responsible for the leadership and long-term success of the Company and the delivery of sustainable value to its stakeholders. In discharging its fiduciary duties and leadership functions, the Board is guided by the Board Charter, which outlines the duties and responsibilities of the Board, matters reserved for the Board as well as those which the Board may delegate to the Board Committees, Managing Director ("**MD**")/Chief Executive Officer ("**CEO**") and Management.

The Board has reserved a formal schedule of matters for its decision making to ensure that direction and control of the Company are firmly in its hands. It has set the strategic direction of the Company, exercised oversight on Management and set the appropriate tone at the top, while providing thought leadership and championing good governance and ethical practices throughout the Company.

All the Directors of the Company has objectively discharged their fiduciary duties and responsibilities at all times in the best interests of the Company to oversee the conduct, business activities and development of the Company. The Board evaluates and determines the training needs of its Directors annually and encourages the Directors to attend various professional training programmes necessary to keep abreast on issues and challenges arising from the changing business environment within which the Company operates.

During the financial year ended 31 March 2019, all Directors had attended the following training programmes in compliance with Paragraph 15.08 of the Bursa Malaysia Securities Berhad ("**Bursa Securities**") Main Market Listing Requirements ("**Main LR**"):-

Name of Director	Training/courses attended
General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd. Ali (Rtd)	• Overview of MFRS 9 & MFRS 15 • The New Malaysian Code on Corporate Governance and its impact on Directors • Corporate Liability: An Overview
Tan Sri Dato' (Dr.) Teo Chiang Liang	• Corporate Liability: An Overview
Naoko Yamamoto	• Corporate Liability: An Overview • Budget Seminar conducted by Ernst & Young
Yukiko Nishioka (resigned on 30 June 2019)	• Corporate Liability: An Overview • Ring the Bell for Gender Equality

Corporate Governance Overview Statement (cont'd.)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd.)

1.0 Board's Leadership on Objectives and Goals (cont'd.)

Name of Director	Training/courses attended
Koay Kah Ee	• Corporate Liability: An Overview • Sustainability Reporting Workshop • SST Implementation • 2019 Budget Tax Seminar
Dominic Aw Kian-Wee	• Corporate Liability: An Overview • Directors' Duties and Responsibility in relation to Companies Act 2016, the Malaysian Code on Corporate Governance and Bursa Malaysia Securities Berhad Main Market Listing Requirements
Dato' Setia Ramli bin Mahmud	• Corporate Liability: An Overview
Kamarudin bin Rasid	• Corporate Liability: An Overview
Hiroki Suzuki	• Corporate Liability: An Overview
Miki Moriyama	• Mandatory Accreditation Programme • Corporate Liability: An Overview
Azhan bin Mohamed	• Mandatory Accreditation Programme • Corporate Liability: An Overview

The Board had five (5) Board Meetings during the financial year ended 31 March 2019.

To enable the Board to discharge its responsibilities in meeting the goals and objectives of the Company, the Board has, amongst others –

- promoted good corporate governance culture within the Company which reinforces ethical, prudent and professional conduct;
- reviewed, challenged and decided on Management's proposals for the Company, and monitor its implementation;
- ensured that the strategic plan of the Company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;
- assessed Management performance;
- ensured there is a sound framework for internal controls and risk management;
- recognised the principal risks of the Company's business and that business decisions involve the taking of appropriate risks;
- set the risk appetite within which the Board expects Management to operate and ensured that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;
- ensured that senior management has the necessary skills and experience, and measures are in place to provide for the orderly succession of Board and senior management;
- ensured that the Company has in place procedures to enable effective communication with shareholders and stakeholders; and
- ensured the integrity of the Company's financial and non-financial reporting.

1.2 The Chairman of the Board has –

- provided leadership for the Board so that the Board can discharge its duties and responsibilities effectively;
- through the Chief Finance Officer ("**CFO**") and Company Secretaries, set the Board agenda and ensured that Board members receive complete and accurate information in a timely manner;
- led Board meetings and discussions;
- encouraged active participation and allowed dissenting views to be freely expressed;
- managed the interface between Board and Management;
- ensured appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board; and
- led the Board in establishing and monitoring good corporate governance practices in the Company.

Corporate Governance Overview Statement (cont'd.)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd.)

1.0 Board's Leadership on Objectives and Goals (cont'd.)

1.3 The positions of the Chairman and MD/CEO are held by two different individuals 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 instilling good corporate governance practices and leadership, and for ensuring Board effectiveness. The Chairman leads the Board in its collective oversight of Management, while the MD/CEO has the overall responsibilities over the Company's operating units, organisational effectiveness and implementation of Board policies and decisions. The distinct and separate roles of the Chairman and MD/CEO are clearly defined in the Board Charter to ensure that no one individual has unfettered powers of decision-making.

1.4 The Company is supported by two (2) suitably qualified and competent Company Secretaries. Both Company Secretaries are qualified Chartered Secretaries under Section 235(2)(a) of the Companies Act 2016 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 team of competent company secretarial personnel.

The Company Secretaries have –

- together with Management, managed all Board and Board Committee meeting logistics;
- attended and recorded minutes of all Board and Board Committee meetings and facilitated Board communications either in person or through its representative;
- advised the Board on its roles and responsibilities;
- facilitated Director training and development;
- advised the Board on corporate disclosures and compliance with Company and Securities Commission's regulations and Listing Requirements;
- managed processes pertaining to the Fifty-Seventh Annual General Meeting ("**57th AGM**"); and
- monitored corporate governance developments and advised the Board on governance practices.

The Company Secretaries have 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 regulatory environment, through continuous training and industry updates. They have also attended 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 to the Board in the discharge of its function, duties and responsibilities.

1.5 Meeting materials are circulated to Directors at least five (5) business days in advance of Board/Board Committee meetings. The Minutes of Board/Board Committee meetings are circulated to the respective Chairman of the meetings in a timely manner for review before they are confirmed and adopted by members of the Board/Board Committee at their respective meetings.

2.0 Demarcation of Responsibilities

2.1 The Board has a Board Charter, which is published on the Company's website at www.ajinomoto.com.my, which was reviewed, updated and approved by the Board on 24 May 2018. The Board Charter clearly sets out the Board's strategic intent and identifies the respective roles and responsibilities of the Board, Board Committees, individual Directors, Senior Independent Director and senior management, as well as issues and decisions reserved for the Board, the Board's governance structure and authority, and Terms of Reference of the Board, Board Committees and senior management. This is to ensure that all Directors and senior management acting on behalf of the Company are aware of their duties and responsibilities.

As part of its efforts to ensure the effective discharge of its duties, the Board has delegated certain functions and authorities to three (3) of its Board Committees, namely, Audit Committee ("**AC**"), Nomination Committee ("**NC**"), and Remuneration Committee ("**RC**"). These Committees 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 Reference, which are published on the Company's website at www.ajinomoto.com.my together with the Board Charter. These Terms of Reference are reviewed as and when the need arises, and were recently amended to reflect the latest compliance requirements 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 by the respective Board Committee Chairman, at Board meetings.

Corporate Governance Overview Statement (cont'd.)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd.)

2.0 Demarcation of Responsibilities (cont'd.)

AC

Details on the AC are in the AC Report contained in this Annual Report.

RC

Details on the RC are contained in the Corporate Governance Report.

NC

The NC was established with clearly defined Terms of Reference, and comprises five (5) Non-Executive Directors, all of whom are independent pursuant to Paragraph 15.08A(1) of the Main LR of the Bursa Securities, during the financial year ended 31 March 2019 as follows:-

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

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

- acting as a sounding Board for the Chairman;
- an intermediary for other Directors when necessary; and
- the point of contact for shareholders and other stakeholders.

The NC is empowered by the Board to oversee the selection and assessment of Directors to be appointed to ensure that the Board's composition and skills meets the needs of the Company, and hence, is tasked with the following duties and responsibilities:-

- To assess and recommend to the Board, candidates for directorships;
- To recommend to the Board the nominees to fill the seats on Board Committees;
- To review Board and senior management succession plans;
- To review training programmes for the Board annually and facilitate board induction and training programmes for new members of the Board;
- To assess the effectiveness of the Board and the Committees of the Board as a whole, and each individual Director;
- To review the term of office and performance of the AC and each of its members annually to determine whether the AC and members have carried out their duties in accordance with their terms of reference;
- To act in line with the directions of the Board;
- To consider and examine such other matters as the NC considers appropriate; and
- To consider any other matters as defined by the Board.

Corporate Governance Overview Statement (cont'd.)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd.)

2.0 Demarcation of Responsibilities (cont'd.)

Activities of the NC

During the financial year ended 31 March 2019, the NC held three (3) meetings to perform the following in the discharge of its duties and responsibilities: -

- Reviewed the profile and nomination of new Board members;
- Assessed the independence of Independent Directors;
- Reviewed the contribution and performance of each individual Director, the Board as a whole and Board Committees;
- Reviewed and recommended the re-election and re-appointment of Directors to the Board for recommendation to the shareholders for approval;
- Reviewed and recommended the retention of Independent Directors to the Board for recommendation to the shareholders for approval;
- Reviewed the training programmes for the Board; and
- Reviewed the term of office and performance of the AC and each of its members.

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; and
- Promotion of diversity in views and options in the Board.

In assessing the performance of the Board, Board Committees and Directors of the Company, the NC takes into consideration the following:-

- Personal Commitment/Contribution to Interaction
- Understanding of the Company's Activities
- Compliance to the terms of reference, duties and responsibilities of a director, and of a chairman of the Company

The attendance of Directors who are members of Board committees during the financial year ended 31 March 2019 is set out below:-

Directors	NC	AC	RC
Non-Executive Directors			
General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim Bin Mohd Ali (Rtd)	3/3	5/5	2/2
Tan Sri Dato' (Dr.) Teo Chiang Liang	3/3	5/5	2/2
Koay Kah Ee	3/3	5/5	Not member
Dominic Aw-Kian Wee	3/3	5/5	2/2
Dato' Setia Ramli bin Mahmud	3/3	5/5	Not member

3.0 Good Business Conduct and Healthy Corporate Culture

3.1 The Board is committed in maintaining a corporate culture that engenders ethical conduct. The Board has formalised ethical standards by adopting a 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 Company's Code of Conduct covers ethical behaviour in all aspects of the Company's business operations, which includes areas concerning provision of safe, high-quality products and services, social contribution activities, conservation of the environment, respect for human rights and ensuring of workplace safety, responsibilities to shareholders, fair and transparent transactions and protection and management of Company assets and information.

The said Code of Conduct is published on the Company's website at www.ajinomoto.com.my.

Employees are made aware that relevant disciplinary actions will be taken for unethical behaviour and gross misconduct.

Corporate Governance Overview Statement (cont'd.)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd.)

3.0 Good Business Conduct and Healthy Corporate Culture (cont'd.)

3.2 The Board has put in place a whistleblowing policy to encourage its employees to report genuine concerns in relation to breach of any legal obligation (including negligence, criminal activity, breach of contract and breach of the law), miscarriage of justice, danger to health and safety or to the environment and the cover-up of any of these in the workplace. The whistleblowing policy of the Company provides guidance on the appropriate communication and feedback channels to facilitate whistleblowing.

4.0 Board's Objectivity

4.1 Throughout the financial year ended 31 March 2019, the Board comprised six (6) Executive Directors and five (5) Independent Non-Executive Directors. The composition of the Board complies with Paragraph 15.02 of the Main LR 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.

Although slightly less than half of the Board comprises Independent Directors, the Board is of the view that having five (5) Independent Non-Executive Directors on the Board provides adequate check and balance of power and authority and is able to support independent deliberation of the Board and sufficiently enable it to discharge its duties objectively. Further, as the Chairman of the Board is independent, the Chairman of the Board provides the strong leadership necessary to marshal the Board's priorities objectively.

4.2 As at the financial year ended 31 March 2019, General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd. Ali (Rtd) and Tan Sri Dato' (Dr.) Teo Chiang Liang were the Independent Directors of the Company who had each served the Board for a cumulative term of more than twelve (12) years, while Mr. Koay Kah Ee was the Independent Director of the Company who had served the Board for a cumulative term of more than nine (9) years.

In line with the MCCG, 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 of the Company were tabled to the shareholders for approval at the 57th AGM of the Company held on 27 August 2018, and the shareholders approved the same.

The NC and the Board take cognizance that under the MCCG with effect from year 2018, if the Board wishes to continue to retain General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd. Ali (Rtd) and Tan Sri Dato' (Dr.) Teo Chiang Liang as Independent Directors of the Company, the Board should seek annual shareholders' approval through a two-tier voting process. Shareholders' approval through the two-tier voting process was sought accordingly at the 57th AGM of the Company held on 27 August 2018.

As Mr. Koay Kah Ee's cumulative term of more than twelve (12) years would only crystallise on 15 November 2019, his retention as an Independent Director was through the usual voting process i.e., two-tier voting is not necessary.

The NC and the Board have assessed the independence 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, and have recommended that they be retained as Independent Directors of the Company as they continue to bring independent and objective judgement to Board deliberations and continue to meet the following criteria for independence in discharging their roles and functions as Independent Directors of the Company:-

- fulfilled the criteria under the definition of Independent Director pursuant to the Paragraph 1.01 of the Main LR;
- 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;
- no potential conflict of interest, whether business or non-business related with the Company;
- not established or maintained any significant personal or social relationship, whether direct or indirect, with the MD/CEO 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
- not derived any remuneration and other benefits apart from Directors' fees and hospitalisation and surgical coverage that are approved by shareholders.

4.3 The Board has not adopted a policy which limits the tenure of its Independent Directors to nine (9) years.

Corporate Governance Overview Statement (cont'd.)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd.)

4.0 Board's Objectivity (cont'd.)

4.4 The Board is supportive of the Board and senior management composition diversity recommendation promoted by the MCCG in order to offer greater depth and breadth to Board discussions and constructive debates at senior management level.

The Directors and senior management are recruited based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

The Board appoints its members through a formal and transparent selection process. The new appointees will be considered and evaluated by the NC and the NC will then recommend the candidates to be approved and appointed by the Board. The Company Secretaries will ensure all appointments are properly documented. This process was applied for the appointment of Mr. Miki Moriyama and Encik Azhan bin Mohamed as Directors of the Company during the financial year ended 31 March 2019.

The Company is an equal opportunity employer and does not practice discrimination of any form, whether based on age, gender, race and religion, throughout the organisation.

4.5 The Board practises non-gender discrimination and endeavours to promote workplace diversity and supports the representation of women in the composition of Board and senior management positions of the Company. The gender diversity policy of the Board has been incorporated in the Company's Board Charter.

The Board, assisted by Management, is responsible for developing strategies to meet the objectives of gender diversity, and monitoring the progress of achieving the objectives through the monitoring, evaluation and reporting mechanisms. These gender diversity strategies include:-

(a) recruiting from a diverse pool of candidates i.e., from Director's registry, open advertisement or by the use of independent search firms for all positions, including senior management;
(b) reviewing succession plans to ensure an appropriate focus on gender diversity;
(c) identifying specific factors to take into account the recruitment and selection processes to encourage gender diversity;
(d) developing programs to develop a broader pool of skilled and experienced senior management and Board candidates, including, workplace development programs, mentoring programs and targeted training and development; and
(e) any other strategies the Board develops from time to time.

Currently, there is only one (1) female Director on the Board namely, Ms. Naoko Yamamoto after the resignation of Ms. Yukiko Nishioka as a Director of the Company on 30 June 2019.

4.6 Although the Board did not utilise independent sources to identify the new Board members appointed during the financial year ended 31 March 2019, namely, Mr. Miki Moriyama and Encik Azhan bin Mohamed, who were all recommended by the major shareholder and the Management, Board decisions were still made objectively in the best interests of the Company taking into account their potential to contribute to the Board.

The Board will consider utilising independent sources to identify suitably qualified candidates when the need arises in the future.

4.7 The NC is chaired by Mr. Koay Kah Ee, the Senior Independent Director appointed by the Board. The NC Chairman has led the annual review of Board effectiveness, ensuring that the performance of each individual Director is independently assessed and will lead the succession planning and appointment of future Board members.

5.0 Overall Effectiveness of the Board

5.1 The Board has, through the NC, conducted the following annual assessments in the financial year ended 31 March 2019:-

(i) Directors' self-assessment;
(ii) Evaluation on the effectiveness of the Board as a whole and Board Committees;
(iii) Assessment of Independent Directors; and
(iv) Review of the term of office and performance of AC and each of its members.

Corporate Governance Overview Statement (cont'd.)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd.)

5.0 Overall Effectiveness of the Board (cont'd.)

The annual assessment of individual Directors, Board as a whole and Board Committees are based on a comprehensive assessment system, which commences with the completion of a set of comprehensive Self-Assessment Form detailing all assessment criteria to be completed by all Directors for evaluation by the NC. Criteria for the self-assessment includes self-ratings on the Director's knowledge, support of the mission and goals of the Company, time commitment, and active participation on the Board.

6.0 Level and Composition of Remuneration

6.1 In view that fair remuneration is crucial to attract, retain and motivate Directors and senior management, the Board has adopted Policies and Procedures to Determine the Remuneration of Directors and senior management which takes into account the demands, complexities and performance of the Company as well as skills and experience required to determine the remuneration of Directors and senior management. The said policies and procedures are available on the Company's website at www.ajinomoto.com.my.

6.2 The Board has a RC that assists the Board in implementing its policies and procedures on remuneration, which includes reviewing and recommending the proposed remuneration packages of the Directors of the Company. The RC also assists the Board to structure and link Directors' remuneration to the strategic objectives of the Company, which rewards contribution to the long-term success of the Company in promoting business stability and growth.

The Terms of Reference of the RC is published on the Company's website at www.ajinomoto.com.my.

The RC is chaired by General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd. Ali (Rtd), the Independent Chairman of the Board. The RC currently consists of all Independent Non-Executive Directors, which is in line with the MCCG.

7.0 Remuneration of Directors and Senior Management

7.1 Remuneration of Directors for the financial year ended 31 March 2019 is as follows:-

Executive Directors

Name of director	Salaries and other emoluments	Fees*	Bonus	Gratuity#	Defined contribution plan	Benefits in-kind
Company	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
Naoko Yamamoto	590,502	27,000	90,441	10,800	-	132,296
Yukiko Nishioka (resigned on 30 June 2019)	483,199	27,000	90,441	10,800	-	72,831
Kamarudin bin Rasid	266,750	27,000	99,231	10,800	74,259	12,547
Hiroki Suzuki	609,745	27,000	90,441	10,800	-	80,396
Miki Moriyama (appointed on 1 July 2018)	511,621	20,250	30,414	8,100	-	53,935
Azhan bin Mohamed (appointed on 15 September 2018)	101,173	14,625	15,565	5,850	33,071	5,820
Kinji Yamashita (resigned on 30 June 2018)	135,259	6,750	59,780	2,700	-	20,811
Azharudin bin Ab. Ghani (resigned on 15 September 2018)	137,815	12,375	108,401	4,950	118,675	3,618

Corporate Governance Overview Statement (cont'd.)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd.)

7.0 Remuneration of Directors and Senior Management (cont'd.)

Non-Executive Directors

Name of director	Fees*	Gratuity#	Other emoluments^	Benefits in-kind
Company	**RM**	**RM**	**RM**	**RM**
General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd. Ali (Rtd)	90,000	36,000	31,800	81,832
Tan Sri Dato' (Dr.) Teo Chiang Liang	45,000	18,000	21,800	-
Koay Kah Ee	35,000	14,000	21,800	-
Dominic Aw Kian-Wee	35,000	14,000	21,800	-
Dato' Setia Ramli bin Mahmud	35,000	14,000	21,800	-

* *Subject to shareholders' approval at the 58th AGM of the Company.*

\# *Based on the Company's current remuneration policy, all Directors are entitled to receive gratuity payment upon their resignation or retirement from office. The Company would make a provision for the gratuity amounts during the Directors' term of office, and hence, the above gratuity was provided for in the financial statements for the current financial year but it has not been paid yet.*

^ *Meeting, transport allowance and hospitalisation coverage approved by shareholders at the 57th AGM of the Company.*

7.2 The top five (5) senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000/-, are as follows:-

Remuneration bands	Name of top five (5) senior management
RM450,001-RM500,000	Kamarudin bin Rasid – Executive Director, Chief Administration Officer
RM600,001-RM650,000	Miki Moriyama - Executive Director, Chief Supply Chain Officer
RM650,001-RM700,000	Yukiko Nishioka – Executive Director, Chief Finance Officer
RM800,001-RM850,000	Hiroki Suzuki - Executive Director, Chief Sales and Marketing Officer
RM850,001-RM900,000	Naoko Yamamoto - Managing Director, Chief Executive Officer

7.3 Members of senior management of the Company are also Executive Directors of the Company and their detailed remuneration are disclosed as above.

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

8.0 Effective and Independent AC

8.1 The Chairman of the AC is Tan Sri Dato' (Dr.) Teo Chiang Liang, an Independent Non-Executive Director, while the Chairman of the Board is General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd. Ali (Rtd), also an Independent Non-Executive Director. This ensured that the objectivity of the Board's review of the AC's findings and recommendations are not impaired. This separation is set out clearly in the Terms of Reference of the AC.

Corporate Governance Overview Statement (cont'd.)

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT (cont'd.)

8.0 Effective and Independent AC (cont'd.)

8.1 Tan Sri Dato' (Dr.) Teo Chiang Liang is responsible to ensure the overall effectiveness and independence of the AC. Together with other members of the AC, Tan Sri has ensured amongst others that -

a. the AC is fully informed about significant matters related to the Company's audit and its financial statements and these matters are addressed;

b. the AC appropriately communicates its insights, views and concerns about relevant transactions and events to Internal and External Auditors;

c. the AC's concerns on matters that may have an effect on the financial or audit of the Company are communicated to the External Auditors; and

d. there is co-ordination between Internal and External Auditors.

8.2 Before appointing a former key audit partner of the Company's External Auditors as a member of the AC, the AC has adopted the Policies and Procedures to Assess the Suitability, Objectivity and Independence of External Auditors, that requires a cooling-off period of at least two (2) years to be observed by the former key audit partner of the Company's External Auditors before being appointed as a member of the AC. This is to safeguard the independence of the audit and preparation of the Company's financial statements.

8.3 In recommending the re-appointment of the External Auditors to the Board, the AC has established Policies and Procedures to Assess the Suitability, Objectivity and Independence of External Auditors that consider amongst others:-

a. the competence, audit quality, experience and resource capacity of the external auditor and its staff assigned to the audit;
b. the audit firm's other audit engagements;
c. the adequacy of the scope of the audit plan;
d. the external auditor's ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan;
e. the nature and extent of the non-audit services rendered and the appropriateness of the level of fees; and
f. obtaining 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 assessment to consider the suitability, objectivity and independence of the audit firm is conducted annually. The AC was of the view that Messrs. Hanafiah Raslan & Mohamad ("**HRM**"), the External Auditors had conducted itself objectively and independently in carrying out the audit of the Company during the financial year ended 31 March 2019, and was therefore suitable to be re-appointed for the ensuing year and had recommended the same to the Board based on the followings additional observations:-

- HRM's active communication with the AC
- Presentation of a comprehensive audit plan and audit findings report
- HRM has provided the necessary quality of services required
- HRM has sufficient resources to carry out the audit

In HRM's reports on its audit plan and audit findings, HRM provided its written assurance to the AC that they were, and had been, independent through the conduct of the audit engagement in accordance with By-Laws of the Malaysian Institute of Accountants.

8.4 The AC comprises solely of Independent Directors in line with Practice 8.4 of the MCCG.

8.5 All members of the AC are financially literate and are able to understand the Company's business and matters under the purview of the AC including the financial reporting process. They have continuously applied a critical and probing view on the Company's financial reporting process, transactions and other financial information, and effectively challenged Management's assertions on the Company's financials. Any inconsistencies or irregularities in the financial and operational reports would be questioned to ascertain that the Quarterly Report and the annual Audited Financial Statements taken as a whole provide a true and fair view of the Company's financial position and performance.

All members of the AC have also undertaken and will continue to undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules as and when required.

Corporate Governance Overview Statement (cont'd.)

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT (cont'd.)

9.0 Risk Management and Internal Control

9.1 The Board is supported by the Risk Management Committee which adopts the risk framework of Ajinomoto Co., Inc's Risk Management Guideline System. The risk management framework serves as a reference for the Risk Management Committee to identify, assess and monitor the key business risks of the Company in order to safeguard shareholders' investment and the Company's assets.

The Risk Management Committee is chaired by the MD/CEO and includes other key Management staff of the Company. Periodic Management meetings are conducted to deliberate the risk issues faced by the Company and the necessary actions to be taken. The MD/CEO presents the risk management report to the Board quarterly for the Board's attention.

9.2 The Board via the Risk Management Committee oversees the risk management of the Company. The Risk Management Committee, with the assistance of the senior management team, assesses the risk tolerance of the Company, identifies the risk issues faced by the Company and takes appropriate actions to manage the identified risks within defined parameters.

The Company also engages Internal Auditors to provide independent assessments on the adequacy, efficiency and effectiveness of the Company's internal control system. The Internal Auditors reports directly to the AC and internal audit plans are tabled to the AC for review and approval by the Board to ensure adequate coverage.

The risk management and internal control are ongoing processes, which are undertaken at each department. The Company will continuously enhance the existing system of risk management and internal control by taking into consideration the changing business environment.

The review and periodic testing of the Company's internal control and risk management framework are conducted as and when required.

Further details on the features of the risk management and internal control framework, and the adequacy and effectiveness of this framework, are disclosed in the Statement on Risk Management and Internal Control in this Annual Report.

9.3 The Board did not establish a Risk Management Committee, which comprises a majority of independent directors as the current Risk Management Committee made up of the senior management team and chaired by the MD/CEO has managed the risks faced by the Company effectively and in a timely manner.

10.0 Effective Governance, Risk Management and Internal Control Framework

10.1 The internal audit function of the Company is carried out by an outsourced professional service firm that assists the AC and the Board in managing the risks and establishment of the internal control system and processes of the Company by providing an independent assessment on the adequacy, efficiency and effectiveness of the Company's risk management and internal control system and processes. The Internal Auditors reports directly to both the AC and the Board.

The Internal Auditors has and will continue to keep abreast with developments in the profession, relevant industry and regulations.

The internal audit function is independent of the operations of the Company and provides reasonable assurance that the Company's system of internal control is satisfactory and operating effectively.

Further details of the internal audit function are set out in the Statement on Risk Management and Internal Control and the AC Report of this Annual Report.

10.2 The internal audit function is outsourced to Axcelasia Columbus Sdn. Bhd. and the internal audit staff on the engagement are free from any relationships or conflicts of interest, which could impair their objectivity and independence.

The staff involved in the internal audit reviews possess professional qualifications and/or a university degree. Certain staff are members of the Institute of Internal Auditors Malaysia. The Engagement Director is Mr. Mah Siew Hoong who has diverse professional experience in internal audit, risk management and corporate governance advisory. He is a Chartered Member of the Institute of Internal Auditors Malaysia, a member of the Malaysian Institute of Accountants and a Fellow Member of the Association of Chartered Certified Accountants, United Kingdom. Mr. Mah is a Certified Internal Auditor (USA) and has a Certification in Risk Management Assurance (USA).

The internal audit reviews were conducted using a risk based approach and was guided by the International Professional Practice Framework ("IPPF").

Corporate Governance Overview Statement (cont'd.)

PRINCIPLE C : INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

11.0 Continuous Communication between the Company and Stakeholders

11.1 The Board believes that a constructive and effective investor relationship is essential in enhancing shareholder value. The Board, in its best efforts, always keeps the shareholders and various stakeholders informed of the Company's business and corporate development and ensure that the Company's communication with them is transparent and timely. Announcements, news, promotions and all relevant updates are posted on the Company's website regularly. Shareholders may also communicate with the Company on investor relation matters by posting their enquiries to the Company through the Company's web enquiry form on its website. The Company will endeavour to reply to these enquiries in the shortest possible time.

11.2 The Company is not categorised as "Large companies" under the MCCG and hence, has not adopted integrated reporting based on a globally recognised framework.

12.0 Encourage Shareholders Participation at General Meetings

12.1 The Company had provided all shareholders at least twenty-eight (28) days' notice before the date of the 57th AGM last year and will give all shareholders at least twenty-eight (28) days' notice before the date of the 58th AGM this year.

The Notice of General Meeting provides detailed explanation for the resolutions proposed along with any background information and reports or recommendation that are relevant, where required and necessary, to enable shareholders to make informed decisions in exercising their voting rights.

12.2 All the Directors of the Company attended the 57th AGM of the Company held on 27 August 2018. During the 57th AGM, the MD/CEO presented the financial results and the Company's business strategy for the new financial year, after which the Chairman invited questions from the shareholders present. The Board responded to the questions raised during the 57th AGM.

All the Directors of the Company have and will always endeavour to attend all General Meetings and the Chairman of the AC, NC and RC will provide meaningful response to questions addressed to them.

12.3 Paragraph 8.29A of the Main LR 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 general meetings from 1 July 2016 onwards. The Company had conducted its voting on all resolutions at the 57th AGM held on 27 August 2018 by electronic polling to provide a more efficient and accurate outcome of the poll results. The Company had engaged Securities Services (Holdings) Sdn. Bhd. to act as the Poll Administrator to provide the electronic polling system, while Commercial Quest Sdn. Bhd. was the appointed scrutineer to verify the poll results.

Prior to implementing the voting in absentia and remote shareholders' participation at general meetings as encouraged by the MCCG, the Board noted several factors and conditions that need to be fulfilled prior to making such considerations:-

- Relevant amendments to the Articles of Association of the Company to outline the procedures for enabling such voting and participation;
- Availability of technology and infrastructure;
- Affordability of the technology and infrastructure;
- Sufficient number of shareholders residing or locating at particular remote locations; and
- Age profile of the shareholders.

In addition, the general meetings of the Company are always held in the Klang Valley in an accessible location. The Company has less than 4,000 shareholders, and hence, while all practical efforts are taken to ensure that shareholders are able to participate at general meetings, considering the costs involved and the current electronic voting technology available, the Board is of the view that it is not economically justifiable to enable voting in absentia or remote shareholders' participation at the forthcoming 58th AGM of the Company.

Nonetheless, the Company will carefully consider all factors including all applicable requirements, necessary framework and processes, as well as communication to shareholders, for implementation at the appropriate time.

The Corporate Governance Overview Statement and the Corporate Governance Report are made in accordance with a resolution of the Board of Directors passed on 23 May 2019.

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 RM128,000 and RM90,650 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 ("RRPT") of a Revenue or Trading Nature

The RRPT entered into by the Company during the financial year ended 31 March 2019 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 35 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 (resigned on 30 June 2019), Hiroki Suzuki and Miki Moriyama 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 2018 to 31 March 2019 RM'000**
Commission income	24
Royalties payable	(9,722)
Sales	99,548
Purchases	(165,900)
Purchases of assets	(442)
Other expenses	(676)
Shared information technology services	(2,378)

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 2019

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 2019, which has been prepared pursuant to paragraph 15.26(b) of Bursa Malaysia Securities Berhad 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 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 and 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 ISO9001:2015 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 Heads of Department 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 2019

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 of the Company. 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 of the Company. 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, shortage of water supply, insufficient production capacity, unstable supply of raw materials, legal and regulation compliance, environmental related issue and computer system operation issue. All of the risks stated above have been mitigated/solved 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 2019 amounted to RM79,124 (financial year ended 31 March 2018: RM80,472).

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 2019

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 2019 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 23 May 2019.

AUDIT COMMITTEE REPORT

INTRODUCTION

The Board of Directors (“**the Board**”) of the Company is pleased to present the report of the Audit Committee for the financial year ended 31 March 2019.

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 (“**Bursa Securities**”). In addition to this, the Audit Committee reviews the systems of internal controls which Management and the Board 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 2019 are as follows:-

Names	Designation	Directorship	Attendance*
Tan Sri Dato’ (Dr.) Teo Chiang Liang	Chairman	Independent Non-Executive Director	5/5
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	5/5

* There were five (5) Audit Committee Meetings held during the financial year ended 31 March 2019. The meetings were held on 24 May 2018, 27 June 2018, 23 August 2018, 28 November 2018 and 26 February 2019.

Summary of work and discharge of responsibilities of the Audit Committee

During the financial year ended 31 March 2019, 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 Securities;

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.

Audit Committee Report (cont'd.)

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 2018	• Fourth quarter results for the financial year ended 31 March 2018
27 June 2018	• Audited Financial Statements for the financial year ended 31 March 2018
23 August 2018	• First quarter results for the financial year ended 31 March 2019
28 November 2018	• Second quarter results for the financial year ended 31 March 2019
26 February 2019	• Third quarter results for the financial year ended 31 March 2019

2. External Audit

a) Reviewed and approved the External Auditors' scope of work, fees, and audit plan for the financial year and made recommendation to the Board for approval on their remuneration;

b) 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;

c) Discussed significant accounting and auditing issues, impact of new or proposed changes in accounting standards and regulatory requirements i.e., reported on the Malaysian Financial Reporting Standards 15 (revenue from contracts with customers) implementation assessment;

d) Inquired into the assistance given by the Management to the External Auditors; and

e) Assessed the suitability, objectivity, independence and performance of the External Auditors and made recommendation to the Board on their re-appointment.

During the financial year, the AC had three (3) private meetings with the External Auditors on 24 May 2018, 27 June 2018 and 26 February 2019 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

a) Reviewed and approved the internal audit plan for the financial year and the internal audit fees;

b) Reviewed the internal audit issues, recommendations and the Management responses to rectify and improve the system of internal control;

c) 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

d) Reviewed the performance of the Internal Auditors pursuant to Paragraph 15.12(1)(e) of the Bursa Securities' Main Market Listing Requirements ("**Main LR**") 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, compliance controls and processes 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 Existing Shareholder Mandate for Recurrent RPT.

5. **Other matters**

   a) Reviewed the Audit Committee Report and Statement on Risk Management and Internal Control for disclosure in the 2019 Annual Report.

Summary of work of the 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 2019 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 business processes or areas in accordance with the approved audit plan:-

- Management information system
  - Disaster recovery plan
  - Data back-up processing
  - Information technology ("IT") policies and procedure
  - IT cybersecurity
- Branch operations in Kuala Lumpur and Alor Setar on November 2018, and Batu Pahat and Kuantan on February 2019 respectively, covering the following areas:-
  - inventory management
  - petty cash management
  - sales proceeds - records maintenance and deposit
  - fixed assets verifications
- Recurrent RPT

(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 2019 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 28 JUNE 2019

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	345	8.44	5,099	0.01
100 – 1,000	2,070	50.65	1,118,721	1.84
1,001 – 10,000	1,387	33.94	4,726,837	7.77
10,001 – 100,000	241	5.90	6,402,168	10.53
100,001 – 3,039,925 (*)	43	1.05	17,917,864	29.47
3,039,926 and above (**)	1	0.02	30,627,845	50.38
TOTAL	4,087	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 28 June 2019 is as follows:-

	No. of Shares			
	Direct	%	Indirect	%
Ajinomoto Co., Inc.	30,627,845	50.38	-	-

DIRECTORS' SHAREHOLDINGS

The Directors' Shareholdings based on the Register of Directors' Shareholdings of the Company as at 28 June 2019 are as follows:-

	Direct Interest		Indirect Interest	
Directors	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
Naoko Yamamoto	-	-	-	-
Yukiko Nishioka	-	-	-	-
Koay Kah Ee	-	-	-	-
Dominic Aw Kian-Wee	-	-	-	-
Dato' Setia Ramli bin Mahmud	-	-	-	-
Kamarudin bin Rasid	-	-	-	-
Hiroki Suzuki	-	-	-	-
Miki Moriyama	-	-	-	-
Azhan bin Mohamed	-	-	-	-

(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 20% equity interest in Teo Soo Cheng Sdn. Bhd. and See Hoy Chan Holdings Sendirian Berhad respectively.*

Analysis of Shareholdings (cont'd.)

As at 28 June 2019

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS

No.	Shareholders	No. of Shares	%
1.	Ajinomoto Co., Inc.	30,627,845	50.38
2.	Cartaban Nominees (Asing) Sdn. Bhd. *BBH and Co. Boston for Fidelity Puritan Trust: Fidelity Series Intrinsic Opportunities Fund*	1,650,000	2.71
3.	Kumpulan Wang Persaraan (Diperbadankan)	1,277,900	2.10
4.	Cartaban Nominees (Asing) Sdn. Bhd. *SSBT Fund F9EX for Fidelity Northstar Fund*	1,250,000	2.06
5.	Chinchoo Investment Sdn. Berhad	1,210,800	1.99
6.	Maybank Nominees (Asing) Sdn. Bhd. *Bank of East Asia (Nominees) Pte Ltd for The Bank of East Asia Ltd Singapore (A/C 2-970510)*	1,131,030	1.86
7.	Maybank Nominees (Tempatan) Sdn. Bhd. *National Trust Fund (IFM Maybank)*	1,128,500	1.86
8.	Berjaya Sompo Insurance Berhad	1,125,054	1.85
9.	HSBC Nominees (Asing) Sdn. Bhd. *Exempt AN for Credit Suisse (SG BR-TST-ASING)*	700,000	1.15
10.	Amanahraya Trustees Berhad *PB Smallcap Growth Fund*	638,100	1.05
11.	Tee Teh Sdn. Berhad	564,508	0.93
12.	Amanahraya Trustees Berhad *PB Islamic Smallcap Fund*	509,500	0.84
13.	Amanahraya Trustees Berhad *Public Strategic Smallcap Fund*	473,500	0.78
14.	Seah Mok Khoon	432,000	0.71
15.	Yong Siew Lee	423,000	0.70
16.	Citigroup Nominees (Tempatan) Sdn. Bhd. *Employees Provident Fund Board (Aberislamic)*	383,300	0.63
17.	Amanahraya Trustees Berhad *Public Smallcap Fund*	360,500	0.59
18.	Amanahraya Trustees Berhad *Public Islamic Emerging Opportunities Fund*	338,800	0.56
19.	See Hoy Chan Agencies Sendirian Berhad	338,100	0.56
20.	Wong Lok Jee @ Ong Lok Jee	305,000	0.50
21.	Maybank Nominees (Tempatan) Sdn. Bhd. *National Trust Fund (IFM Kenanga)*	240,000	0.39
22.	Yee Fook Leong	234,000	0.38
23.	Amanahraya Trustees Berhad *Public Select Treasures Equity Fund*	229,200	0.38
24.	Maybank Securities Nominees (Asing) Sdn. Bhd. *Maybank Kim Eng Securities Pte Ltd for Tan Pheck Gee*	208,138	0.34
25.	Key Development Sdn. Berhad	200,000	0.33
26.	Seah Heng Lye	200,000	0.33
27.	Oh Siew Heong	190,000	0.31
28.	Eu Lee Chuan Enterprise Sdn. Berhad	160,000	0.26
29.	Tay Lee Joo	153,377	0.25
30.	HSBC Nominees (Tempatan) Sdn. Bhd. *Exempt AN for Credit Suisse (SG BR-TST-TEMP)*	149,700	0.25
	TOTAL	46,831,852	77.03

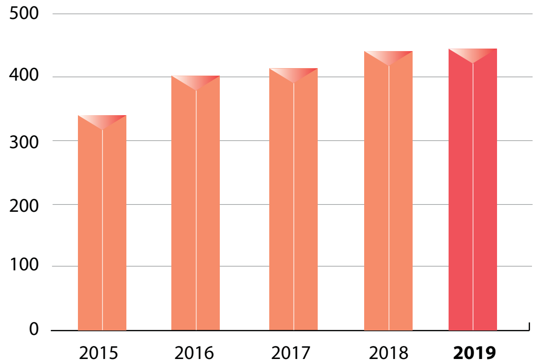
FINANCIAL HIGHLIGHTS

For the financial year ended 31 March

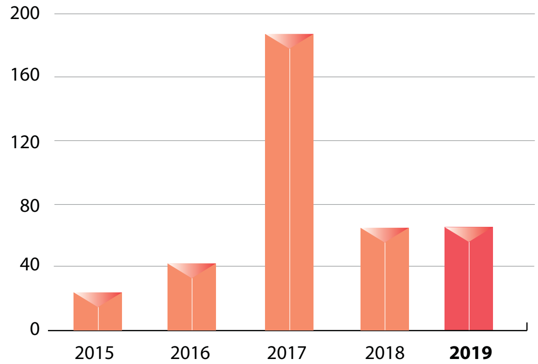
	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	**2019 RM'000**
REVENUE	340,376	400,201	419,917	436,286	**447,731**
PROFIT BEFORE TAXATION	40,596	53,941	211,469	67,068	**72,659**
NET PROFIT	29,733	40,787	187,462	56,262	**56,581**
SHAREHOLDERS FUNDS	279,522	307,813	474,638	437,129	**465,335**
PER SHARE					
o GROSS EARNINGS (Sen)	66.8	88.7	347.8	110.3	**119.5**
o NET EARNINGS (Sen)	48.9	67.1	308.3	92.5	**93.1**
o NET ASSET (RM)	4.6	5.1	7.8	7.2	**7.7**
FINANCIAL RATIOS					
Return on Asset (%)	8.93%	11.11%	35.21%	11.56%	**10.61%**
Return on Equity (%)	10.64%	13.25%	39.50%	12.87%	**12.16%**
Dividend Payout Ratio (%)	40.90%	50.31%	50.27%	50.25%	**50.50%**
Net Dividend per share (sen)	20.00	33.75	42.00	46.50	**47.00***
Special Dividend per share (sen)	-	-	113.00	-	**-**

* Subject to shareholders' approval at the Annual General Meeting

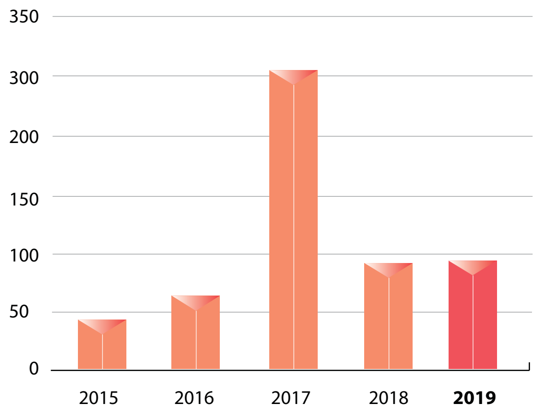
REVENUE
(RM Millions)



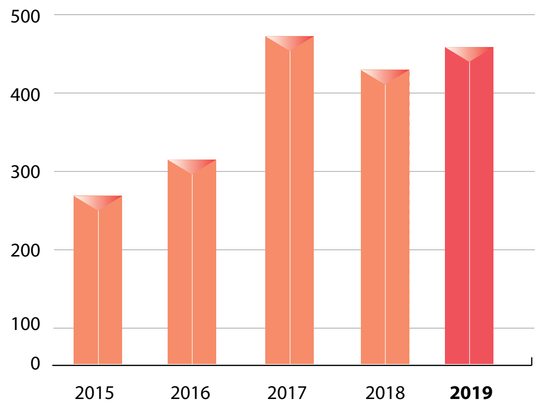
NET PROFIT
(RM Millions)



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 2019.

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.

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

Results

	RM
Profit net of tax	56,580,603

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.

Dividends

The amount of dividends paid by the Company since 31 March 2018 were as follows:

	RM
In respect of the financial year ended 31 March 2018 as reported in the directors' report of that year	
First and final single-tier dividend of 46.50 sen per ordinary share declared on 27 August 2018 and paid on 21 September 2018	28,271,318

At the forthcoming Annual General Meeting, a first and final single-tier dividend in respect of the financial year ended 31 March 2019 of 47.00 sen per ordinary share on 60,798,534 ordinary shares, amounting to a dividend payable of RM28,575,311 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 2020.

Directors

The names of the directors of the Company in office during 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
Naoko Yamamoto
Yukiko Nishioka
Koay Kah Ee
Dominic Aw Kian-Wee
Dato' Setia Ramli bin Mahmud
Kamarudin bin Rasid
Hiroki Suzuki
Miki Moriyama (appointed on 1 July 2018)
Azhan bin Mohamed (appointed on 15 September 2018)
Kinji Yamashita (resigned on 30 June 2018)
Azharudin bin Ab Ghani (resigned on 15 September 2018)

Directors' Report (cont'd.)

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.

Indemnity and insurance costs

During the financial year, the Company maintained a Directors' and Officers' Liability Insurance for the purpose of Section 289 of the Companies Act 2016. The total insured limit for the Directors' and Officers' Liability Insurance effected for the Directors and Officers of the Company was RM15 million per occurrence and in the aggregate. The insurance premium for the Company is RM14,450.

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 1.4.2018	Acquired	Sold	At 31.3.2019
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

	Number of shares			
	At 1.4.2018	Acquired	Sold	At 31.3.2019
Holding company - Ajinomoto Co. Inc				
Direct interest:				
Yukiko Nishioka	3,260	196	-	3,456
Hiroki Suzuki	5,646	365	-	6,011

Other than as disclosed above, none of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

Directors' Report (cont'd.)

Directors' remuneration

The details of directors' remuneration are as follows:

	RM
Executive:	
Salaries and other emoluments	2,836,064
Fees	162,000
Bonus	584,714
Gratuity	64,800
Defined contribution plan	226,005
Total executive directors' remuneration (excluding benefits-in-kind) (Note 6)	3,873,583
Estimated money value of benefit-in-kind	382,254
Total executive directors' remuneration (including benefits-in-kind)	4,255,837
Non-executive:	
Fees	240,000
Gratuity	96,000
Other emoluments	119,000
Total non-executive directors' remuneration (excluding benefits-in-kind) (Note 8)	455,000
Estimated money value of benefit-in-kind	81,832
Total non-executive directors' remuneration (including benefits-in-kind)	536,832
Total directors' remuneration	4,792,669

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 all known bad debts had been written off 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) the amount written off for 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.

Directors' Report (cont'd.)

Other statutory information (cont'd.)

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

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

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

(f) In the opinion of the directors:

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

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

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.

Auditors

The auditors, Hanafiah Raslan & Mohamad, retire and are not seeking for re-appointment. The auditors' remuneration for current financial year is RM128,000.

Signed on behalf of the Board in accordance with a resolution of the directors dated 27 June 2019.

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

Naoko Yamamoto

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 Naoko Yamamoto, 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 90 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 2019 and of the results and the cash flows of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 27 June 2019.

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

Naoko Yamamoto

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1) 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 90 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 27 June 2019

Heng Wai Shen
MIA: CA 9667

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 2019, 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 90.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2019, 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 note relating to revenue is disclosed in Note 2.3(m) and Note 4 to the financial statements.

During the financial year, the Company recognised revenue from sale of goods amounting to approximately RM447.7 million. We identified revenue recognition to be an area of audit focus as we consider the high volume of transactions to be a possible cause of a 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.

Our audit procedures for revenue recognition included amongst others:
(a) We obtained an understanding of the Company's relevant internal controls and tested the controls over the timing and amount of revenue recognised;
(b) We evaluated the appropriateness of the timing of revenue recognition by inspecting the terms stated in the sales arrangement;
(c) We performed a three way correlation test between revenue, trade receivables and cash and bank balances accounts; and
(d) 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 information included in the Company's 2019 Annual Report, but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements 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.

- 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.

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.)

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 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. 02477/10/2019 J
Chartered Accountant

Kuala Lumpur, Malaysia
27 June 2019

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Note	2019 RM	2018 RM
Revenue	4	447,730,739	436,286,320
Other items of income	5	11,861,763	10,566,747
Items of expenses			
Changes in inventories of finished goods and work in progress		2,003	(5,271,070)
Raw materials and packaging materials consumed		(210,027,041)	(208,764,055)
Finished goods purchased		(40,673,321)	(37,210,475)
Employee benefits expense	6	(53,325,247)	(51,958,074)
Depreciation of property, plant and equipment		(16,114,700)	(13,089,424)
Other operating expenses		(66,795,085)	(63,491,805)
Profit before tax	8	72,659,111	67,068,164
Income tax expense	9	(16,078,508)	(10,806,069)
Profit net of tax		56,580,603	56,262,095
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Actuarial (loss)/gain on defined benefit plans		(136,307)	614,738
Tax impact relating to actuarial (loss)/gain on defined benefit plans		32,714	(147,537)
Other comprehensive (loss)/income for the year, net of tax		(103,593)	467,201
Total comprehensive income for the year		56,477,010	56,729,296
Earnings per share attributable to equity holders of the Company (sen)			
- Basic	10	93.06	92.54
Net dividend per share (sen)	11	46.50	155.00

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

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2019

	Note	2019 RM	2018 RM
Non-current assets			
Property, plant and equipment	12	75,629,330	84,375,051
Other receivables	13	1,384,116	1,330,852
Other investments	14	226,000	226,000
Deferred tax assets	21	299,126	-
		77,538,572	85,931,903
Current assets			
Inventories	15	44,632,081	45,743,251
Trade and other receivables	13	105,911,499	58,088,293
Derivatives assets	16	-	120,243
Investment securities	17	198,780,122	169,960,712
Cash and bank balances	18	106,398,988	126,747,387
		455,722,690	400,659,886
Total assets		533,261,262	486,591,789
Equity and liabilities			
Current liabilities			
Retirement benefit obligations	19	548,874	552,411
Trade and other payables	20	52,788,321	36,402,523
Derivatives liabilities	16	67,300	26,492
Tax payable		2,712,381	469,792
		56,116,876	37,451,218
Non-current liabilities			
Retirement benefit obligations	19	11,809,589	11,034,214
Deferred tax liabilities	21	-	977,252
		11,809,589	12,011,466
Total liabilities		67,926,465	49,462,684
Net assets		465,334,797	437,129,105
Equity attributable to equity holders of the Company			
Share capital	22	65,102,234	65,102,234
Retained earnings	23	401,058,290	372,749,005
Other reserves	24	(825,727)	(722,134)
Total equity		465,334,797	437,129,105
Total equity and liabilities		533,261,262	486,591,789

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 2019

	Note	← Non-distributable Share capital RM (Note 22)	→ Other reserves RM (Note 24)	Distributable Retained earnings RM (Note 23)	Total equity RM
At 1 April 2017		65,102,234	(1,189,335)	410,724,637	474,637,536
Total comprehensive income		-	467,201	56,262,095	56,729,296
Transaction with owners					
Dividends	11	-	-	(94,237,727)	(94,237,727)
At 31 March 2018		65,102,234	(722,134)	372,749,005	437,129,105
At 1 April 2018		65,102,234	(722,134)	372,749,005	437,129,105
Total comprehensive income		-	(103,593)	56,580,603	56,477,010
Transaction with owners					
Dividends	11	-	-	(28,271,318)	(28,271,318)
At 31 March 2019		65,102,234	(825,727)	401,058,290	465,334,797

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 2019

	2019 RM	2018 RM
Cash flows from operating activities		
Profit before tax	72,659,111	67,068,164
Adjustments for:		
Provision for short-term accumulating compensated absences	26,111	57,413
Interest income	(3,354,770)	(3,255,804)
Distribution from investment securities	(7,033,391)	(6,647,610)
Depreciation of property, plant and equipment	16,114,700	13,089,424
Provision/(reversal) of expected credit loss on trade receivables, net	13,045	(4,170)
Bad debts written off	11,342	-
Inventories written off	982,935	378,655
Property, plant and equipment written off	97,839	161,922
Gain on disposal of property, plant and equipment	(356,869)	(50,514)
Provision for defined benefit plans	1,784,207	1,565,173
Retirement benefit charged to profit or loss	-	1,510,343
Unrealised foreign exchange (gain)/loss	(648,167)	1,580,464
Net fair value loss/(gain) on derivatives	161,051	(150,587)
Operating profit before working capital changes	80,457,144	75,302,873
Decrease in inventories	128,235	15,379,378
Increase in trade and other receivables	(15,177,206)	(8,190,119)
Increase/(decrease) in trade and other payables	16,288,746	(2,478,130)
Cash generated from operations	81,696,919	80,014,002
Taxes paid	(15,079,583)	(18,478,334)
Net payments made to retirement benefit obligations	(1,148,676)	(784,676)
Net cash generated from operating activities	65,468,660	60,750,992
Cash flows from investing activities		
Purchase of property, plant and equipment	(7,663,921)	(8,339,299)
Proceeds from disposal of property, plant and equipment	553,972	309,400
Deposits paid for land acquisition	(32,481,865)	-
Interest received	3,307,299	3,094,332
Distribution from investment securities	4,727,664	6,456,099
(Placement)/withdrawal with licensed financial institutions	(26,513,683)	30,297,454
Withdrawal of deposits with maturity more than 90 days	-	2,248,800
Net cash (used in)/generated from investing activities	(58,070,534)	34,066,786
Cash flows from financing activity		
Dividends paid, representing net cash used in financing activity	(28,271,318)	(94,237,727)
Net (decrease)/increase in cash and cash equivalents	(20,873,192)	580,051
Effect of exchange rate changes on cash and cash equivalents	524,793	(1,521,292)
Cash and cash equivalents at beginning of the financial year	126,747,387	127,688,628
Cash and cash equivalents at end of the financial year (Note 18)	106,398,988	126,747,387

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 2019

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 27 June 2019.

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 2018, 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 2018

- Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)
- Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions
- MFRS 9: Financial Instruments
- MFRS 15: Revenue from Contracts with Customers
- Clarifications to MFRS 15 Revenue from Contracts with customers
- Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)
- Amendments to MFRS 140: Transfers of Investment Property
- IC Interpretation 22: Foreign Currency Transactions and Advance Consideration

Notes to the Financial Statements

For the financial year ended 31 March 2019 (cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Changes in accounting policies and effects from the adoption of new and revised MFRSs (cont'd.)

The application of these amendments has no material impact on the financial results and disclosures in the Company's financial statements except for those discussed below:

(a) MFRS 9 Financial Instruments

MFRS 9 Financial Instruments replaces MFRS 139 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 April 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Company has applied MFRS 9 prospectively, with the initial application date of 1 April 2018. The Company has not restated the comparative information, which continues to be reported under MFRS 139.

(i) Classification and measurement

Under MFRS 9, debt instruments are subsequently measured at fair value through profit or loss ("FVTPL"), amortised cost, or fair value through other comprehensive income ("FVOCI"). The classification is based on two criteria: the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Company's business model was made as of the date of initial application, 1 April 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of MFRS 9 did not have a significant impact on the Company. The following are the changes in the classification of the Company's financial assets:

- Trade and other receivables (excluding prepayments and Goods and Services Tax ("GST") refund), investment securities and cash and bank balances previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are now classified and measured as debt instruments at amortised cost.

The Company has not designated any financial assets at FVOCI.

There are no changes in classification and measurement for the Company's financial liabilities.

In summary, upon the adoption of MFRS 9, the Company had the following required or elected reclassifications:

As at 1 April 2018	**MFRS 139 measurement category**	**MFRS 9 measurement category**
	Loan and receivables RM	**Amortised cost RM**
Total trade and other receivables (current and non-current)	55,251,209	55,251,209
Investment securities	169,960,712	169,960,712
Cash and bank balances	126,747,387	126,747,387
	351,959,308	351,959,308

Notes to the Financial Statements

For the financial year ended 31 March 2019 (cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Changes in accounting policies and effects from the adoption of new and revised MFRSs (cont'd.)

(a) MFRS 9 Financial Instruments (cont'd.)

(ii) Impairment

The adoption of MFRS 9 has changed the Company's accounting for impairment losses for financial assets by replacing MFRS 139's incurred loss approach with a forward-looking expected credit loss ("ECL") approach. MFRS 9 requires the Company to recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL and contract assets.

The adoption of MFRS 9 did not result in recognition of any incremental provision for ECL in respect of the Company's trade and other receivables.

(b) MFRS 15 Revenue from Contracts with Customers

MFRS 15 replaces the guidance in MFRS 111: Construction Contracts, MFRS 118: Revenue, IC Interpretation 13: Customer Loyalty Programmes, IC Interpretation 15: Agreements for Construction of Real Estate, IC Interpretation 18: Transfers of Assets from Customers and IC Interpretation 131: Revenue - Barter Transactions Involving Advertising Services. MFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

MFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Company adopted MFRS 15 using modified retrospective method of adoption with the effective date of initial adoption of 1 April 2018. Under this standard, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Company elected to apply this standard only to contracts that are not completed as at 1 April 2018.

The adoption of MFRS 15 has no material impact on the financial results but required additional disclosures in the Company's financial statements.

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 RM, which is also the Company's functional currency.

Notes to the Financial Statements

For the financial year ended 31 March 2019 (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	4 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 2019 (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

Initial recognition and measurement - accounting policies applied from 1 April 2018

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, FVOCI, and FVTPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised 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 2019 (cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(d) Financial assets (cont'd.)

Subsequent measurement - accounting policies applied from 1 April 2018

For purposes of subsequent measurement, financial assets are classified in four categories:

(a) Financial assets at amortised cost (debt instruments)
(b) Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
(c) Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
(d) Financial assets at FVTPL

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

(a) the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
(b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes trade and other receivables (excluding prepayments and GST refund), investment securities and cash and bank balances.

Financial assets at FVOCI (debt instruments) and financial assets at FVOCI (equity instruments)

The Company's did not have or designate any financial assets at FVOCI (debt instruments) and FVOCI (equity instruments) during the year ended 31 March 2019.

Financial assets at FVTPL

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in the profit or loss.

This category includes derivative instruments.

Notes to the Financial Statements

For the financial year ended 31 March 2019 (cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(d) Financial assets (cont'd.)

Initial recognition and measurement - accounting policies applied up to 31 March 2018

Financial assets are recognised in the statements of financial position when, and only when, the Company become a party to the contractual provisions of the financial instruments.

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

The Company determines the classification of its financial assets at initial recognition, and the categories include financial assets at FVTPL, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

Subsequent measurement - accounting policies applied up to 31 March 2018

Financial assets at FVTPL

Financial assets are classified as financial assets at FVTPL 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 FVTPL 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 FVTPL do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at FVTPL are recognised separately in profit or loss as part of other losses or other income.

Financial assets at FVTPL 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.

Loan 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 (exclude prepayments and GST refund), investment securities and cash and bank balances.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the EIR 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.

Notes to the Financial Statements

For the financial year ended 31 March 2019 (cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(d) Financial assets (cont'd.)

Subsequent measurement - accounting policies applied up to 31 March 2018 (cont'd.)

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 EIR 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.

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 EIR 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 Company does not have any available-for-sale financial asset.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

(a) The rights to receive cash flows from the asset have expired; or
(b) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (i) the Company has transferred substantially all the risks and rewards of the asset, or (ii) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Notes to the Financial Statements

For the financial year ended 31 March 2019 (cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(e) Impairment of financial assets

Accounting policies applied from 1 April 2018

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are one year past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Accounting policies applied up to 31 March 2018

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.

Notes to the Financial Statements

For the financial year ended 31 March 2019 (cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(e) Impairment of financial assets (cont'd.)

Accounting policies applied up to 31 March 2018 (cont'd.)

(ii) Available-for-sale financial assets (cont'd.)

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.

(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

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, financial liabilities at amortised costs or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

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

Notes to the Financial Statements

For the financial year ended 31 March 2019 (cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(i) Financial liabilities (cont'd.)

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

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.

Financial liabilities at amortised costs

After initial recognition, trade and other payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of 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 there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, 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.

Notes to the Financial Statements

For the financial year ended 31 March 2019 (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

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.

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.

Notes to the Financial Statements

For the financial year ended 31 March 2019 (cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(l) Leases (cont'd.)

(ii) As lessor

Assets leased out under operating lease 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 from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements (unless otherwise stated below) because it typically controls the goods or services before transferring them to the customer.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, non-cash consideration and consideration payable to the customer, if any). Depending on the terms of the contract, revenue is recognised when the performance obligation is satisfied, which may be at the point in time or over time.

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide customers with a right of return and volume rebates. The rights of return and volume rebates give rise to variable consideration.

Generally, the Company receives short-term advances from its customers. Using the practical expedient in MFRS 15, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

(i) Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The sale of goods is either on cash terms or on credit terms of up to 90 days.

(n) Other Items of Income

(i) Interest income and distribution from investment securities

Interest income and distribution from investment securities are recognised on an accrual basis using the EIR method.

(ii) 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.

(iii) Other income

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

Notes to the Financial Statements

For the financial year ended 31 March 2019 (cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(o) Taxes

(i) Current income 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.

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.

Notes to the Financial Statements

For the financial year ended 31 March 2019 (cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(o) Taxes (cont'd.)

(iii) 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.

(p) 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.

(q) 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.

(r) 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.

(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.

Notes to the Financial Statements

For the financial year ended 31 March 2019 (cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

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

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 2019

- Amendments to MFRS 119: Employee Benefits – Plan Amendment, Curtailment or Settlement
- Amendments to MFRS 9: Financial Instruments – Prepayment Features with Negative Compensation
- MFRS 16: Leases
- Amendments to MFRS 128: Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures
- Amendments to MFRS 3: Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 11: Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 112: Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 123: Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- IC Interpretation 23: Uncertainty over Income Tax Treatments

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 3: Business Combinations: Definition of a Business
- Amendments to MFRS 101: Presentation of Financial Statements: Definition of a Material
- Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17: Insurance Contracts

Effective for a date yet to be confirmed

- Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – 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:

Notes to the Financial Statements

For the financial year ended 31 March 2019 (cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

MFRS 16 Leases

In April 2016, MASB issued MFRS 16 Leases which sets out principles for the recognition, measurement, presentation and disclosure of leases, and replaces the existing MFRS 117: Leases. The standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Assets and liabilities arising from a lease are initially measured on a present value basis includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise the option to extend the lease period, or not terminating the lease.

Lessor accounting is substantially unchanged from the existing MFRS 117: Leases except for MFRS 16 requires enhanced disclosure to be provided by lessors that will improve information disclosed about lessor's risk exposure, particularly to residual value risk.

A lessee can choose to apply the standard using either a full retrospective or a modified retrospective transition approach. MFRS 16 is effective for annual periods beginning on or after 1 January 2019, with early application permitted, but not before an entity applies MFRS 15.

The Company is currently assessing the impact of MFRS 16 and plans to adopt the new standard on the required effective date. Under adoption of MFRS 16, the impact on financial statements will arise from long term leasehold land and operating lease commitment of properties used by the Company as offices, staff quarters and expatriates' houses. A preliminary assessment indicates that these arrangements will meet the definition of a lease under MFRS 16 and hence, the Company will recognise the right-of-use assets and a corresponding liability in respect of these leases.

As allowed by the transitional provision of MFRS 16, the Company has elected the modified retrospective approach with no restatement of comparative and the cumulative adjustments resulting from initial application of MFRS 16 to be recognised in retained profits and reserves as at 1 April 2019.

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

No major judgements have been made by management in applying the Company's accounting policies.

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 property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' useful lives. Management reviews the useful lives of these assets at least at each financial year-end. Management considers the expected usage of the assets, expected physical wear and tear, technical or commercial obsolences and any legal or similar limits on the use of the assets. These considerations could impact the economical useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) 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.

Notes to the Financial Statements

For the financial year ended 31 March 2019 (cont'd.)

4. REVENUE

	2019 RM	2018 RM
Sale of goods	447,730,739	436,286,320
Geographical markets		
Malaysia	275,446,334	261,689,199
Middle East	61,461,284	59,842,995
Other Asian countries	105,196,695	109,298,508
Others	5,626,426	5,455,618
Total revenue from contracts with customers	447,730,739	436,286,320
Timing of revenue recognition		
Goods transferred at a point in time	447,730,739	436,286,320

Performance obligation

The Company is in the business of selling of monosodium glutamate and other related products.

The performance obligation is satisfied upon shipment of the goods and payment is generally due within 14 to 90 (2018: 14 to 90) days.

5. OTHER ITEMS OF INCOME

	2019 RM	2018 RM
Gain on disposal of property, plant and equipment	356,869	50,514
Interest income	3,354,770	3,255,804
Distribution from investment securities	7,033,391	6,647,610
Miscellaneous income	468,566	462,082
Rental income	-	150
Net fair value gain on derivatives	-	150,587
Unrealised foreign exchange gain	648,167	-
	11,861,763	10,566,747

6. EMPLOYEE BENEFITS EXPENSE

	2019 RM	2018 RM
Wages and salaries	42,452,084	40,589,964
Gratuity	64,800	64,800
Defined contribution plans	4,429,440	4,099,872
Provision for defined benefit plans (Note 19)	1,784,207	1,565,173
Retirement benefit charged to profit or loss (Note 24)	-	1,510,343
Social security costs	432,888	367,470
Provision for short-term accumulating compensated absences	26,111	57,413
Other staff related expenses	4,135,717	3,703,039
Total employee benefit expenses (Note 8)	53,325,247	51,958,074

Included in employee benefits expense of the Company are executive directors' remuneration amounting to RM3,873,583 (2018: RM3,383,615) as further disclosed in Note 7.

Notes to the Financial Statements
For the financial year ended 31 March 2019 (cont'd.)

7. DIRECTORS' REMUNERATION

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

	2019 RM	2018 RM
Executive:		
Salaries and other emoluments	2,836,064	2,614,804
Fees	162,000	162,000
Bonus	584,714	438,153
Gratuity	64,800	64,800
Defined contribution plan	226,005	103,858
Total executive directors' remuneration (excluding benefits-in-kind) (Note 6)	3,873,583	3,383,615
Estimated money value of benefit-in-kind	382,254	383,114
Total executive directors' remuneration (including benefits-in-kind)	4,255,837	3,766,729
Non-executive:		
Fees	240,000	240,000
Gratuity	96,000	96,000
Other emoluments	119,000	120,500
Total non-executive directors' remuneration (excluding benefits-in-kind) (Note 8)	455,000	456,500
Estimated money value of benefit-in-kind	81,832	96,819
Total non-executive directors' remuneration (including benefits-in-kind)	536,832	553,319
Total directors' remuneration	4,792,669	4,320,048

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 2019	2018
Executive directors:		
RM150,001 - RM200,000	1	-
RM200,001 - RM250,000	1	3
RM350,001 - RM400,000	1	-
RM400,001 - RM450,000	-	2
RM450,001 - RM500,000	1	1
RM500,001 - RM550,000	-	1
RM550,001 - RM600,000	-	1
RM600,001 - RM650,000	1	-
RM650,001 - RM700,000	1	1
RM800,001 - RM850,000	1	-
RM850,001 - RM900,000	1	-
Non-executive directors:		
RM50,001 - RM100,000	4	4
RM200,001 - RM250,000	1	-
RM250,001 - RM300,000	-	1

Notes to the Financial Statements
For the financial year ended 31 March 2019 (cont'd.)

8. PROFIT BEFORE TAX

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

	2019 RM	2018 RM
Employee benefits expenses (Note 6)	53,325,247	51,958,074
Non-executive directors' remuneration excluding benefits-in-kind (Note 7)	455,000	456,500
Auditors' remuneration:		
- Statutory	128,000	88,200
- Other services	90,650	29,900
Depreciation of property, plant and equipment (Note 12)	16,114,700	13,089,424
Inventories written off	982,935	378,655
Provision/(reversal) of expected credit loss on trade receivables, net (Note 13)	13,045	(4,170)
Bad debt written off	11,342	-
Foreign exchange loss/(gain):		
- Realised	459,441	1,254,707
- Unrealised	(648,167)	1,580,464
Net fair value loss/(gain) on derivatives	161,051	(150,587)
Gain on disposal of property, plant and equipment	(356,869)	(50,514)
Property, plant and equipment written off	97,839	161,922

9. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the years ended 31 March 2019 and 2018 are:

	2019 RM	2018 RM
Current income tax	17,755,789	15,317,597
Overprovision in prior years	(433,617)	(2,465,222)
	17,322,172	12,852,375
Deferred tax (Note 21):		
Relating to origination and reversal to temporary differences	(1,503,082)	(971,953)
Under/(over) provision in prior years	259,418	(1,074,353)
	(1,243,664)	(2,046,306)
Total income tax expense	16,078,508	10,806,069

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

Notes to the Financial Statements

For the financial year ended 31 March 2019 (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:

	2019 RM	2018 RM
Profit before tax	72,659,111	67,068,164
Taxation at Malaysian statutory tax rate of 24%	17,438,187	16,096,359
Income not subject to tax	(1,722,859)	(1,595,426)
Expenses not deductible for tax purposes	537,379	693,801
Utilisation of current year's reinvestment allowances	-	(849,090)
Under/(over) provision in prior years	259,418	(1,074,353)
Overprovision of income tax expense in prior years	(433,617)	(2,465,222)
Income tax expense	16,078,508	10,806,069

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.

	2019 sen	2018 sen
Basic earnings per share	93.06	92.54

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 2019 (cont'd.)

11. DIVIDENDS

	Amount 2019 RM	Amount 2018 RM	Net dividend per share 2019 Sen	Net dividend per share 2018 Sen
Recognised during the year:				
Dividend in respect of financial year ended 31 March 2018				
First and final single-tier dividend of 46.50 sen per ordinary share	28,271,318	-	46.50	-
Dividend in respect of financial year ended 31 March 2017				
First and final single-tier dividend of 42.00 sen per ordinary share	-	25,535,384	-	42.00
Special one off single-tier dividend of 113.00 sen per ordinary share	-	68,702,343	-	113.00
	-	94,237,727	-	155.00

At the forthcoming Annual General Meeting, a first and final single-tier dividend of 47.00 sen per ordinary share in respect of the financial year ended 31 March 2019 amounting to a dividend payable of RM28,575,311 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 2020.

Notes to the Financial Statements

For the financial year ended 31 March 2019 (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 2019								
Cost								
At 1 April 2018	71,525	22,367,397	61,242,469	9,453,878	156,477,410	8,117,789	334,017	258,064,485
Additions	-	-	506,984	1,064,795	5,071,037	129,641	891,464	7,663,921
Transfers	-	-	-	-	222,417	-	(222,417)	-
Disposals	-	(36,304)	-	(722,165)	-	-	-	(758,469)
Written off	-	-	(111,800)	-	(408,626)	(107,007)	-	(627,433)
At 31 March 2019	71,525	22,331,093	61,637,653	9,796,508	161,362,238	8,140,423	1,003,064	264,342,504
Accumulated depreciation								
At 1 April 2018	-	3,222,135	49,612,089	3,942,742	111,787,744	5,124,724	-	173,689,434
Depreciation charge for the year (Note 8)	-	396,294	3,670,176	1,109,949	10,098,815	839,466	-	16,114,700
Disposals	-	(12,429)	-	(548,937)	-	-	-	(561,366)
Written off	-	-	(58,640)	-	(367,935)	(103,019)	-	(529,594)
At 31 March 2019	-	3,606,000	53,223,625	4,503,754	121,518,624	5,861,171	-	188,713,174
Net carrying amount	71,525	18,725,093	8,414,028	5,292,754	39,843,614	2,279,252	1,003,064	75,629,330
At 31 March 2018								
Cost								
At 1 April 2017	71,525	22,367,397	56,795,493	9,231,519	151,385,118	7,868,560	9,697,323	257,416,935
Additions	-	-	1,650,011	853,440	5,007,893	493,938	334,017	8,339,299
Transfers	-	-	2,942,395	299,068	6,424,925	30,935	(9,697,323)	-
Disposals	-	-	-	(930,149)	-	-	-	(930,149)
Written off	-	-	(145,430)	-	(6,340,526)	(275,644)	-	(6,761,600)
At 31 March 2018	71,525	22,367,397	61,242,469	9,453,878	156,477,410	8,117,789	334,017	258,064,485
Accumulated depreciation								
At 1 April 2017	-	2,825,623	46,206,339	3,309,508	110,858,723	4,670,758	-	167,870,951
Depreciation charge for the year (Note 8)	-	396,512	3,547,384	1,304,497	7,130,062	710,969	-	13,089,424
Disposals	-	-	-	(671,263)	-	-	-	(671,263)
Written off	-	-	(141,634)	-	(6,201,041)	(257,003)	-	(6,599,678)
At 31 March 2018	-	3,222,135	49,612,089	3,942,742	111,787,744	5,124,724	-	173,689,434
Net carrying amount	71,525	19,145,262	11,630,380	5,511,136	44,689,666	2,993,065	334,017	84,375,051

Notes to the Financial Statements

For the financial year ended 31 March 2019 (cont'd.)

13. TRADE AND OTHER RECEIVABLES

	2019 RM	2018 RM
Current		
Trade receivables		
Third parties	31,486,220	29,809,580
Amount due from holding company	113,569	1,523
Amount due from other related companies	17,422,916	14,464,642
	49,022,705	44,275,745
Less: Allowance for expected credit loss	(40,829)	(27,784)
Trade receivables, net	48,981,876	44,247,961
Other receivables		
Deposits	49,189,889	8,591,951
Prepayments	6,137,333	3,699,602
Staff loans	721,286	648,583
GST refundable, net	499,902	468,334
Sundry receivables	381,213	431,862
	56,929,623	13,840,332
	105,911,499	58,088,293
Non-current		
Other receivables		
Staff loans	1,384,116	1,330,852

The following table analyses the financial assets classified as financial assets at amortised cost (2018: loan and receivables) of the Company in the statement of financial position:

	2019 RM	2018 RM
Total trade and other receivables (current and non-current)	107,295,615	59,419,145
Add: Investment securities (Note 17)	198,780,122	169,960,712
Cash and bank balances (Note 18)	106,398,988	126,747,387
Less: Prepayments	(6,137,333)	(3,699,602)
GST refundable, net	(499,902)	(468,334)
Total financial assets	405,837,490	351,959,308

Deposits include deposit placed for purchase of land as mentioned in Note 32.

Notes to the Financial Statements

For the financial year ended 31 March 2019 (cont'd.)

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

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 14 to 90 days (2018: 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:

	2019 RM	2018 RM
Neither past due nor impaired	36,690,222	33,098,998
1 to 30 days past due not impaired	10,596,203	9,214,797
31 to 60 days past due not impaired	1,363,212	1,449,402
61 to 90 days past due not impaired	102,673	289,142
91 to 120 days past due not impaired	102,805	70,596
More than 120 days past due not impaired	126,761	125,026
	12,291,654	11,148,963
Impaired	40,829	27,784
	49,022,705	44,275,745

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 RM12,291,654 (2018: RM11,148,963) that are past due at the reporting date but not impaired.

At the reporting date, trade receivables arising from export sales amounting to RM155,395 (2018: RM675,681) 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 RM407,723 (2018: RM471,520) 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 2019 (cont'd.)

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

(a) Trade receivables (cont'd.)

Impaired

An impairment analysis is performed at each reporting date using a provision matrix to measure ECLs. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., geographical region, and product type, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The provision matrix is initially based on the Company's historical observed default rates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Movement in allowance accounts:

	2019 RM	2018 RM
At 1 April 2018/2017	27,784	31,954
Movement during the year:		
Provision of expected credit loss	34,324	20,288
Reversal of provision of expected credit loss	(21,279)	(24,458)
Provision/(reversal) of expected credit loss, net (Note 8)	13,045	(4,170)
At 31 March	40,829	27,784

(b) Staff loans

Staff loans are unsecured, bears interest at 0% to 2.5% (2018: 0% to 2.5%) per annum. Non-current amounts have an average maturity of 2.44 years (2018: 2.19 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.

14. OTHER INVESTMENTS

	2019 RM	2018 RM
Transferable club memberships	236,000	236,000
Less: Accumulated impairment loss	(10,000)	(10,000)
	226,000	226,000

Notes to the Financial Statements

For the financial year ended 31 March 2019 (cont'd.)

15. INVENTORIES

	2019 RM	2018 RM
At cost:		
Raw materials	19,694,283	20,608,751
Consumables	2,000,019	2,198,724
Work-in-progress	378,212	358,962
Finished goods	22,559,567	22,576,814
	44,632,081	45,743,251

The cost of inventories recognised as an expense during the financial year amounted to RM295,087,615 (2018: RM292,208,115).

16. 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 2019:		
Derivative liabilities	(67,300)	34,681,051
As at 31 March 2018:		
Derivative assets	120,243	21,494,438
Derivative liabilities	(26,492)	9,848,764

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 RM161,051 (2018: gain of RM150,587) arising from fair value changes of these derivatives. The fair value changes are attributable to changes in foreign exchange spot and forward rate.

17. INVESTMENT SECURITIES

	2019 RM	2018 RM
Funds placed with licensed financial institutions	198,780,122	169,960,712

Notes to the Financial Statements

For the financial year ended 31 March 2019 (cont'd.)

18. CASH AND BANK BALANCES

	2019 RM	2018 RM
Cash at banks and on hand	23,219,580	38,359,988
Deposits with licensed banks	83,179,408	88,387,399
Total cash and bank balances	106,398,988	126,747,387

The interest rates relating to deposits with licensed banks at the reporting date vary from 2.9% to 3.79% (2018: 2.55% to 3.79%) per annum.

The maturities of the deposits with licensed banks as at the reporting date vary from 3 days to 90 days (2018: 3 days to 90 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% (2018: 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:

	2019 RM	2018 RM
Present value of defined benefit obligations, representing net liability	12,358,463	11,586,625
Analysed as:		
Within the next 12 months	548,874	552,411
Beyond 1 year	11,809,589	11,034,214
	12,358,463	11,586,625

Notes to the Financial Statements

For the financial year ended 31 March 2019 (cont'd.)

19. EMPLOYEE BENEFITS (CONT'D.)

Retirement benefit obligations (cont'd.)

2019 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 2018	15,755,251	(4,168,626)	11,586,625
Movement during the financial year:			
Service cost	1,209,100	-	1,209,100
Net interest	799,916	(224,809)	575,107
Retirement benefit cost charged to profit or loss (Note 6)	2,009,016	(224,809)	1,784,207
Net benefits (paid)/received	(1,015,491)	464,455	(551,036)
Actuarial loss/(gain) recognised in other comprehensive income	262,352	(126,045)	136,307
Contributions by the Company	-	(597,640)	(597,640)
	(753,139)	(259,230)	(1,012,369)
Balance as at 31 March 2019	17,011,128	(4,652,665)	12,358,463

2018 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 2017	13,731,283	(3,820,760)	9,910,523
Movement during the financial year:			
Service cost	1,072,381	-	1,072,381
Net interest	705,059	(212,267)	492,792
Retirement benefit cost charged to profit or loss (Note 6)	1,777,440	(212,267)	1,565,173
Net benefits (paid)/received	(451,066)	185,943	(265,123)
Actuarial loss recognised in other comprehensive income	697,594	198,011	895,605
Contributions by the Company	-	(519,553)	(519,553)
	246,528	(135,599)	110,929
Balance as at 31 March 2018	15,755,251	(4,168,626)	11,586,625

Notes to the Financial Statements

For the financial year ended 31 March 2019 (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:

	2019 %	2018 %
Discount rate	5.10	5.30
Salary increment rate	6.00	6.00

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)	2019 RM	Increase/ (decrease)	2018 RM
Discount rate	+1%	(1,317,233)	+1%	(1,220,216)
	-1%	1,502,499	-1%	1,394,266
Salary increment rate	+1%	431,020	+1%	408,572
	-1%	(395,524)	-1%	(375,458)

20. TRADE AND OTHER PAYABLES

	2019 RM	2018 RM
Trade payables		
Third parties	9,941,396	7,120,814
Amount due to holding company	92,958	371,355
Amount due to other related companies	11,024,620	10,327,756
	21,058,974	17,819,925
Other payables		
Accruals	8,588,076	7,704,611
Sundry payables	20,103,243	7,737,990
GST payable, net	-	106,800
Amount due to holding company	2,847,933	2,817,009
Amount due to other related companies	190,095	216,188
	31,729,347	18,582,598
	52,788,321	36,402,523

Notes to the Financial Statements
For the financial year ended 31 March 2019 (cont'd.)

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

The following table analyses the financial liabilities carried at amortised cost of the Company in the statement of financial position:

	2019 RM	2018 RM
Total trade and other payables	52,788,321	36,402,523
Less: GST payable, net	-	(106,800)
Total financial liabilites	52,788,321	36,295,723

(a) Trade payables

These amounts are non-interest bearing. The normal trade credit terms granted to the Company ranges from 30 to 60 days (2018: 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 (2018: average term of 3 months).

(c) Amounts due to holding company and other related companies

These amounts are unsecured, non-interest bearing and have credit terms of 30 to 60 days (2018: 30 to 60 days).

21. DEFERRED TAXATION

	2019 RM	2018 RM
At 1 April 2018/2017	977,252	2,876,021
Recognised in statement of comprehensive income (Note 9)	(1,243,664)	(2,046,306)
Recognised in other comprehensive income	(32,714)	147,537
At 31 March	(299,126)	977,252

Presented after appropriate offsetting as follows:

	2019 RM	2018 RM
Deferred tax assets	(4,522,672)	(4,535,729)
Deferred tax liabilities	4,223,546	5,512,981
	(299,126)	977,252

Notes to the Financial Statements

For the financial year ended 31 March 2019 (cont'd.)

21. DEFERRED TAXATION (CONT'D.)

Deferred tax assets of the Company:

	Retirement benefit obligations RM	Provisions RM	Total RM
At 1 April 2018	2,780,790	1,754,939	4,535,729
Recognised in the statement of comprehensive income	152,527	(198,298)	(45,771)
Recognised in other comprehensive income	32,714	-	32,714
At 31 March 2019	2,966,031	1,556,641	4,522,672
At 1 April 2017	2,593,848	1,398,051	3,991,899
Recognised in the statement of comprehensive income	334,479	356,888	691,367
Recognised in other comprehensive income	(147,537)	-	(147,537)
At 31 March 2018	2,780,790	1,754,939	4,535,729

Deferred tax liabilities of the Company:

	Property, plant and equipment RM
At 1 April 2018	5,512,981
Recognised in the statement of comprehensive income	(1,289,435)
At 31 March 2019	4,223,546
At 1 April 2017	6,867,920
Recognised in the statement of comprehensive income	(1,354,939)
At 31 March 2018	5,512,981

22. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2019	2018	2019 RM	2018 RM
Issued and fully paid:				
At 1 April 2018/2017 31 March	60,798,534	60,798,534	65,102,234	65,102,234

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.

Notes to the Financial Statements

For the financial year ended 31 March 2019 (cont'd.)

23. RETAINED EARNINGS

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

24. OTHER RESERVES

	Defined benefit reserves RM
At 1 April 2018	(722,134)
Other comprehensive income:	
Defined benefit plan actuarial gain (Note 19)	(136,307)
Income tax effect	32,714
At 31 March 2019	(825,727)
At 1 April 2017	(1,189,335)
Other comprehensive income:	
Retirement benefit charged to profit or loss (Note 6)	1,510,343
Defined benefit plan actuarial gain (Note 19)	(895,605)
Income tax effect	(147,537)
At 31 March 2018	(722,134)

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

25. CAPITAL COMMITMENT

	2019 RM	2018 RM
Property, plant and equipment		
Approved and contracted for	35,608,044	73,084,197
Approved but not contracted for	126,946,000	18,825,000
	162,554,044	91,909,197

26. CONTINGENT LIABILITIES

	2019 RM	2018 RM
Unsecured bank guarantees extended to third parties	1,336,500	1,336,500

Notes to the Financial Statements

For the financial year ended 31 March 2019 (cont'd.)

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:

	2019 RM	2018 RM
Transactions with related companies:		
Commission income	23,728	20,284
Royalties payable	(9,721,732)	(9,562,798)
Sales	99,547,825	106,592,537
Purchases	(165,899,530)	(158,498,452)
Purchases of assets	(442,116)	(139,560)
Promotional expenses	-	(37,513)
Other expenses	(676,189)	(729,942)
Shared information technology services	(2,377,935)	(2,341,306)

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

28. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of current financial assets and liabilities reasonably approximate their fair values due to their relatively short term in nature.

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)	13
Trade and other payables (excluding GST payable, net) (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 2019 (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 asset and liability that are measured at fair value:

	Level 2 RM
As at 31 March 2019:	
Financial liability	
Derivatives	67,300
As at 31 March 2018:	
Financial asset	
Derivatives	120,243
Financial liability	
Derivatives	26,492

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 2019 (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 13.

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:

	2019		2018	
	RM'000	% of total	RM'000	% of total
By country:				
Malaysia	20,996	43%	19,191	43%
Indonesia	6,590	14%	2,267	5%
Middle East	8,915	18%	8,829	20%
Singapore	1,892	4%	1,220	3%
Thailand	3,439	7%	4,871	11%
Brunei	4	0%	692	2%
Japan	546	1%	954	2%
Other countries	6,600	13%	6,224	14%
	48,982	100%	44,248	100%

Notes to the Financial Statements

For the financial year ended 31 March 2019 (cont'd.)

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

(a) Credit risk (cont'd.)

At the reporting date, approximately:

- 48% (2018: 42%) of the Company's trade receivables were due from 5 major customers.

- 16% (2018: 24%) 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 13. Cash and bank balances, 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 13.

(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	
	2019	**2018**
	RM	**RM**
Financial liabilities:		
Trade and other payables	52,788,321	36,295,723
Derivatives liabilities	67,300	26,492
	52,855,621	36,322,215

(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 3 months (2018: less than 3 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 RM83,179 (2018: RM88,387) 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 2019 (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, RM. The foreign currencies in which these transactions are denominated are mainly USD and SGD.

Approximately 38% (2018: 40%) of the Company's sales are denominated in foreign currencies whilst almost 30% (2018: 31%) 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 RM10,412,983 (2018: RM9,871,865).

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 96% (2018: 84%) and 78% (2018: 87%) of its foreign currency denominated sales and purchases of raw materials respectively for which firm commitments existed at the reporting date, extending to July 2019.

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.

		2019 RM'000 Profit before tax	2018 RM'000 Profit before tax
USD/RM	- strengthened 4% (2018: 4%)	608	499
	- weakened 4% (2018: 4%)	(608)	(499)
JPY/RM	- strengthened 4% (2018: 4%)	(34)	(27)
	- weakened 4% (2018: 4%)	34	27
SGD/RM	- strengthened 4% (2018: 4%)	74	48
	- weakened 4% (2018: 4%)	(74)	(48)
EUR/RM	- strengthened 4% (2018: 4%)	(9)	-
	- weakened 4% (2018: 4%)	9	-

(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 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 RM1,987,801 higher/lower.

Notes to the Financial Statements

For the financial year ended 31 March 2019 (cont'd.)

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 2019 and 31 March 2018.

31. SEGMENTAL INFORMATION

(a) Business segment

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 2019			
Revenue	328,512,818	119,217,921	447,730,739
Results			
Segment profit	39,097,472	22,816,609	61,914,081
Interest income			3,354,770
Distribution from investment securities			7,033,391
Gain on disposal of property, plant and equipment			356,869
Profit before tax			72,659,111
Income tax expense			(16,078,508)
Profit, net of tax			56,580,603
At 31 March 2018			
Revenue	313,382,167	122,904,153	436,286,320
Results			
Segment profit	31,591,053	25,523,183	57,114,236
Interest income			3,255,804
Distribution from investment securities			6,647,610
Gain on disposal of property, plant and equipment			50,514
Profit before tax			67,068,164
Income tax expense			(10,806,069)
Profit, net of tax			56,262,095

Notes to the Financial Statements

For the financial year ended 31 March 2019 (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 2019			
Assets			
Segment assets	391,162,190	141,799,946	532,962,136
Deferred tax assets			299,126
Total assets			533,261,262
Liabilities			
Segment liabilities	40,956,921	24,257,163	65,214,084
Current tax payable			2,712,381
Total liabilities			67,926,465
Other segment information			
Capital expenditure	3,708,058	3,955,863	7,663,921
Depreciation	7,796,823	8,317,877	16,114,700
At 31 March 2018			
Assets			
Segment assets	352,438,184	134,153,605	486,591,789
Total assets			486,591,789
Liabilities			
Segment liabilities	27,366,846	20,648,794	48,015,640
Current tax payable			469,792
Deferred tax liabilities			977,252
Total liabilities			49,462,684
Other segment information			
Capital expenditure	4,034,828	4,304,471	8,339,299
Depreciation	6,333,095	6,756,329	13,089,424

Notes to the Financial Statements

For the financial year ended 31 March 2019 (cont'd.)

31. SEGMENTAL INFORMATION (CONT'D.)

(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					
2019	275,446,334	61,461,284	105,196,695	5,626,426	447,730,739
2018	261,689,199	59,842,995	109,298,508	5,455,618	436,286,320

32. SIGNIFICANT EVENT

On 12 February 2018, the Company entered into a Sale and Purchase Agreement (the "SPA") with Lembaga Tabung Haji and THP Enstek Development Sdn. Bhd. (the "Vendor") for the proposed acquisition of a piece of freehold land (the "Property") measuring approximately 2,030,116.58 square feet (188,604.18 square metres) located in Techpark@Enstek, Bandar Baru Enstek, Daerah Seremban, Negeri Sembilan. The total purchase consideration for the Property is RM81,204,663.

As at 31 March 2019, one of the conditions precedent stated in the SPA has been fulfilled.

Subsequent to year end, another conditions precedent stated in the SPA has been fulfilled.

LIST OF PROPERTIES
AS AT 31 MARCH 2019

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)	43 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)	54 years	14,412,808
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)	49 years	6,349,248
Land and buildings Lot 5710, Jalan Kuchai Lama, Petaling, Kuala Lumpur	Mining pool	304,920 sq. ft.	Leasehold expiring on 31.12.2062	1984 (Revaluation)	54 years	1,794,385
Land and buildings Lot 5710, Jalan Kuchai Lama, Petaling, Kuala Lumpur	Factory complex	84,380 sq. ft.	Leasehold expiring on 15.3.2073	1992	27 years	1,914,174
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	27 years	188,649
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	14 years	2,479,857

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifty-Eighth ("**58th**") 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, 26 August 2019 at 10:00 a.m. for the following purposes:-

AGENDA

1.	To receive the Audited Financial Statements for the financial year ended 31 March 2019 together with the Reports of the Directors and the Auditors thereon.	(Please refer to the Notes to the Notice of 58th AGM No. 7)
2.	To declare a first and final single-tier dividend of 47.0 sen per ordinary share for the financial year ended 31 March 2019.	(Resolution 1)
3.	To approve the payment of Directors' fees for the financial year ended 31 March 2019.	(Resolution 2)
4.	To approve the payment of Directors' benefits up to an amount of RM650,000 from 27 August 2019 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, have offered themselves for re-election:-	
	(a) Mr. Shunsuke Sasaki; and	(Resolution 4)
	(b) Encik Azhan bin Mohamed.	(Resolution 5)
6.	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) Tan Sri Dato' (Dr.) Teo Chiang Liang;	(Resolution 6)
	(b) Ms. Naoko Yamamoto; and	(Resolution 7)
	(c) Mr. Koay Kah Ee.	(Resolution 8)
7.	To appoint Messrs. Ernst & Young as Auditors of the Company in place of the retiring Auditors, Messrs. Hanafiah Raslan & Mohamad for the ensuing year and to authorise the Directors to fix their remuneration.	(Resolution 9)

As Special Business

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

8. **ORDINARY RESOLUTION NO. 1:**
- AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016 (Resolution 10)

"**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.)

9. **ORDINARY RESOLUTION NO. 2:** (Resolution 11)
- 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 26 July 2019, 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."

10. **ORDINARY RESOLUTION NO. 3** (Resolution 12)
- RETENTION OF GENERAL TAN SRI (DR.) DATO' PADUKA MOHAMED HASHIM BIN MOHD. ALI (RTD) AS AN 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 twelve (12) years since 5 September 1995 be and is hereby retained as an Independent Director of the Company."

11. **ORDINARY RESOLUTION NO. 4**
- RETENTION OF TAN SRI DATO' (DR.) TEO CHIANG LIANG AS AN INDEPENDENT DIRECTOR (Resolution 13)

"**THAT** subject to the passing of Ordinary Resolution 6, 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 twelve (12) years since 28 June 2001 be and is hereby retained as an Independent Director of the Company."

12. **ORDINARY RESOLUTION NO. 5** (Resolution 14)
- RETENTION OF MR. KOAY KAH EE AS AN INDEPENDENT DIRECTOR

"**THAT** subject to the passing of Ordinary Resolution 8, Mr. Koay Kah Ee who has served the Board as an Independent Director of the Company for a cumulative term of more than nine (9) years since 15 November 2007 be and is hereby retained as an Independent Director of the Company."

Notice of Annual General Meeting (cont'd.)

13. **ORDINARY RESOLUTION NO. 6** (Resolution 15)
- RETENTION OF MR. DOMINIC AW KIAN-WEE AS AN INDEPENDENT DIRECTOR

"**THAT** Mr. Dominic Aw Kian-Wee who has served the Board as an Independent Director of the Company for a cumulative term of more than nine (9) years since 10 August 2010 be and is hereby retained as an Independent Director of the Company."

14. **ORDINARY RESOLUTION NO. 7**
- RETENTION OF DATO' SETIA RAMLI BIN MAHMUD AS AN INDEPENDENT DIRECTOR (Resolution 16)

"**THAT** Dato' Setia Ramli bin Mahmud, an Independent Director of the Company who will reach the nine (9)-year term limit on 1 April 2020 be and is hereby retained as an Independent Director of the Company."

15. **SPECIAL RESOLUTION** (Resolution 17)
- PROPOSED ADOPTION OF A NEW CONSTITUTION OF THE COMPANY

"**THAT** approval be and is hereby given to revoke the existing Memorandum and Articles of Association of the Company in its entirety and in place thereof, a new Constitution as set out in Appendix III of the Circular to Shareholders dated 26 July 2019 be and is hereby adopted as the Constitution of the Company with immediate effect;

AND THAT the Directors of the Company be and are hereby authorised to do all such acts, deeds and things as are necessary and/or expedient in order to give full effect to the Proposed Adoption of a New Constitution of the Company ("**Proposed Adoption**") with the full power to assent to any conditions, modification, and/or amendments as may be required by any relevant authorities to give effect to the Proposed Adoption."

16. 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 47.0 sen per ordinary share for the financial year ended 31 March 2019 will be payable on 23 September 2019 to depositors whose names appear in the Record of Depositors at the close of business on 3 September 2019 if approved by the members at the 58th 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 3 September 2019 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 : 26 July 2019

Explanatory Notes to Special Business: -

1. Authority to Issue Shares pursuant to the Companies Act 2016

The Company had been granted a general mandate on the authority to issue shares pursuant to the Companies Act 2016 by its shareholders at the Fifty-Seventh Annual General Meeting of the Company held on 27 August 2018 (hereinafter referred to as the "**Previous Mandate**"). The Company wishes to renew the said mandate at the Fifty-Eighth Annual General Meeting of the Company (hereinafter referred to as the "**New Mandate**").

Notice of Annual General Meeting (cont'd.)

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

The purpose to seek the New 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 26 July 2019 for more information.

3. **Retention of General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd. Ali (Rtd) as an Independent Director**

General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd. Ali (Rtd) ("**Tan Sri Hashim**") was appointed as an Independent Director of the Company on 5 September 1995 and has served the Board for a cumulative term of more than twelve (12) years in this capacity. The Board of Directors of the Company through the Nomination Committee, after having assessed the independence of Tan Sri Hashim, regards him to be independent based amongst others, the following justifications, and recommends that Tan Sri Hashim be retained as an Independent Director of the Company subject to the approval from the shareholders of the Company through a two-tier voting process as described in the Guidance to Practice 4.2 of the Malaysian Code on Corporate Governance:-

(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

- 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) 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.

Notice of Annual General Meeting (cont'd.)

4. Retention of Tan Sri Dato' (Dr.) Teo Chiang Liang as an Independent Director

Tan Sri Dato' (Dr.) Teo Chiang Liang ("**Tan Sri Teo**") was appointed as an Independent Director of the Company on 28 June 2001 and has served the Board for a cumulative term of more than twelve (12) years in this capacity. The Board of Directors of the Company through the Nomination Committee, after having assessed the independence of Tan Sri Teo, regards him to be independent based amongst others, the following justifications, and recommends that Tan Sri Teo be retained as an Independent Director of the Company subject to the approval from the shareholders of the Company through a two-tier voting process as described in the Guidance to Practice 4.2 of the Malaysian Code on Corporate Governance:-

(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 Main Market Listing Requirements

- 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) 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.

5. Retention of Mr. Koay Kah Ee as an Independent Director

Mr. Koay Kah Ee ("**Mr. Koay**") was appointed as an Independent Director of the Company on 15 November 2007 and has served the Board for a cumulative term of more than nine (9) years in this capacity. The Board of Directors of the Company through the Nomination Committee, after having assessed the independence of Mr. Koay, regards him to be independent based amongst others, the following justifications, and recommends that Mr. Koay be retained as an Independent Director of the Company subject to the approval from the shareholders of the Company as described in the Guidance to Practice 4.2 of the Malaysian Code on Corporate Governance:-

(a) Mr. Koay 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

- 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;

Notice of Annual General Meeting (cont'd.)

- 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;

(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.

6. Retention of Mr. Dominic Aw Kian-Wee as an Independent Director

Mr. Dominic Aw Kian-Wee ("**Mr. Aw**") was appointed as an Independent Director of the Company on 10 August 2010 and has served the Board for a cumulative term of more than nine (9) years in this capacity. The Board of Directors of the Company through the Nomination Committee, after having assessed the independence of Mr. Aw, regards him to be independent based amongst others, the following justifications, and recommends that Mr. Aw be retained as an Independent Director of the Company subject to the approval from the shareholders of the Company as described in the Guidance to Practice 4.2 of the Malaysian Code on Corporate Governance:-

(a) Mr. Aw 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

- 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. Aw 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. Aw has no potential conflict of interest, whether business or non-business related with the Company;

(d) Mr. Aw 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. Aw does not derive any remuneration and other benefits apart from Directors' fees that are approved by shareholders.

Notice of Annual General Meeting (cont'd.)

7. Retention of Dato' Setia Ramli bin Mahmud as an Independent Director

Dato' Setia Ramli bin Mahmud ("**Dato' Setia Ramli**") was appointed as an Independent Director of the Company on 1 April 2011 and will reach the nine (9)-year term limit on 1 April 2020. The Board of Directors of the Company through the Nomination Committee, after having assessed the independence of Dato' Setia Ramli, regards him to be independent based amongst others, the following justifications, and recommends that Dato' Setia Ramli be retained as an Independent Director of the Company subject to the approval from the shareholders of the Company as described in the Guidance to Practice 4.2 of the Malaysian Code on Corporate Governance:-

(a) Dato' Setia Ramli 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

- 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) Dato' Setia Ramli 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) Dato' Setia Ramli has no potential conflict of interest, whether business or non-business related with the Company;

(d) Dato' Setia Ramli 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) Dato' Setia Ramli does not derive any remuneration and other benefits apart from Directors' fees that are approved by shareholders.

8. Proposed Adoption of a New Constitution of the Company ("Proposed Adoption")

The proposed Resolution 17 is undertaken primarily to streamline the existing Memorandum and Articles of Association ("**M&A**") of the Company with the Companies Act 2016, which was effective from 31 January 2017. The Proposed Adoption is also to align the existing M&A with the Main Market Listing Requirements issued by Bursa Malaysia Securities Berhad on 29 November 2017, and to provide clarity to certain provision thereof and to render consistency throughout in order to facilitate and further enhance administrative efficiency.

Please refer to the Circular to Shareholders dated 26 July 2019 for more information.

Notice of Annual General Meeting (cont'd.)

Notes to the Notice of the 58th AGM:-

1. In respect of deposited securities, only members/shareholders whose names appear in the Record of Depositors on 19 August 2019 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 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.

SUSTAINABILITY STATEMENT 2019

CHAIRMAN'S STATEMENT

Dear Stakeholders,

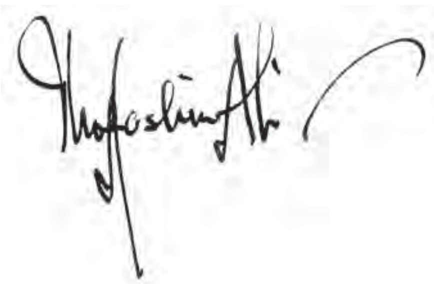
It gives me great pleasure to present our third Sustainability Statement for the financial year ended ("**FY**") 31 March 2019. At Ajinomoto (Malaysia) Berhad ("**AMB**" or "**the Company**"), sustainability is integral to our business performance and value chain. Guided by the Ajinomoto Group Creating Shared Value ("**ASV**"), we continue our sustainability journey this year by striving to positively impact the health and well-being of our society, contribute to responsible food consumption and production, and protect our natural environment.

While our vision is to be a global leader in the food industry, we recognise the importance of growing in a sustainable and balanced manner. Every year, our approach towards achieving sustainability of the economic, environmental and social pillars becomes increasingly focused and well-defined. I have pleasure to report herein our initiatives and progress in moving towards achieving our targets in sustainable development.

In order to continue to grow sustainably, we are focused on all aspects of our value chain including sourcing, manufacturing, logistics & distribution, sales & marketing and meeting customer expectations. We also endeavour to reduce our environmental footprint by improving our management of effluent and waste, and reducing consumption of water and energy in our manufacturing operations. Our sustainability goals involve solutions to issues governing modern society where healthy living and environmental protection are at the forefront. As a food manufacturer, we have a responsibility to address issues of improving nutrition and making healthy food choices, reducing energy consumption to combat climate change and managing water use as these are directly linked to the health and well-being of our society.

Within the past year, we have implemented initiatives that highlight the Company's dedication to resolving environmental and social issues. The key concerns we strive to address in society are the lack of information and resources on the importance of nutrition in a way that is easily understood by the general public and the importance of vegetables intake in a balanced diet. AMB's approach to promoting good health and well-being is by being publicly vocal and directly engaging with the community through various programmes and campaigns, for example the 'Campur, Campur Siap!' campaign and Elderly Dietary Improvement Project.

We take pride in what AMB has accomplished for all our stakeholders this year. Moving forward, as Chairman, I am optimistic that we can collectively forge a sustainable path. As part of the Ajinomoto Group worldwide, we will continue to resolve social issues related to health and well-being, food resources and global sustainability for all our customers and suppliers as well as our employees and their families through the shared values defined in ASV.



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

OUR SUSTAINABILITY STATEMENT

Scope of Reporting [102-2, 102-3, 102-4, 102-50, 102-52]

This statement discloses our economic, environmental, and social opportunities and risks as well as how we manage them.

The boundary of this statement includes AMB's operations at its headquarters and manufacturing plant as well as the marketing divisions located in Kuala Lumpur. The statement covers activities carried out between the period of 1 April 2018 to 31 March 2019 (FY 31 March 2019) and, provides information in a transparent and objective manner, describing our strategic agenda and our areas of progress.

Reporting Format [102-54]

We have enhanced our reporting approach and have prepared the statement in line with the requirements of the Global Reporting Initiative ("**GRI**") Standards - Core Option. To ensure compliance to Bursa Malaysia Berhad, the requirements of the Bursa Malaysia Sustainability Reporting Guide (2nd Edition, 2018) have also been incorporated.

Throughout the statement, where applicable, references to the GRI Standards are provided in parenthesis.

Feedback [102-53]

This statement as well as our previous sustainability statements are available in PDF format and can be downloaded from our website at https://www.ajinomoto.com.my. We encourage you to read about our sustainability journey and voice your opinions or concerns on our achievements and initiatives through www.ajinomoto.com.my/contact-us.

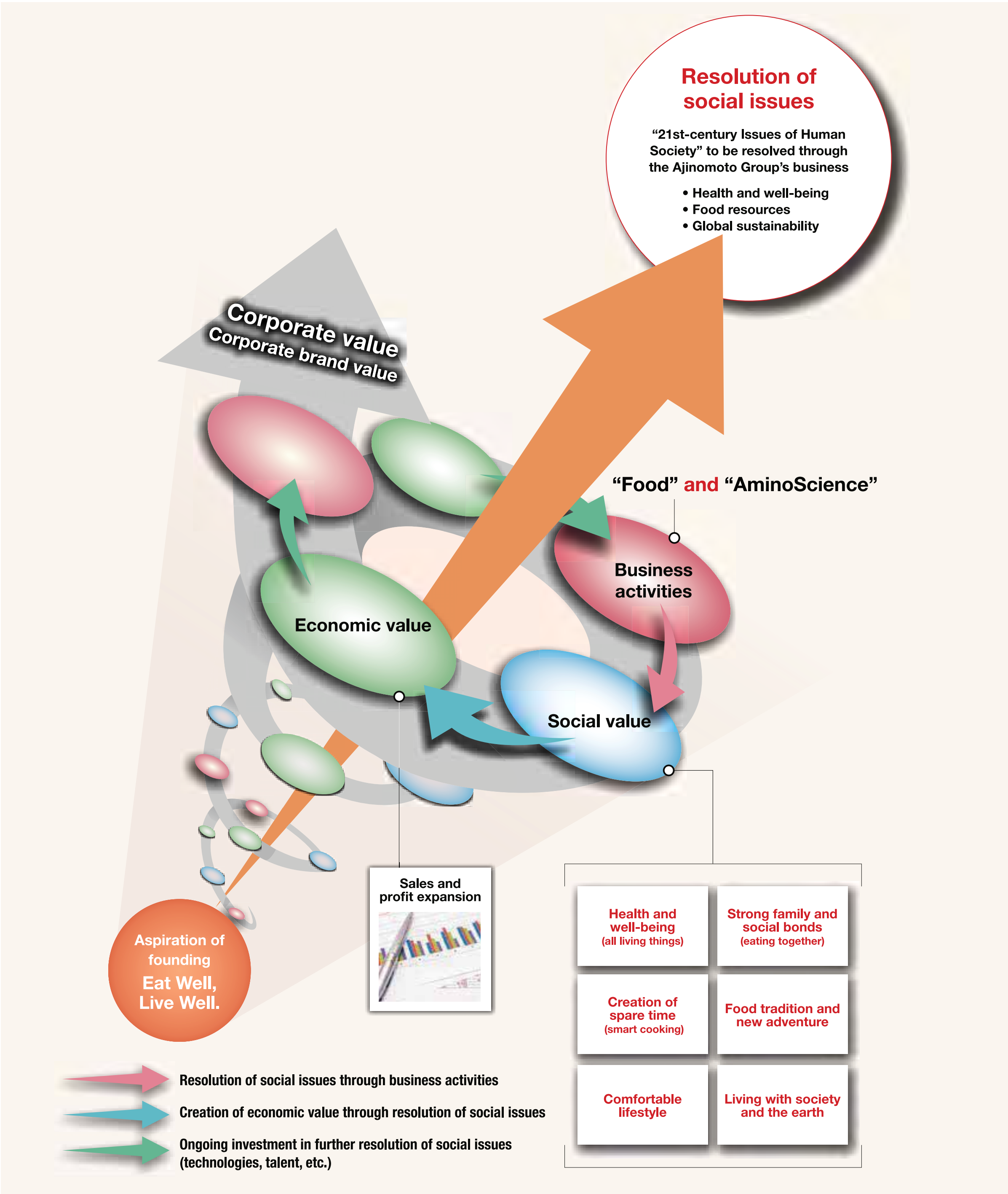
102-2: Activities, brands, products, and services;
102-3: Location of headquarters
102-4: Location of operations;
102-50: Reporting period
102-52: Reporting cycle
102-53: Contact point for questions regarding the report
102-54: Claims of reporting in accordance with the GRI Standards

OUR COMMITMENT TO SUSTAINABILITY

Promoting Sustainable Growth

In realising our commitment towards becoming one of the global top 10 food companies in financial year ending 31 March 2021, we uphold the ASV in our business operations. The ASV conceptualises AMB's efforts towards creating social value by advocating a healthy lifestyle, effectively managing food resources and protecting the natural environment.

Creating Social Value through Solving Issues Faced by Society		
Health and Well-Being To build a healthier society by helping people to eat well	**Food Resources** To reduce food resources consumption through resource saving technologies and develop food processing technologies that can utilise food resources more effectively	**Global Sustainability** To reduce the impact on the natural environment and strive for ecosystem conservation



OUR COMMITMENT TO SUSTAINABILITY (cont'd.)

Our Contribution Towards Sustainable Development

The United Nations Sustainable Development Goals ("**SDGs**") launched in 2015 have ushered a new era of global development objectives to address pressing economic, environmental and social problems. The SDGs pave the way towards Agenda 2030 for sustainable development and the active participation of governments, institutions and businesses is critical for the achievement of these goals.

As the Government of Malaysia has affirmed its commitment towards the SDGs, in doing our part, AMB has adopted the following six (6) out of the seventeen (17) goals.

3 GOOD HEALTH AND WELL-BEING — ENSURING HEALTHY LIVING AND PROMOTING WELL-BEING.

6 CLEAN WATER AND SANITATION — ENSURING SUSTAINABLE WATER MANAGEMENT WITH REDUCED WATER CONSUMPTION AND ENHANCED EFFLUENT QUALITY.

8 DECENT WORK AND ECONOMIC GROWTH — ENSURING SAFE WORKING ENVIRONMENT, PRODUCTIVE EMPLOYMENT AND BOOSTING THE ECONOMIC GROWTH.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION — ENSURING SUSTAINABLE CONSUMPTION AND PRODUCTION BY MONITORING AND REDUCING OUR WASTE.

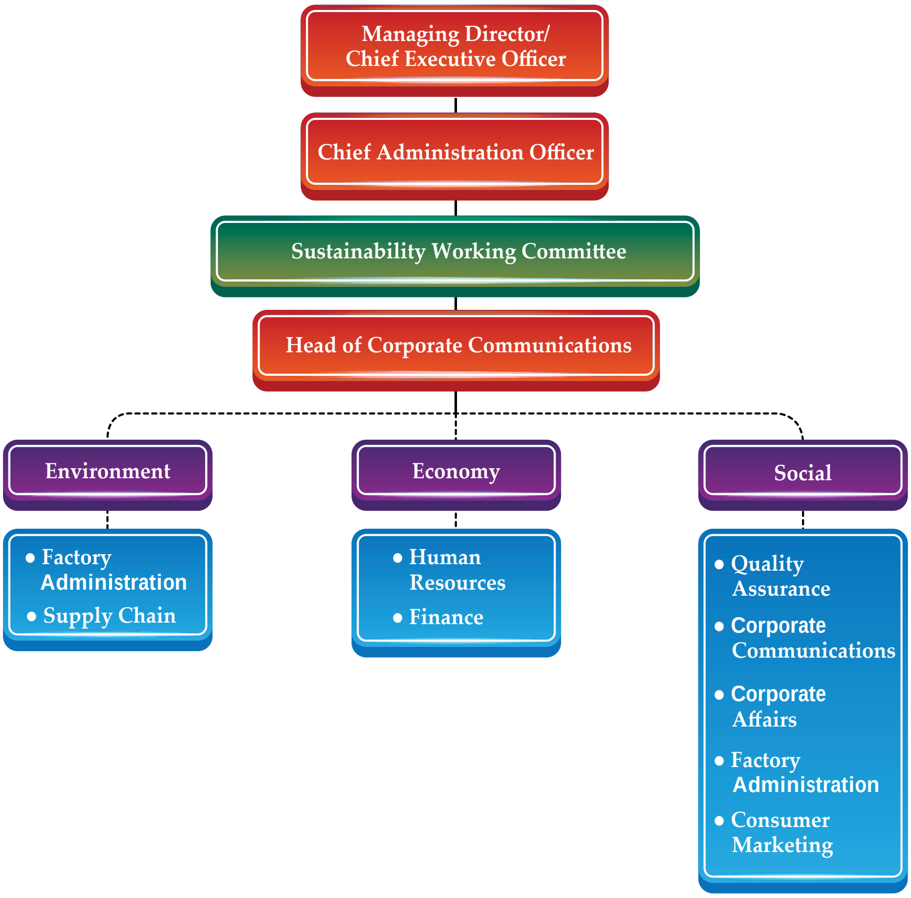
13 CLIMATE ACTION — MINIMISING ACTIVITIES WHICH CONTRIBUTE TO CLIMATE CHANGE.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS — PROMOTING PEACEFUL AND INCLUSIVE SOCIETIES BY ADHERING TO LAWS AND REGULATIONS AND IMPLEMENTING SOUND POLICIES.

OUR COMMITMENT TO SUSTAINABILITY (cont'd.)

Governance and Accountability [102-18, 102-32]

A robust governance structure that is built on the principles of sound business ethics and transparency is pertinent to integrate sustainability throughout AMB's value chain. We believe that sustainability can only be achieved if we have strong commitment from our top management as well as our staff. This year, our Managing Director ("**MD**")/Chief Executive Officer ("**CEO**") takes on the role to lead sustainability initiatives within the Company. The MD/CEO is supported by the Chief Administration Officer and the Sustainability Working Committee. The working committee is led by the Head of Corporate Communications and supported by three (3) main teams (Environment, Economy, Social) as shown below.



Managing Director/Chief Executive Officer

- Oversees the Company's sustainability initiatives
- Provides final approval on sustainability-related matters

Chief Administration Officer

- Reports the Company's sustainability progress to the MD/CEO
- Reviews and ensures the implementation of sustainability strategies, policies and initiatives
- Presents annual sustainability statement for approval by the MD/CEO

Sustainability Working Committee

- Monitors and reports sustainability progress and performances to the Chief Administration Officer
- Implements sustainability initiatives as approved by the respective officer in-charge of the Company
- Identifies material sustainability matters relevant to the Company

102-18: Governance structure
102-32: Highest governance body's role in sustainability reporting

OUR COMMITMENT TO SUSTAINABILITY (cont'd.)

Membership of Associations and Professional Bodies [102-13]

We believe in collaborating with professional bodies, industry peers and civil society organisations to enable knowledge sharing and to achieve mutual benefits. AMB is currently an active member of associations such as the International Life Sciences Institute (ILSI), the Federation of Malaysian Manufacturer (FMM), the Nutrition Society of Malaysia and the Malaysian Dietitians' Association.

Stakeholder Engagement [102-40, 102-43, 102-44]

Our stakeholders are a vital part of our business. In seeking to better understand the material issues that affect our stakeholders, we are constantly working to improve our engagement processes. By addressing the interests of our stakeholders through appropriate engagement platforms, we can evolve our strategies to meet their expectations and focus our reporting on issues that are relevant to them.

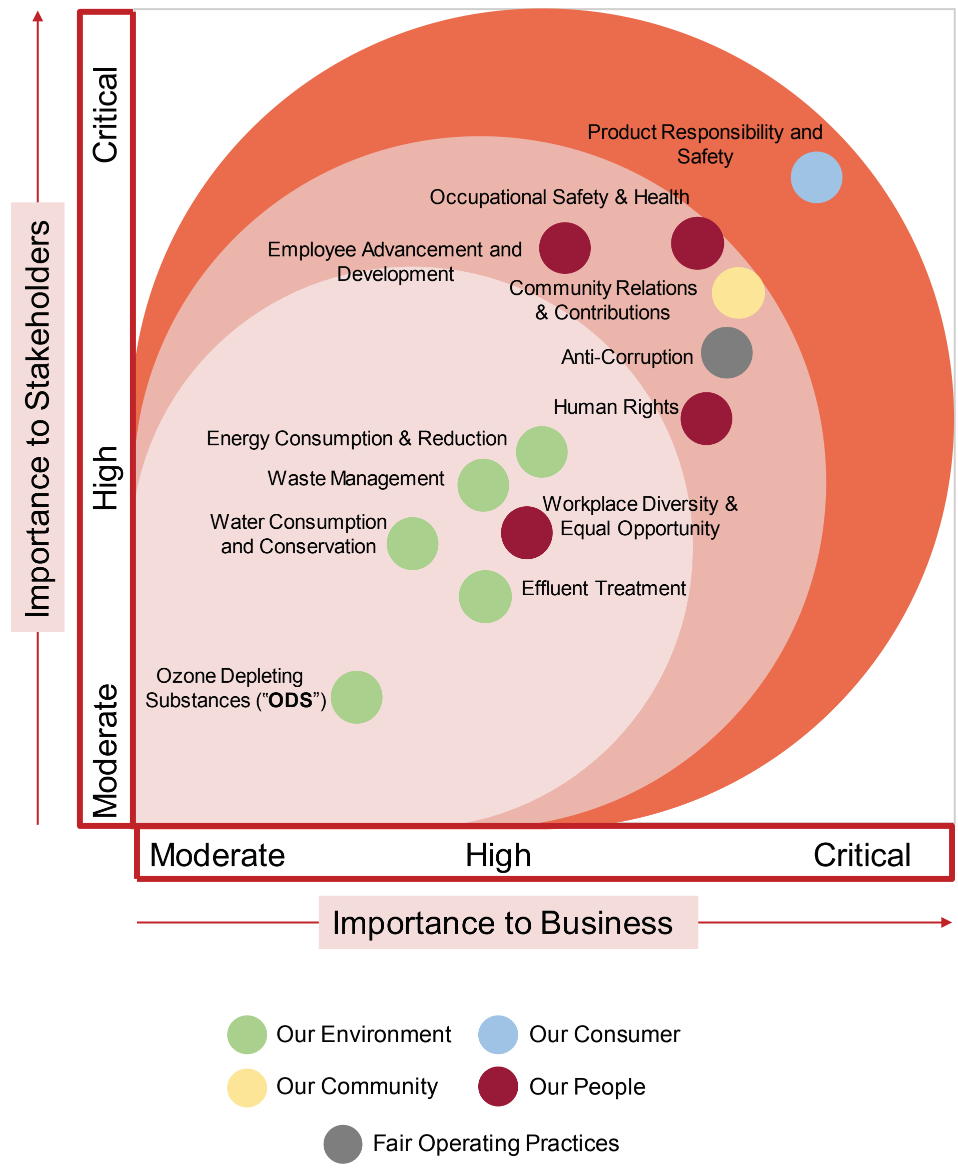
Stakeholders	Areas of Interest	Forms of Engagement	Frequency of Engagement
Customers/Consumers	Support services, inventory supply commitment, commodity pricing and product quality	• Customer call centre	Daily
		• Websites/social media	Daily
		• Plant tour	Daily
		• Consumer survey	Yearly
		• Sales/Technical visit	Daily
		• Consumer promotion	Daily
Shareholders /Investors	Group financial performance, business strategy and governance	• General meeting of shareholders	Yearly
		• Analysts' meetings on financial results	Yearly
Suppliers	Service delivery, project scope, payment schedule, pricing of services and service/product quality	• Business communication on day-to-day basis	Daily
		• Purchasing Policy and Guidelines briefing	When necessary
		• Supplier evaluation/audit	Yearly
		• Purchasing contract	One time
Employees	Compensation benchmark, career development, retirement planning, streamlining governance, policy systems, employee welfare, and health and safety	• Employee survey	Yearly
		• Meeting/discussion	Daily
		• Intranet portal	Daily
		• Whistle-blower programme	When necessary
		• Training	Yearly
		• Food Industry Employee Union (FIEU) meeting/discussion	Yearly
Regulatory Agencies and Statutory Bodies	Compliance, environmental emissions and discharges, security issues, labour practices and health issues	• Inspections by regulatory agencies (DOE, DOSH, MOH, JAKIM)	Yearly
		• Active engagement with agencies/ associations	Yearly
Local Communities/ Non-Profit Organisation (NPO)/ Academic Institution	Community living, food and nutrition issues	• Dialogue with neighbourhood residents	When necessary
		• Social contribution and community service programmes	Daily

102-13: Membership of associations
102-40: List of stakeholder groups
102-43: Approach to stakeholder engagement
102-44: Key topics and concerns raised

OUR MATERIAL SUSTAINABILITY MATTERS

Materiality Matrix [102-47]

Materiality assessment is an important tool to identify the most relevant economic, environmental and social priorities that are consistent with our business strategy. Last year, we identified, assessed and prioritised 12 material sustainability matters in a workshop mode involving the sustainability working committee. The output of the assessment was plotted on a matrix which illustrates the impact of each material matter on the Company's business as well as the stakeholders. This year we have maintained the same materiality matrix as it remains relevant to the Company's operations.



102-47: List of material topics

OUR MATERIAL SUSTAINABILITY MATTERS (cont'd.)

Mapping Our Material Sustainability Matters

The twelve (12) material sustainability matters are discussed in this statement under our five (5) focus areas, namely, Our Environment, Our People, Our Consumer, Fair Operating Practices and Our Community. To illustrate the inter-linkages, the table below maps these matters to their relevant stakeholder group(s), GRI indicators and the six (6) SDGs relevant to AMB :-

1. Product Responsibility and Safety

Our commitment towards 21st-century Issues of Human Society through "health and well-being" encompasses our commitment to product responsibility and safety.

GRI disclosures covered:
GRI General Disclosure, Customer Health and Safety, Marketing and Labelling
Relevant stakeholder groups:
Customers/Consumers, Suppliers
Relevant SDG:
3 GOOD HEALTH AND WELL-BEING
8 DECENT WORK AND ECONOMIC GROWTH

2. Occupational Safety and Health

Ensuring safe and conducive working environment by operating our business according to occupational safety and health regulations.

GRI disclosures covered:
Occupational Health and Safety
Relevant stakeholder groups:
Employees, Regulatory Agencies and Statutory Bodies
Relevant SDG:
3 GOOD HEALTH AND WELL-BEING
8 DECENT WORK AND ECONOMIC GROWTH

3. Community Relations and Contributions

As part of our social responsibility, AMB is committed to supporting and contributing to communities' development while maximising the creation of our shared value in our businesses.
GRI disclosures covered:
Local Communities
Relevant stakeholder groups:
Local Communities/Non-Profit Organisation ("**NPO**")/ Academic Institution
Relevant SDG:
3 GOOD HEALTH AND WELL-BEING
16 PEACE, JUSTICE AND STRONG INSTITUTIONS

4. Anti-corruption

AMB prohibits any forms of corruption in our operation that could negatively impact our company's performances and reputation. Thus, we introduced our Anti-Corruption Policy to guide ethical business practices in the company.

GRI disclosures covered:
Anti-corruption
Relevant stakeholder groups:
Shareholders/Investors, Employees, Suppliers, Regulatory Agencies and Statutory Bodies
Relevant SDG:
8 DECENT WORK AND ECONOMIC GROWTH
16 PEACE, JUSTICE AND STRONG INSTITUTIONS

5. Human Rights

Human rights is part of our commitment in the Ajinomoto Group Policies ("AGP") and this ensures our compliance to international human rights laws and regulations.

GRI disclosures covered:
Human Right Assessment
Relevant stakeholder groups:
Employees
Relevant SDG:
16 PEACE, JUSTICE AND STRONG INSTITUTIONS

6. Employee Advancement & Development

We continuously invest in our employees' development to equip them with the right knowledge and competency.

GRI disclosures covered:
Training and Education
Relevant stakeholder groups:
Employees
Relevant SDG:
8 DECENT WORK AND ECONOMIC GROWTH

OUR MATERIAL SUSTAINABILITY MATTERS (cont'd.)

7. Energy Consumption and Reduction

We are committed to utilising our resources efficiently and sustainably to minimise environmental impact.

GRI disclosures covered:
Energy, Emissions
Relevant stakeholder groups:
Regulatory Agencies and Statutory Bodies
Relevant SDG:

8. Waste Management

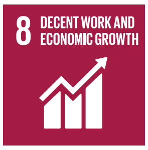
We strive to continuously reduce our waste generation to minimise environmental impact.

GRI disclosures covered:
Effluents and Waste
Relevant stakeholder groups:
Regulatory Agencies and Statutory Bodies, Local Communities/NPO/Academic Institution
Relevant SDG:

9. Workplace Diversity and Equal Opportunity

AMB promotes equal opportunity and diversity in its workplace. We practise fair treatment across gender, ethnicity and religion. We provide comprehensive benefit packages to build loyalty to AMB.

GRI disclosures covered:
Employment, Diversity and Equal Opportunity
Relevant stakeholder groups:
Employees
Relevant SDG:



10. Water Consumption and Conservation

Initiatives implemented as part of our rationalisation process assist in reducing our water consumption.

GRI disclosures covered:
Water and Effluents, Effluents and Waste
Relevant stakeholder groups:
Regulatory Agencies and Statutory Bodies
Relevant SDG:

11. Effluent Treatment

AMB is committed to ensuring our effluent discharges are adhering to the Environmental Quality (Industrial Effluent) Regulations, 2009 by operating an advanced effluent treatment system.

GRI disclosures covered:
Water and Effluents, Effluents and Waste
Relevant stakeholder groups:
Regulatory Agencies and Statutory Bodies
Relevant SDG:

12. Ozone Depleting Substances ("ODS")

AMB is committed to minimising climate change via its policy prohibiting the use of any ODS in our operations.

GRI disclosures covered:
Emissions
Relevant stakeholder groups:
Regulatory Agencies and Statutory Bodies
Relevant SDG:

OUR RESPONSIBILITY TO CONTINUE IMPROVING BUSINESS OPERATIONS

In defining AMB's standard for transparency and ethical behaviour, we abide by the principles and recommendations of the Malaysian Code on Corporate Governance. We believe that having a solid foundation based on sound corporate governance that honours integrity, transparency, accountability and responsible business conduct, strengthens business resilience across the Company.

Anti-Corruption [205-1, 205-2]

AMB believes that a key element for the success of the Company is our commitment in upholding transparent and ethical business practices. The relevant internal policies are communicated to our employees via multiple platforms such as our on-boarding programmes, workshops and via the Company's intranet.

Our Gift Policy sets out AMB's procedures to avoid actual or perceived conflict of interest in any business dealings and decision making, and to demonstrate our commitment to the highest standards of ethics and integrity. The Whistleblowing Policy we have in place is a mechanism that provides our employees a safe platform to report any corruption, malpractice, illegal or unethical business conduct without suffering any reprisals. To mitigate corruption, we conduct annual risk assessments of our departments to identify those with high risks for corruption. The findings of the risk assessments include proposed mitigation measures to eliminate such risks.

205-1: Operations assessed for risk related to corruption
205-2: Communication and training about anti-corruption policies and procedures

OUR RESPONSIBILITY TO CONTINUE MINIMISING ENVIRONMENTAL FOOTPRINT

We are cognisant of our responsibility to implement sustainable practices to minimise our environmental footprint. As a responsible Company and corporate citizen, we are committed to demonstrating environmental stewardship by reducing our energy consumption, managing our industrial effluent, implementing water conservation initiatives, applying prudent waste management practices and prohibiting the use of ODS. We are also committed to complying with our corporate environmental standards as well as the laws and regulations governing environment management in Malaysia.

With respect to climate change, the Ajinomoto Group Zero Emissions Plan ("**AGZEP**") FY 31 March 2018 - FY 31 March 2020 was developed in-line with the ASV. To ensure we achieve the AGZEP targets, we established environmental Key Performance Indicators ("**KPIs**") in FY 31 March 2017.

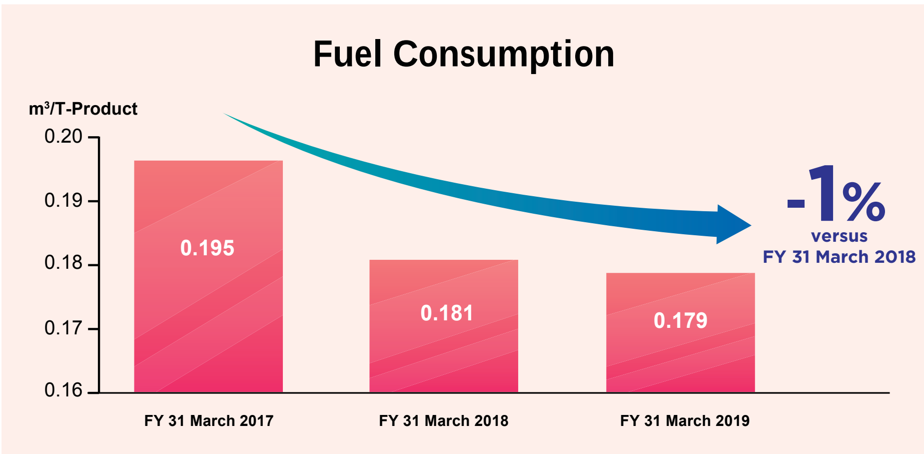
Our certification to ISO 14001:2015 Environmental Management System enables us to adopt a systematic approach to manage our manufacturing activities which may pose potential risks to the environment.

In this section, we report on our environmental performance including the status of the KPIs in FY 31 March 2019.

Energy Consumption and Reduction [302-1, 302-4]

The main source of energy consumption at our manufacturing plant is electricity and fuel oil. We continuously strive to reduce our energy consumption to minimise impact on climate change. In FY 31 March 2019, as part of our initiatives, we closely monitored our electricity consumption whilst optimising our manufacturing process by implementing energy-saving initiatives and rectifying energy loss. This task was carried out by a dedicated team known as the Energy Saving Team.

For FY 31 March 2019, we are pleased to announce that our manufacturing operations had successfully achieved a reduction of 3% in electricity consumption. This reduction was largely contributed by the installation of LED lights and regulation of the temperature of air-conditioning units at the production lines.



In terms of fuel oil consumption at the manufacturing plant, we have achieved a reducing trend since FY 31 March 2017. Our fuel oil consumption at the manufacturing plant in FY 31 March 2019 was 0.179 m3 per tonne of product which constitutes a reduction of 1% in fuel consumption as compared to the previous year. This reduction in fuel consumption is contributed through our energy efficiency initiatives.

302-1: Energy consumption within the organization
302-4: Reduction of energy consumption

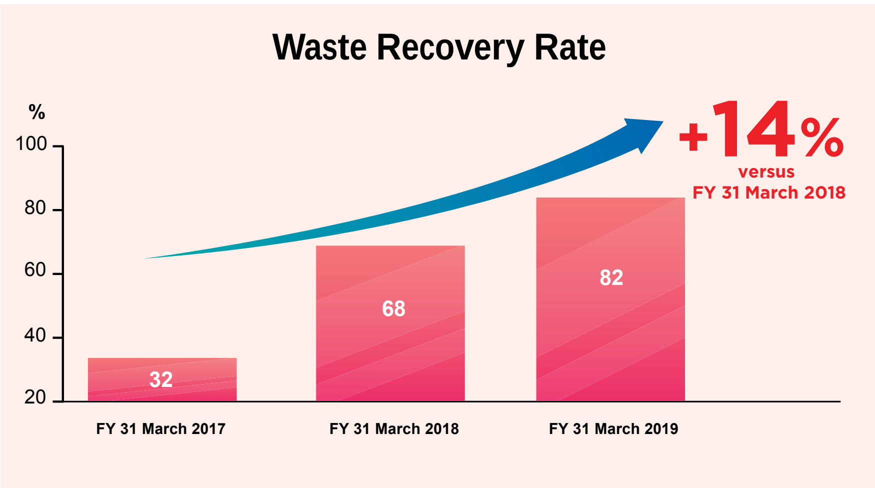
OUR RESPONSIBILITY TO CONTINUE MINIMISING ENVIRONMENTAL FOOTPRINT (cont'd.)

Waste Management [306-2]

Reducing the amount of solid waste generated from our manufacturing operations has a broad and positive impact on the environment. Our goal is to generate less waste and to find new uses for the waste we have produced.

AMB's Environmental Policy addresses waste management and we are committed to our 4R approach of Reduce, Reuse, Recycle and Recovery. The primary objective of this approach is to minimise the quantity of waste disposed at the landfill.

At our manufacturing facility, we identify the various waste types and track their quantities. The main wastes or by-products generated from the manufacturing process include wet cake and Activated Waste Carbon ("**AWC**"). Non-process related wastes include used oil, plastics, wooden pallets, scrap metal and paper. Organic waste generated includes landscaping wastes and food waste from the canteen. We segregate these waste types into the recyclables which are sold to waste contractors and the non-recyclables are disposed at approved landfills. The process by-products are transported to fertilizer manufacturing companies for use as raw materials.



For FY 31 March 2019, our total waste generated was 1,732 tonnes. We are pleased to announce that our waste recycling rate improved by a significant 14% to 82% in FY 31 March 2019 from the 68% recorded in FY 31 March 2018. Only 18% of the total waste generated in FY 31 March 2019 was disposed at approved landfill sites.

306-2: Waste by type and disposal method

OUR RESPONSIBILITY TO CONTINUE MINIMISING ENVIRONMENTAL FOOTPRINT (cont'd.)

Effluent Treatment *[306-1]*

The generation of industrial effluent is inevitable in the food manufacturing sector. For the protection of our natural watercourses, AMB is cognisant that any process effluent generated must be treated in an appropriately designed Effluent Treatment Plant ("**ETP**"). To this end, we have invested in an advanced ETP comprising primary, secondary and tertiary levels of treatment.

The ETP ensures that key effluent quality parameters such as Chemical Oxygen Demand (COD), Biological Oxygen Demand ("**BOD**") and Total Nitrogen ("**TN**") are within regulatory limits prior to discharge into the receiving watercourse.

Method of Treatment

Primary: Biological Treatment

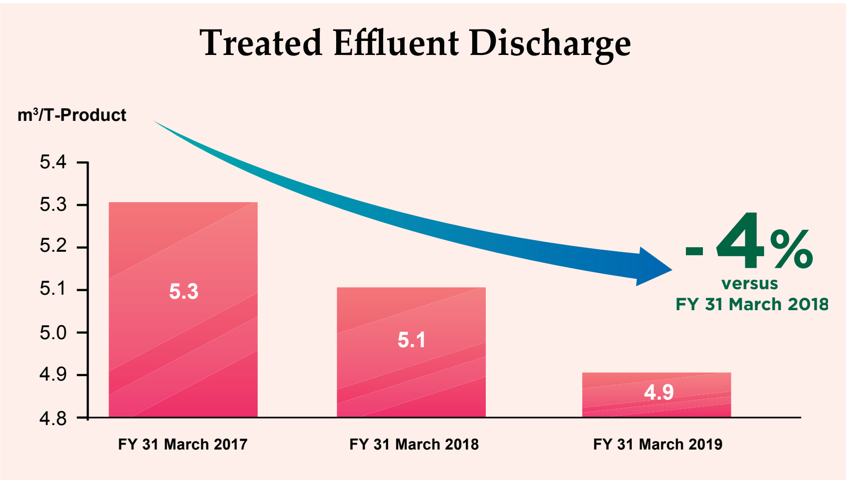
↓

Secondary: Chemical Treatment

↓

Tertiary: Carbon Tower

AMB has also set their own internal targets for the concentration of BOD and TN at 10 mg/L and 5 mg/L, respectively in the treated effluent. For the past three (3) consecutive years, we have successfully maintained our targets. It is important to highlight that the target for BOD is lower than the limit stipulated under the Environmental Quality (Industrial Effluent) Regulations, 2009 which is enforced by the Department of Environment ("**DOE**").



The total volume of treated effluent discharge for the year under review was 166,378 m3, a slight increase compared to 161,519 m3 in the previous year. The increase is attributed to a higher production rate in FY 31 March 2019. However, we are pleased to report that the volume of effluent discharged per tonne of product is lower than the previous year (FY 31 March 2018) by 4% as a result of our water saving initiatives.

306-1: Water discharge by quality and destination

OUR RESPONSIBILITY TO CONTINUE MINIMISING ENVIRONMENTAL FOOTPRINT (cont'd.)

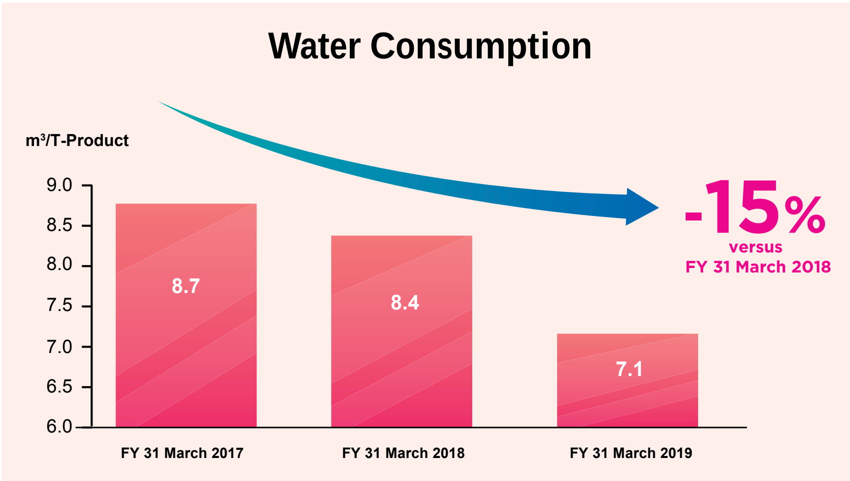
Water Consumption and Conservation [303-5]

6 CLEAN WATER AND SANITATION

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Sustainable water consumption and conservation are key elements to prevent the depletion of natural resources. At AMB, we implement process rationalisation to reduce our water consumption and, identify any source of water wastage and/or leakage through periodical site inspections.

AMB has successfully achieved water savings in FY 31 March 2019. The process rationalisation has subsequently reduced the water consumption per tonne of product by 15% in FY 31 March 2019 compared to the previous financial year. This reduction was possible as a result of water conservation initiatives at the MSG line, the reuse of seal water for the glutamatic acid re-pulping process as well as optimising the floor washing and cleaning activities to prevent unnecessary wastage.



Ozone Depleting Substances [305-6]

13 CLIMATE ACTION

AMB has put in place a strict policy to prohibit the use of ODS in our operations. ODS are chemicals that deplete the Earth's protective ozone layer and they include chlorofluorocarbons ("**CFCs**"), carbon tetrachloride (CCl_4), hydrobromofluorocarbons (HBFCs), hydrochlorofluorocarbons ("**HCFCs**"), methyl bromide (CH_3Br) and bromochloromethane (CH_2BrCl). The depletion of the ozone layer results in harmful rays entering the Earth's atmosphere causing global warming, increased prevalence of skin cancer and severely impacting the ecosystem.

In line with the requirement of the AGZEP 2017-2019, AMB prohibits the use of ODS such as CFCs, HCFCs, and hydrofluorocarbons (HFCs) in our operations. We are committed to replacing any existing ODS with alternative substances (R-134A and R-410A) which do not deplete the ozone layer.

303-5: Water consumption
305-6: Emission of ozone-depleting substances (ODS)

OUR RESPONSIBILITY TO CONTINUE ENHANCING SOCIAL PRACTICES

Product Responsibility and Safety [416-1]

Global health continues to be affected by non-communicable diseases such as heart disease and diabetes. The overall diet plays an important role in minimising the risk of getting these diseases. The quality and safety of products are an integral part of AMB and we live by our brand motto: "Eat Well, Live Well".

As part of the Company's Quality and Food Safety Policy, AMB is committed to producing products of high quality which are safe for our consumers. In order to ensure our products are free from contamination and produced following the highest standards available, we have established the Food Defence Monitoring System. Our commitment towards food safety is demonstrated by the numerous certifications that we have received.

To maintain the validity of our certification, AMB is subjected to annual internal audits by the various certification bodies.

Certification	**Certification Body**
HALAL Certificate	JAKIM
ISO 9001:2015 Quality Management Systems	SIRIM QAS International Sdn. Bhd.
MS 1480:2007 Hazard Analysis and Critical Control Point	Ministry of Health Malaysia
Skim Pensijilan "Makanan Selamat Tanggungjawab Industri (MeSTI)	Ministry of Health Malaysia
Good Manufacturing Practice (GMP)	Ministry of Health Malaysia
Veterinary Inspected for Wholesomeness	Department of Veterinary Services Malaysia

Customer Satisfaction [102-43]

Our business success is highly dependent on our ability to fulfil the needs and requirements of our consumers. In order to improve customer satisfaction and further meet their expectations, we make continuous effort to enhance our services, particularly in addressing customer feedback.

As such, we have conducted a customer satisfaction survey involving the participants of the 1909 Infoseum Visit and the Secondary School Project. In terms of our customer satisfaction with respect to product quality, product safety and overall activities performance, the survey results indicate that we achieved a score of over 90%.

416-1: Assessment of the health and safety impacts of product and service categories
102-43: Approach to stakeholder engagement

OUR RESPONSIBILITY TO CONTINUE ENHANCING SOCIAL PRACTICES (cont'd.)

Community Relations and Contributions [413-1]

Rapid urbanisation and industrialisation has led to a fast-paced lifestyle characterised by the selection of less nutritious food over home-cooked meals and maintaining a sedentary lifestyle. Thus, we have a role to play in advocating the importance of a balanced diet and promoting a healthy lifestyle for society at large. Building on our ASV initiatives with local communities, AMB is committed to creating social values that improve the quality of life.

The nature of our commitment varies according to the needs of society, but focuses on three (3) areas: nutrition, health, and socio-economic development. For this reporting year, we are pleased to present the three (3) key initiatives which highlight the importance of a balanced diet complete with a variety of vegetables.

Promoting Healthy Living Through "Campur, Campur, Siap!" Campaign

This campaign, launched in two (2) cycles (July - October 2018 and February - March 2019), aimed to inculcate the habit of consuming more vegetables among Malaysians. During the campaign, simple, fast, nutritious and delicious recipes, (for example,"Sayur Labu Campur") were shared, especially with young housewives to teach them to prepare healthy meals for their families. In conjunction with this campaign, AMB organised a mobile truck roadshow tour during the periods of September - October 2018 and February-March 2019 in the Klang Valley and the East Coast. The programmes carried out during the roadshows include cooking demonstrations, viewing of educational cooking videos, distribution of recipe leaflets, games and sale of AMB products at promotional prices.

Social Media Videos

413-1: Operations with local community engagement, impact assessments, and development programs

OUR RESPONSIBILITY TO CONTINUE ENHANCING SOCIAL PRACTICES (cont'd.)

In addition, the campaign also covered promotional activities at hyper/supermarkets and residential areas (*Program Perumahan Rakyat, PPR*), news releases and advertisements through the social media.


Housewives and kids enjoying sampling


Cooking demo and Fun Cooking by housewives (Sayur Labu Campur)


Display Campaign

SERI-AJI® Sahur Campaign

This campaign was held to promote the preparation of a nutritionally balanced diet of fried rice that is easy and convenient to prepare during the Sahur period. The three-month campaign which was run from April to June 2018 involved the social media, in-store advertisements, traditional trade roadshows and consumer contests.

OUR RESPONSIBILITY TO CONTINUE ENHANCING SOCIAL PRACTICES (cont'd.)

Healthy Plate Promotion in Secondary School Project

By embedding a focus on nutrition into our business strategy, we promote our products as healthy and nutritious. As part of the efforts to improve Malaysians' eating habits, AMB participated in the "Healthy Plate Campaign" launched by the Ministry of Health Malaysia, and organised various programmes including the Secondary School Project, where we took the opportunity to explain the importance of having a well-balanced meal. The Secondary School Project exposed the school children to the concept of healthy plate, importance of vegetable intake and umami (the 5th basic taste) applications in healthy cooking. A combined 80 sessions were held under this project which attracted the participation of 16,000 secondary school students in total.

Other Community Programmes

- **Scientific Conference & Exhibition**

  For FY 31 March 2019, we participated in scientific conferences & exhibitions organised by the Malaysian Dietitians' Association, the Nutrition Society of Malaysia and the Ministry of Health Malaysia. During these conferences, we promoted umami application in low salt/sodium diet to combat non-communicable diseases. The exhibitions were very well received with an average of 94% of the attendees comprising nutritionists, dietitians, food scientists and researchers visiting our booths and receiving information from our Company.

- **Culinary Academy Project**

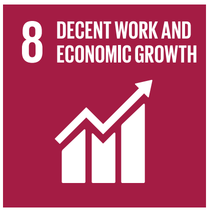
  We are aware of the importance of umami to future chefs and in FY 31 March 2019, we conducted five (5) cooking sessions attended by 325 culinary students from KDU, Berjaya University College, MSU Shah Alam, Silverspoon International College and Taylor's University College. This project was undertaken to promote umami as the 5th and universal taste in preparing delicious and healthy menu (low salt menu) .

- **Hands-on Cooking Class**

  AMB organised bi-monthly hands-on cooking classes for 160 homemaker with the aim of encouraging smart cooking emphasizing on a convenient, simple, nutritious and delicious cooking style for those with packed schedules. The themes of the classes were "Simply Healthy Breakfast", "Balanced Lunch Box" and "Authentic Cooking in Fast and Convenient Way".

OUR RESPONSIBILITY TO CONTINUE ENHANCING SOCIAL PRACTICES (cont'd.)

Occupational Safety and Health [403-1, 403-2, 403-4, 403-5, 403-9,]



We emphasise the need for safe working environments, and regularly review and assess the safety of our work conditions which must meet our corporate standards. Occupational Safety and Health Committees have been established at the corporate and manufacturing levels. The role of the committees is to promote safe and healthy working culture among our employees, to measure safety and health performances and to assess the effectiveness of our safety and health programmes. Our committees are equally represented by the management team and the non-management team with their respective roles and responsibilities clearly defined.

We are certified under the OHSAS 18001:2007 certification system that enables AMB to manage occupational health and safety risks and to achieve practices that meet international standards. In the following year, we plan to upgrade from OHSAS 18001:2007 to ISO 45001:2018 which is a more robust occupational health and safety management system.

As part of the OHSAS 18001:2007, we conducted Hazard Identification, Risk Assessment and Determining Control ("**HIRADC**") to address potential health and safety risks by identifying and evaluating their sources and implementing control measures to safeguard our employees from harm. The HIRADC is also part of the AMB's Integrated Risk Assessment protocol.

In FY 31 March 2019, we recorded three (3) minor accidents, an improvement from the previous financial year in which four (4) cases were recorded. Investigation and corrective actions were performed to further reduce the risk of accidents in the future.

We continue to enhance the awareness level, knowledge and skills of our employees on safety and health matters, through education and training such as ISO 45001, Integrated Risk Assessment, noise awareness, ergonomics awareness, chemical handling and emergency evacuation, among others. This year, we introduced the Behaviour Based Safety Programme to strengthen our commitment to safety.

Human Rights [412-2]

Human Rights is one (1) of the eleven (11) topics addressed under the AGP. The Ajinomoto Group supports international standards for human rights including:

- Universal Declaration of Human Rights
- International Labour Organisation Declaration on Fundamental Principles and Rights at Work and its Follow-Up
- United Nations Global Compact

Based on the United Nations Guiding Principles on Business and Human Rights, this aspect of the AGP ensures that as a corporate group that conducts business globally, AMB and its employees shall respect and adhere to internationally recognised human rights obligations and national regulations of the countries where we operate.

At AMB, we allocate two (2) hours for each of the AGP briefing which also includes a topic on human rights. This communication platform is important to protect the rights of our stakeholders including our employees. This awareness session is required to be attended by employees at the managerial level and above.

403-1: Occupational health and safety management system
403-2: Hazard identification, risk assessment and incident investigation
403-4: Worker participation, consultation and communication on occupational health and safety
403-5: Worker training on occupational health and safety
403-9: Work-related injuries
412-2: Employee training on human rights policies or procedures

OUR RESPONSIBILITY TO CONTINUE ENHANCING SOCIAL PRACTICES (cont'd.)

Employee Advancement and Development [404-1, 404-2]

8 DECENT WORK AND ECONOMIC GROWTH

Satisfied and motivated employees secure the future of any organisation and contribute to the formation of a knowledge society. At AMB, we aim to sustain a world-class workforce by empowering our employees. Our business model is based on developing the skills and knowledge of our employees in a rapidly changing working environment. For FY 31 March 2019, we recorded an impressive average of 22 training hours per employee. This is a significant increase in comparison with the average of 10 training hours in FY 31 March 2018.

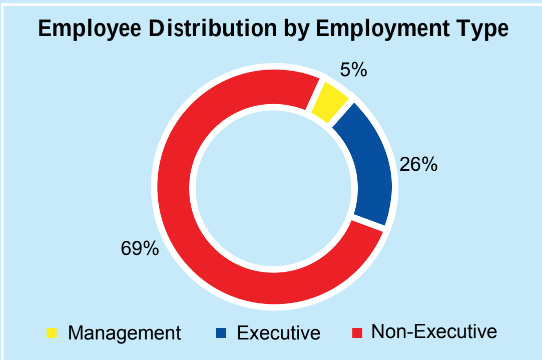
Training and development programmes conducted in FY 31 March 2019 were within the scope of the Group's policies such as the ASV, safety and health trainings as listed in the Occupational Safety and Health section, HACCP, HALAL awareness, corporate liability seminars, trade union and collective bargaining, language classes for our foreign workers, and food safety, among others.

Workplace Diversity and Equal Opportunity [405-1]

8 DECENT WORK AND ECONOMIC GROWTH

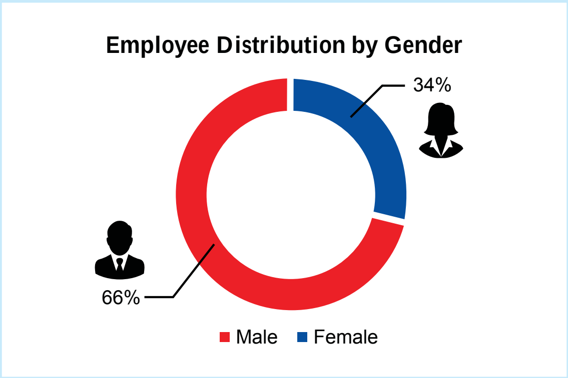
AMB promotes equal opportunity and diversity in its workplace by providing fair treatment to all. We do not tolerate any bias practices as we acknowledge differences in age, gender, ethnicity and religion. We provide equal opportunity and benefits to all our employees according to employment type such as healthcare coverage, life insurance and annual leave, among others.

The total workforce in FY 31 March 2019 was 651 with the non-executive group forming the largest group in our workforce due to the nature of our operations. 84% of our employees are locals with the remaining 16% represented by foreigners. The FY 31 March 2019 turnover rate eased by 0.6% to 6.4% compared to 7% recorded in FY 31 March 2018.



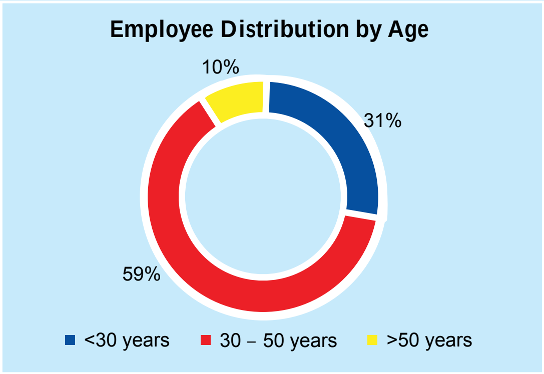
404-1: Average hours of training per year per employee
404-2: Programs for upgrading employee skills and transition assistance programs
405-1: Diversity of governance bodies and employees

OUR RESPONSIBILITY TO CONTINUE ENHANCING SOCIAL PRACTICES (cont'd.)



Our trend in employee distribution in terms of gender and age has remained relatively the same in FY 31 March 2018 and FY 31 March 2019. Men dominate our workforce due to the nature of our manufacturing operation.

With respect to age, employees in the age group of 30 to 50 years old form the largest group. This indicates that we mostly employ experienced and skilled workers. It is also important to note that the second largest group comprises staff from the 30 years old and below group. This is an evidence that AMB provides a suitable platform for the young generation to gain working experience in the food industry.



CONCLUSION

Sustainability remains an integral part of our business. In the coming years, we will continue to strengthen sustainability initiatives across our value chain by implementing new strategies and initiatives to spur innovation in our product development, promote healthy lifestyles, exceed customers' satisfaction, reduce our environmental footprint, and protect vulnerable workers and communities. These efforts will continue to be the backbone of our ambitious long-term goals and targets.

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Eat Well, Live Well.

AJINOMOTO

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

Form Of Proxy

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-Eighth 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, 26 August 2019 at 10:00 a.m. and at any adjournment 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 2019 together with the Reports of the Directors and the Auditors thereon.			
		Resolution	**For**	**Against**
2.	To declare a first and final single-tier dividend of 47.0 sen per ordinary share for the financial year ended 31 March 2019.	1		
3.	To approve the payment of Directors' fees for the financial year ended 31 March 2019.	2		
4.	To approve the payment of Directors' benefits up to an amount of RM650,000 from 27 August 2019 until the next Annual General Meeting of the Company.	3		
5.	To re-elect Mr. Shunsuke Sasaki who is retiring in accordance with Article 120 of the Company's Articles of Association and being eligible, has offered himself for re-election.	4		
6.	To re-elect Encik Azhan bin Mohamed 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 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, had offered himself for re-election.	6		
8.	To re-elect Ms. Naoko Yamamoto who is retiring in accordance with Article 114 of the Company's Articles of Association and being eligible, has offered herself for re-election.	7		
9.	To re-elect Mr. Koay Kah Ee 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 appoint Messrs. Ernst & Young as Auditors of the Company in place of the retiring Auditors, Messrs. Hanafiah Raslan & Mohamad for the ensuing year and to authorise the Directors to fix their remuneration.	9		

Special Business

No.	Agenda	Resolution	For	Against
11.	**Ordinary Resolution No. 1**: Authority to Issue Shares pursuant to the Companies Act 2016	10		
12.	**Ordinary Resolution No. 2**: Proposed Renewal of Existing Shareholder Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature	11		
13.	**Ordinary Resolution No. 3**: Retention of General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd. Ali (Rtd) as an Independent Director	12		
14.	**Ordinary Resolution No. 4**: Retention of Tan Sri Dato' (Dr.) Teo Chiang Liang as an Independent Director	13		
15.	**Ordinary Resolution No. 5**: Retention of Mr. Koay Kah Ee as an Independent Director	14		
16.	**Ordinary Resolution No. 6**: Retention of Mr. Dominic Aw Kian-Wee as an Independent Director	15		
17.	**Ordinary Resolution No. 7**: Retention of Dato' Setia Ramli bin Mahmud as an Independent Director	16		
18.	**Special Resolution:** Proposed Adoption of a new Constitution of the Company	17		

As witness my/our hand(s) this day ____________________ of ____________________ 2019.

____
*Signature/Common Seal of Shareholder

* Strike out whichever not applicable

Notes :-

1. In respect of deposited securities, only members/shareholders whose names appear in the Record of Depositors on 19 August 2019 ("**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 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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