



AJINOMOTO®

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

Annual Report 2016

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CORPORATE INFORMATION

DIRECTORS

General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim Bin Mohd. Ali (Rtd) (Chairman)
 Tan Sri Dato' (Dr.) Teo Chiang Liang
 Keiji Kaneko (Managing Director/Chief Executive Officer)
 Yukiko Nishioka
 Koay Kah Ee
 Dominic Aw Kian-Wee
 Dato' Setia Ramli bin Mahmud
 Kamarudin bin Rasid
 Azharudin bin Ab. Ghani
 Motohiro Komase
 Dr. Masata Mitsuiki

BANKERS

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

AUDITORS

Hanafiah Raslan & Mohamad

SOLICITORS

Lee, Ling & Partners

SECRETARY

Chua Siew Chuan (F)
 (MAICSA 0777689)

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

CHAIRMAN'S STATEMENT



On behalf of the Board of Directors, I have great pleasure to present the Annual Report of Ajinomoto (Malaysia) Berhad (“the Company”) for the financial year ended 31 March 2016.

RESULTS/PERFORMANCE

The sales revenue of the Company was RM400.2 million for the year ended 31 March 2016, a growth of 17.6% compared to the RM340.4 million in previous year. The increase was contributed by better sales volume in both the Umami segment and Food and Seasoning segment and export sales aided by appreciation of US Dollar against Ringgit Malaysia even though this positive impact was partly offset by increased cost of a key imported raw material. The strong sales led to a surge in profit before tax by 32.9% from RM40.6 million to RM53.9 million.

During the financial year, the Company reinforced the sales activities with the effective support of advertising and promotions on “Aji-no-moto” flavour enhancer, “TUMIX” flavour seasoning and “Seri Aji” menu seasoning to expand product penetration and accessibility amongst consumers. The Company engaged in Corporate Social Responsibility (CSR) activities to align with the ‘Ajinomoto Group Creating Shared Value’ initiative. These activities included the newly launched programme, ‘Eat Well, Live Well Together With Umami’ that involved a joint venture with the International Medical University (IMU) to improve the dietary intake and enhance the quality of life of the older adult group, specifically focusing on the overuse of salt in various forms, reaching out to the media to share the true value and benefit of Umami and Monosodium Glutamate (MSG) through an Umami workshop for journalists; and working with the Ministry of Health to spread the latest information on amino acids science to health specialists. In addition, the Company made the efforts to reduce odour and greenhouses gas emissions as well as saving energy and water in order to meet the needs of society and ensure sustainable business development.

PROSPECTS

Malaysia is expected to face slower economic growth on the backdrop of moderate recovery in major economies, consistent low crude oil price and weakness in domestic currency. Uncertain market sentiments will subdue households consumption. The Company is foreseen to operate in challenging business environment under these market conditions. Nevertheless, the Company will continue to cover more retail outlets and carry out strategic sales activities to increase the consumers’ access to our products to drive sales. In addition, the Company will make efforts to improve its production processes to optimize its resources in order to curb the rise in production costs.

DIVIDENDS

The Board of Directors continues the policy of stable and sustainable dividend payout to shareholders. The Directors have proposed a first and final single-tier dividend of 33.75 sen per ordinary share. This dividend is subject to the approval of shareholders at the forthcoming Annual General Meeting.

APPRECIATION

Mr. Katsuhide Shirai has resigned from the Board on 30 June 2016. The Board wishes to record its appreciation to him for his invaluable contributions and guidance to the Company.

On behalf of the Board, I would like to express my deepest appreciation to the management and staff for their passion and dedication, to our suppliers, loyal distributors and customers for their commitment, continued trust and support to our products and the Company. I would also wish to put on record my sincere gratitude to my fellow Directors for their counsel and valuable contribution.

Director's Profile



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

General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim Bin Mohd. Ali (Rtd) was appointed Chairman of Ajinomoto (Malaysia) Berhad on 5 September 1995. He resigned as the Chairman of the Audit Committee on 1 November 2002 but remained as a Committee member. He is the Chairman of the Remuneration Committee and a member of the Nomination Committee. He attended all five 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. He is currently the Chairman of Regional Committee of Glutamate Science Southeast Asia/ South Asia. The member countries are Thailand, Indonesia, Philippines, Vietnam and Malaysia. He is also Chairman of some private companies namely National Aerospace & Defence Industries Sdn Bhd and Chiyoda Malaysia Sdn Bhd. He also sits on the Board of Institute of Strategic and International Studies (ISIS Malaysia) as well as some other public companies.

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

Director's Profile (cont'd.)



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

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

Graduated with a Bachelor of Arts (Honours) degree in Business Studies and M.Sc in Management & Administration from the United Kingdom, 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, in 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 a 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 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.

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

Keiji Kaneko
Managing Director, Chief Executive Officer
53 years of age – Japanese

Mr. Kaneko was appointed as Managing Director/ Chief Executive Officer on 1 July 2015. He is a member of the Remuneration Committee. He attended all three Board meetings held since his appointment to the Board.

Mr. Kaneko graduated from Kansai Gaidai University with a Bachelor Degree in English Language in September 1986 and obtained a Master Degree in Business Administration (MBA) at the University of Wisconsin at Eau Claire in December 1998.

He joined Ajinomoto Co., Inc Japan in April 1989, began his career with the Tokyo Branch and has held various positions in Japan and overseas within the Ajinomoto Group of Companies.

Mr. Kaneko also sits on the Board of Malaysia Packaging Industry Berhad.

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



Director's Profile (cont'd.)



Yukiko Nishioka
Executive Director
41 years of age – Japanese

Ms. Nishioka was appointed to the Board of Ajinomoto (Malaysia) Berhad on 1 July 2016.

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

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

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

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

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

He graduated with a Master in Business Administration from University of Strathclyde, UK. He is a Fellow of Chartered Institute of Management Accountants (FCMA), UK, Fellow of the Australian Society of Certified Practising Accountants (FCPA), Chartered Accountant (CA) of the Malaysia Institute of Accountants, member of the Employer panel of Industrial Court Malaysia and a CIMA(UK) Global Membership Assessor.

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

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



Director's Profile (cont'd.)



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

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 five Board meetings held in the financial year.

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

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

He also sits on the Board of Dolomite Corporation Berhad and Perusahaan Sadur Timah Malaysia (Perstima) Berhad.

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

Dato' Setia Ramli Bin Mahmud
Independent Non-Executive Director
62 years of age – Malaysian

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 Board meetings held in the financial year.

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

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

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



Director's Profile (cont'd.)



Kamarudin Bin Rasid
Executive Director
55 years of age - Malaysian

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

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

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

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

Azharudin Bin Ab Ghani
Executive Director
52 years of age – Malaysian

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

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

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

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



Director's Profile (cont'd.)



Motohiro Komase
Executive Director
45 years of age – Malaysian

Mr. Komase was appointed to the Board of Ajinomoto (Malaysia) Berhad on 1 July 2014. He attended all five Board meetings held in the financial year.

Mr. Komase graduated from the Department of Economics, Nagoya University, Japan in 1993.

He joined Ajinomoto Co., Inc Japan in 1993 and began his career in Head Quarters, International Department and has held various positions in Japan and overseas within the Ajinomoto Group of Companies.

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

Dr. Masata Mitsuiki
Executive Director
53 years of age – Japanese

Dr. Mitsuiki was appointed to the Board of Ajinomoto (Malaysia) Berhad on 1 July 2015. He attended all three Board meetings held since his appointment to the board.

He graduated from School of Agriculture, Japan in 1986 and obtained M.S. and Ph.D. in agriculture from Kyushu University, Japan in year 1988 and 1999 respectively.

He joined Ajinomoto Co., Inc. Japan in 1988 and began his career in Research & Development Centre of Food Sciences & Technologies and has held various positions in Japan and overseas within the Ajinomoto Group of Companies. After that, he is working in Ajinomoto (Malaysia) Berhad from 1 July 2014 as one of Chief Officers.

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



CORPORATE GOVERNANCE STATEMENT

The Board of Directors of the Company (“**the Board**”) recognises the importance of maintaining high standards of corporate governance within the Company as this would serve to protect shareholders’ value as well as enhance the financial performance of the Company.

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

The application of the Malaysian Code on Corporate Governance 2012 (“**MCCG 2012**”) to the Company’s particular circumstances, having regard to the Recommendations stated under each Principle of the MCCG 2012, is reported hereunder. Where the Company has not followed any Recommendation, intends to take steps or has taken steps to follow such Recommendation, or intends to establish or has established an alternative approach, a statement to that effect, together with the reasons, where applicable, is also reported hereunder.

1. Establish clear roles and responsibilities

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

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

The descriptions for the respective functions of the Board and the Managing Director/Chief Executive Officer, as well as the Company’s corporate objectives to be met by the Managing Director/Chief Executive Officer, are developed by the Board together with the Managing Director/Chief Executive Officer. The Board had adopted a formal Board Charter, which is available for reference at the Company Secretary’s office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur during normal business hours, and will conduct a regular review of the division of responsibilities as stated in the Board Charter as and when required to ensure that the needs of the Company are consistently met, and to reflect the dynamic nature of the relationship necessary for the Company to adapt to changing circumstances.

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

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

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

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

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

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

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

Corporate Governance Statement (cont'd.)

1. Establish clear roles and responsibilities (continued)

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

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

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

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

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

- **Succession planning**

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

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

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

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

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

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

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

Corporate Governance Statement

(cont'd.)

1. Establish clear roles and responsibilities (continued)

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

The Board is committed in maintaining a corporate culture which engenders ethical conduct. Ethical standards are formalised through the Company's Code of Conduct, which summarises what the Company must endeavour to do proactively in order to increase corporate value, and which describes the areas in daily activities that require caution in order to minimise any risks that may occur. The summarised Code of Conduct is available for reference at the Company Secretary's office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, 50490 Kuala Lumpur during normal business hours.

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

1.4 Ensure that the Company's strategies promote sustainability

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

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

The Board has unrestricted access to all information within the Company, whether as a full Board or in their individual capacity, as supplied by the management in a timely manner in order for the Board to discharge its responsibilities. The agenda for the Board meetings, together with appropriate reports and information on the Company's business operations, and proposal papers for the Board's consideration are circulated to all the Directors prior to the meetings in sufficient time. During the meetings, the management provides further detailed information and clarification on issues raised by members of the Board.

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

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

The Board has access to the advice and services of the Company Secretary who is suitably qualified under Section 139A of the Companies Act 1965 ("the Act"), and competent. The Board is satisfied with the performance and support rendered by the Company Secretary, who plays a vital role in advising the Board concerning all corporate governance matters. The Company Secretary is also responsible to ensure that Board meeting procedures are followed, and the applicable statutory and regulatory requirements are complied with.

The Company Secretary ensures that all Board and Board Committee deliberations and resolutions are properly and accurately minuted and will update the Board regularly on any regulatory changes and developments in corporate governance.

1.7 Formalise, periodically review and make public the Board Charter

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

The Board will periodically review the Board Charter to ensure its relevance.

Corporate Governance Statement

(cont'd.)

2. Strengthen composition

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

The NC was established with clearly defined TOR, and comprised five (5) non-executive directors, all of whom are independent, during the financial year ended 31 March 2016 as follows:-

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

The NC had two (2) meetings during the financial year ended 31 March 2016.

The NC is charged with the responsibility to assess new candidates to the Board, if necessary, and to review the structure, size and composition of the Board. The NC is satisfied with the size of the Company's Board and that there is appropriate mix of knowledge, skills, attributes and core competencies in the composition of the Board during the financial year ended 31 March 2016.

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

The activities of the NC in the discharge of its duties during the financial year ended 31 March 2016 are as follows:-

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

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

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

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

Any director appointed during the year is required under the Company's Articles of Association ("AA") to retire and seek re-election by shareholders at the following Annual General Meeting ("AGM") immediately after his/her appointment. As Ms. Yukiko Nishioka was appointed after the preceding year's AGM, she will be retiring from office at the forthcoming Fifty-Fifth AGM.

The AA also provides that one third (1/3) of the Directors shall retire by rotation at each AGM provided always that all Directors shall retire from office at least once in every three (3) years. The Directors retiring from office shall be eligible for re-election by the shareholders. In this respect, the Directors to retire by rotation from office at the forthcoming Fifty-Fifth AGM are Dato' Setia Ramli Bin Mahmud, Encik Azharudin Bin Ab Ghani and Mr. Koay Kah Ee.

Corporate Governance Statement (cont'd.)

2. Strengthen composition (continued)

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

In addition, in accordance with Section 129 of the Act, General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim Bin Mohd Ali (Rtd) who is over the age of 70 years will be seeking for re-appointment at the forthcoming Fifty-Fifth AGM.

The Board had taken steps to develop a formal policy on its boardroom and gender diversity through the NC to ensure that women candidates are sought as part of its recruitment exercise. The Board had appointed Ms. Yukiko Nishioka on the Board of Directors of the Company on 1 July 2016.

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

The RC was set up with clearly defined TOR, and comprised one (1) executive director and three (3) non-executive directors during the financial year ended 31 March 2016, as follows:-

- General Tan Sri (Dr) Dato' Paduka Mohamed Hashim Bin Mohd Ali (Rtd) (Chairman, Independent Non-Executive Director)
- Tan Sri Dato' (Dr) Teo Chiang Liang (Independent Non-Executive Director)
- Mr. Dominic Aw Kian-Wee (Independent Non-Executive Director)

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

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

The RC may meet at least once a year or more frequently as deemed necessary. The RC had two (2) meetings during the financial year ended 31 March 2016.

The aggregate remuneration of the Directors for the financial year ended 31 March 2016 is as follows:-

	Executive Directors RM'000	Non-Executive Directors RM'000
Salaries and other emoluments	2,518	118
Fees	150	210
Bonus	344	-
Gratuity	60	84
Defined contribution plan	104	-
Benefit-in-kind	326	-

Corporate Governance Statement

(cont'd.)

2. Strengthen composition (continued)

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

The number of directors of the Company whose total remuneration during the financial year ended 31 March 2016 fall within the following bands are as follows:-

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

3. Reinforce independence

3.1 Undertake an assessment of independent directors annually

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

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

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

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

General Tan Sri (Dr) Dato' Paduka Mohamed Hashim Bin Mohd. Ali (Rtd) and Tan Sri Dato' (Dr) Teo Chiang Liang are the two (2) independent directors who had served on the Board for more than nine (9) years and accordingly, the Board had sought shareholders' approval at the preceding AGM held on 28 September 2015 to retain them as independent directors. The shareholders had approved the retention.

Mr. Koay Kah Ee would reach a cumulative term of more than nine (9) years as an Independent Director of the Company on 15 November 2016, prior to the AGM to be held in year 2017.

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

Corporate Governance Statement (cont'd.)

3. Reinforce independence (continued)

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

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

3.5 Board Composition

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

4. Foster commitment

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

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

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

The Board meets at least four (4) times, and as and when required, during the financial year to, amongst others, review and approve the quarterly financial statements and the annual audited financial statements.

The number of Board meetings held during the financial year ended 31 March 2016 and each Director's attendance at the meetings were as follows:-

Directors	No. of Meetings Attended by the Directors in respect of the Financial Year Ended 31 March 2016*	Attendance (%)
Executive Directors		
Mr. Keiji Kaneko (<i>Managing Director/Chief Executive Officer</i>) (<i>Appointed w.e.f. 1 July 2015</i>)	3/3	100
Mr. Katsuhide Shirai (<i>Chief Finance Officer</i>) (<i>Resigned w.e.f. 30 June 2016</i>)	4/5	80
Encik Kamarudin Bin Rasid	5/5	100
Encik Azharudin Bin Ab Ghani	4/5	80
Mr. Motohiro Komase	5/5	100
Dr. Masata Mitsui (<i>Appointed w.e.f. 1 July 2015</i>)	3/3	100
Mr. Ryoichi Ebata (<i>Managing Director/Chief Executive Officer</i>) (<i>Resigned w.e.f. 30 June 2015</i>)	2/2	100
Mr. Ryuji Ito (<i>Resigned w.e.f. 30 June 2015</i>)	2/2	100
Ms. Yukiko Nishioka (<i>Chief Finance Officer</i>) (<i>Appointed w.e.f. 1 July 2016</i>)	N/A	N/A

Corporate Governance Statement (cont'd.)

4. Foster commitment (continued)

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

Directors	No. of Meetings Attended by the Directors in respect of the Financial Year Ended 31 March 2015*	Attendance (%)
Non-Executive Directors		
General Tan Sri (Dr) Dato' Paduka Mohamed Hashim	5/5	100
Bin Mohd Ali (Rtd) (<i>Chairman</i>)		
Tan Sri Dato' (Dr) Teo Chiang Liang	4/5	80
Mr. Koay Kah Ee	5/5	100
Mr. Dominic Aw Kian-Wee	5/5	100
Dato' Setia Ramli Bin Mahmud	5/5	100

Note

* There were five (5) Board meetings held during the financial year ended 31 March 2016. The meetings were held on 18 May 2015, 25 June 2015, 26 August 2015, 25 November 2015 and 24 February 2016.

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

4.2 Ensure Board members have access to appropriate continuing education programmes

All the Directors of the Company have attended the Mandatory Accreditation Programme prescribed by Bursa Securities for directors of public listed companies. In addition, all the Directors as at 31 March 2016 have attended trainings during the financial year ended 31 March 2016 as part of their continuous training in compliance with Paragraph 15.08 of the MainLR.

The trainings/programmes include:-

Director	Training	Date
General Tan Sri (Dr) Dato' Paduka Mohamed Hashim Bin Mohd Ali (Rtd)	Directors' Training – "Corporate Governance: Risk, Oversight and Strategy"	29 July 2015
	Corporate Governance ("CG") Breakfast Series with Directors – "The Board's response in light of rising shareholder engagement"	4 August 2015
	CG Breakfast Series with Directors – "Future Auditor Reporting – The Game Changer for Boardroom"	21 September 2015
	ESG Workshop for FTSE4GOOD Bursa Malaysia Index	30 September 2015
	Bursa Lecture – Sustainability Symposium	8 October 2015
	Directors & Management Improvement Programme – "Current Trends in Preventive Healthcare & Cancer Management in TCM"	14 December 2015
	Strengthening the Transformation Process for Sustainable Growth	22 February 2016

Corporate Governance Statement (cont'd.)

4. Foster commitment (continued)

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

Director	Training	Date
Tan Sri Dato' (Dr) Teo Chiang Liang	FIDE Forum: 3 rd Distinguished Board Leadership Series – Impact of the New Accounting Standards on Banks – What Directors should be aware of	5 June 2015
	CG Breakfast Series with Directors – The Board's Response in Light of Rising Shareholder Engagements Organised by ICLIF	4 August 2015
	FIDE Forum: 4th Distinguished Board Leadership Series – Board Leading Change: Organisational Transformation Strategy as Key Sustainable Growth in Challenging Times	18 August 2015
	Strengthening the Transformation Process for Sustainable Growth	22 February 2016
	Briefing on TPPA to Board of Directors and Senior Management	29 March 2016
	Sustainability Engagement Series for Directors/ Chief Executive Officer	31 March 2016
Keiji Kaneko	CG Breakfast Series with Directors – The Board's Response in light of Rising Shareholder Engagements	4 August 2015
	Advocacy Sessions on Management Discussion & Analysis for Chief Executive Officers and Chief Finance Officers	3 September 2015
	Mandatory Accreditation Programme for Directors of Public Listed Companies	9 and 10 September 2015
	Strengthening the Transformation Process for Sustainable Growth	22 February 2016
Katsuhide Shirai	Advocacy Sessions on Management Discussion & Analysis for Chief Executive Officers and Chief Finance Officers	3 September 2015
	FY 2016 Malaysian Budget Seminar	4 November 2015
	Strengthening the Transformation Process for Sustainable Growth	22 February 2016
Koay Kah Ee	BURSA: Management Discussion & Analysis for CEO & CFO	30 September 2015
	Workshop on Transfer Pricing	17 October 2015
	Strengthening the Transformation Process for Sustainable Growth	22 February 2016
	How to prepare for the new Companies Act	27 March 2016

Corporate Governance Statement (cont'd.)

4. Foster commitment (continued)

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

Director	Training	Date
Dominic Aw Kian-Wee	The Inside Story of the Annual Report: What Directors Must Know	24 June 2015
	Strengthening the Transformation Process for Sustainable Growth	22 February 2016
Dato' Setia Ramli Bin Mahmud	Strengthening the Transformation Process for Sustainable Growth	22 February 2016
Kamarudin Bin Rasid	Strengthening the Transformation Process for Sustainable Growth	22 February 2016
Azharudin Bin Ab Ghani	Strengthening the Transformation Process for Sustainable Growth	22 February 2016
Motohiro Komase	Strengthening the Transformation Process for Sustainable Growth	22 February 2016
Dr. Masata Mitsuiki	Mandatory Accreditation Programme for Directors of Public Listed Companies	7 and 8 October 2015
	Strengthening the Transformation Process for Sustainable Growth	22 February 2016

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

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

5. Uphold integrity in financial reporting

5.1 Ensure financial statements comply with applicable financial reporting standards

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

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

Mr. Katsuhide Shirai, the Chief Finance Officer (resigned w.e.f. 30 June 2016), had also presented to the AC and the Board detailed presentations on the financial results, including performance against targets/budget.

Corporate Governance Statement

(cont'd.)

5. Uphold integrity in financial reporting (continued)

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

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

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

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

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

The suitability and independence of external auditors are assessed annually in order for the AC to recommend to the Board to recommend to the shareholders the re-appointment of the external auditors for the ensuing year.

6. Recognise and manage risks

6.1 Establish a sound framework to manage risks

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

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

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

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

7. Ensure timely and high quality disclosure

7.1 Ensure the Company has appropriate corporate disclosure policies and procedures

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

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

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

Corporate Governance Statement (cont'd.)

8. Strengthen relationship between company and stakeholders

8.1 Take reasonable steps to encourage shareholder participation at general meetings

Notice of the AGM, annual reports and circulars are sent out with sufficient notice before the date of the meeting to enable the shareholders to have full information about the meeting to facilitate informed decision-making. The explanatory notes on the proposed resolutions under Special Business are given to help the shareholders vote on the resolutions.

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

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

8.2 Encourage poll voting

Paragraph 8.29A of the MainLR requires that any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, is voted by poll for all AGM from 1 July 2016 onwards. The Company will be conducting its voting on all resolutions by poll accordingly.

8.3 Promote effective communication and proactive engagements with shareholders

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

This Statement is made in compliance with Paragraphs 15.25 and 15.08A of the MainLR and approved by the Board on 29 June 2016.

ADDITIONAL COMPLIANCE INFORMATION

1. Utilisation of Proceeds

Not Applicable

2. Share Buy-Back

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

3. Options or Convertible Securities

The Company has neither granted any options nor issued any convertible securities during the financial year.

4. Depository Receipt Programme

The Company did not sponsor any Depository Receipt Programme during the financial year.

5. Imposition of Sanctions and/or Penalties

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

6. Non-Audit Fees

During the financial year, the amount of non-audit fees paid by the Company to the external auditors amounted to RM25,950.

7. Variation in Results

There were no material variations between the audited results for the financial year ended 31 March 2016 against the unaudited results for the year ended 31 March 2016 released by the Company previously.

8. Profit Guarantee

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

9. 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.

10. Recurrent Related Party Transactions of Revenue or Trading Nature

The details of the transactions with related parties undertaken by the Company during the financial year are disclosed in the Related Party Disclosures of the Financial Statements.

11. Profit Estimate, Forecast of Projection

The Company did not make any release on the profit estimate, forecast or projections for the financial year ended 31 March 2016.

12. Conflict of Interest

None of the Directors or major shareholders of the Company has any interest, direct or indirect, in any business carrying on a similar trade as the Company or its subsidiaries and which is not quoted on a stock exchange. There is no conflict between the Company and its Adviser, Reporting Accountants and Solicitors. The Adviser, Reporting Accountants and Solicitors are paid a fee for their services.

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 1965.

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

For The Financial Year Ended 31 March 2016

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 2016, which has been prepared pursuant to paragraph 15.26(b) of Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements (“Main LR”) and in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (“the Guidelines”). The statement below outlines the nature and scope of risk management and internal control of the Company during the financial year under review.

BOARD RESPONSIBILITY

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

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

KEY FEATURES OF THE COMPANY’S INTERNAL CONTROL SYSTEM

1. CONTROL ENVIRONMENT

- **Organisation Structure & Authorisation Procedures**

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

- **Periodic and Annual Budget**

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

- **Company Policies and Procedures**

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

- **Human Resource Policy**

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

- **Quality of Product**

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

- **Regular Operational and Management Meetings**

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

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

For The Financial Year Ended 31 March 2016

2. RISK MANAGEMENT FRAMEWORK

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

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

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.

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 2016 amounted to RM76,058 (financial year ended 31 March 2015: RM65,094).

4. 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.

5. REVIEW OF THIS STATEMENT

Pursuant to Paragraph 15.23 of the Main LR, the External Auditors have reviewed this Statement for inclusion in the 2016 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.

6. CONCLUSION

The Board is pleased to report that the Managing Director/Chief Executive Officer and Chief Finance Officer have given their assurance to the Board 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. However, the Board is also cognisant of the fact that the Company's system of internal control and risk management practices must continuously evolve to meet the changing and challenging business environment. Therefore, the Board will, when necessary, put in place appropriate action plans to further enhance the system of internal control.

This statement was approved by the Board of Directors on 29 June 2016.

AUDIT COMMITTEE REPORT

INTRODUCTION

The Board of Directors of the Company is pleased to present the report of the Audit Committee for the financial year ended 31 March 2016.

PURPOSE

The Audit Committee assists the Board in carrying out its responsibilities and meeting the Corporate Governance requirements. It reviews the quarterly financial information before recommending to the Board for adoption and release to Bursa Malaysia Securities Berhad, the Securities Commission and shareholders. In addition to this, the Audit Committee reviews the systems of internal controls which management and the Board of Directors have established, and makes recommendations to management on actions to be taken, if any, based on the reports of the independent Internal and External Auditors.

COMPOSITION OF THE AUDIT COMMITTEE AND ATTENDANCE OF MEMBERS AT MEETINGS

The composition of the Audit Committee and the attendance of the respective members at each Audit Committee Meeting during the financial year ended 31 March 2016 are as follows:-

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

* There were five (5) Audit Committee Meetings held during the financial year ended 31 March 2016. The meetings were held on 18 May 2015, 25 June 2015, 26 August 2015, 25 November 2015 and 24 February 2016.

Summary of Activities

During the financial year ended 31 March 2016, 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 times during the financial year in line with its Terms of Reference to encourage a greater exchange of free and honest views between both parties.

A summary of the activities carried out by the Audit Committee during the financial year included the following:-

1. Financial Results

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

Summary of Activities (continued)

2. External Audit

- a) Reviewed the External Auditors' scope of work and audit plan for the year and made recommendations to the Board on their re-appointment and 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; and
- d) Inquired into the assistance given by the Management to the External Auditors.

3. Internal Audit

- a) Reviewed the internal audit plan and resources planning requirements for the financial year;
- b) Reviewed the internal audit issues, recommendations and the management responses to rectify and improve the system of internal control; and
- 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.

4. Related Party Transactions ("RPT")

- a) Reviewed the recurrent RPT of the Company on a quarterly basis.

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 the activities of the internal audit function for the financial year ended 31 March 2016 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 in accordance with the approved audit plan;
- (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 2016 did not reveal weaknesses that have resulted in any material losses, contingencies or uncertainties that would require separate disclosure in this annual report.

STATISTIC OF SHAREHOLDINGS AS AT 30 JUNE 2016

Authorised Share Capital	:	RM80,000,000.00
Issued and Paid-Up Share Capital	:	RM60,798,534.00
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting Rights	:	One vote per ordinary share

ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares Held	%
1 – 99	289	9.90	4,799	0.01
100 – 1,000	909	31.14	620,204	1.02
1,001 – 10,000	1,392	47.69	5,189,376	8.54
10,001 – 100,000	281	9.63	7,673,203	12.62
100,001 – 3,039,925 (*)	47	1.61	16,865,507	27.74
3,039,926 and above (**)	1	0.03	30,445,445	50.08
TOTAL	2,919	100.00	60,798,534	100.00

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

SUBSTANTIAL SHAREHOLDER

The substantial shareholder of Ajinomoto (Malaysia) Berhad and its respective shareholdings based on the Register of Substantial Shareholders of the Company as at 30 June 2016 is as follows:-

	No. of Shares			
	Direct	%	Indirect	%
Ajinomoto Co., Inc.	30,445,445	50.08	-	-
FMR LLC	3,298,200	5.43	-	-

DIRECTORS' SHAREHOLDINGS

The Directors' Shareholdings based on the Register of Directors' Shareholdings of the Company as at 30 June 2016 are as follows:-

Directors	Direct Interest		Indirect Interest	
	No. of Shares Held	%	No. of Shares Held	%
General Tan Sri (Dr) Dato' Paduka Mohamed Hashim Bin Mohd Ali (Rtd)	10,000	0.02	10,000 ⁽¹⁾	0.02
Tan Sri Dato' (Dr) Teo Chiang Liang	-	-	150,000 ⁽²⁾	0.25
Keiji Kaneko	-	-	-	-
Koay Kah Ee	-	-	-	-
Dominic Aw Kian-Wee	-	-	-	-
Dato' Setia Ramli Bin Mahmud	-	-	-	-
Kamarudin Bin Rasid	-	-	-	-
Azharudin Bin Ab Ghani	-	-	-	-
Motohiro Komase	-	-	-	-
Dr. Masata Mitsuiki	-	-	2,676 ⁽³⁾	0.004

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

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

(3) Deemed interested by virtue of his shareholdings in Ajinomoto Co., Inc., the holding company.

STATISTIC OF SHAREHOLDINGS AS AT 30 JUNE 2016 (cont'd.)

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS

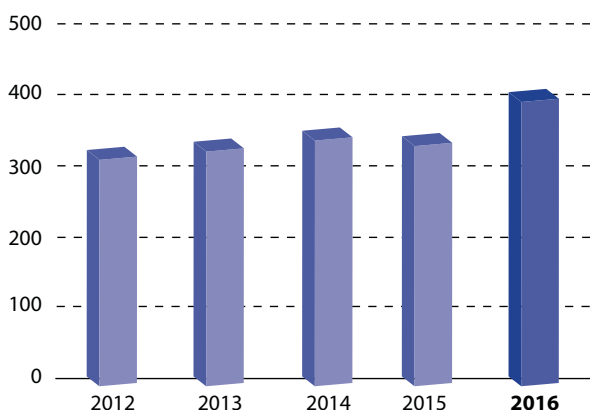
No. Shareholders		No. of Shares	%
1.	Ajinomoto Co., Inc.	30,445,445	50.08
2.	Cartaban Nominees (Asing) Sdn. Bhd. <i>BBH and Co. Boston for Fidelity Puritan Trust: Fidelity Series Intrinsic Opportunities Fund</i>	1,700,000	2.80
3.	HSBC Nominees (Asing) Sdn. Bhd. <i>Exempt AN for Credit Suisse (SG BR-TST-ASING)</i>	1,499,500	2.47
4.	Cartaban Nominees (Asing) Sdn. Bhd. <i>SSBT Fund F9EX for Fidelity Northstar Fund</i>	1,400,000	2.30
5.	Berjaya Sampo Insurance Berhad	1,307,454	2.15
6.	Chinchoo Investment Sdn. Berhad	1,210,800	1.99
7.	Maybank Nominees (Asing) Sdn. Bhd. <i>Bank of East Asia (Nominees) Pte Ltd for The Bank of East Asia Ltd Singapore (A/C 2-970510)</i>	1,131,030	1.86
8.	Tee Teh Sdn. Berhad	564,508	0.93
9.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad <i>Exempt AN for Bank of Singapore Limited</i>	530,000	0.87
10.	Wong Lok Jee @ Ong Lok Jee	501,000	0.82
11.	Kenanga Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Lim Kuan Gin</i>	500,000	0.82
12.	Yong Siew Lee	360,000	0.59
13.	Amanahraya Trustees Berhad <i>PB Smallcap Growth Fund</i>	352,000	0.58
14.	See Hoy Chan Agencies Sendirian Berhad	338,100	0.56
15.	Dato' Sri Tan How Yap	323,000	0.53
16.	Seah Mok Khoon	280,000	0.46
17.	Maybank Securities Nominees (Asing) Sdn. Bhd. <i>Maybank Kim Eng Securities Pte Ltd for Tan Pheck Gee</i>	236,238	0.39
18.	Yee Fook Leong	234,000	0.38
19.	Public Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Ng Heng Yiap (E-TMR/TMJ)</i>	219,600	0.36
20.	Tay How Seng	206,259	0.34
21.	Cartaban Nominees (Tempatan) Sdn. Bhd. <i>TMF Trustees Malaysia Berhad for RHB Private Fund – Series 6</i>	200,000	0.33
22.	Key Development Sdn. Berhad	200,000	0.33
23.	Oh Siew Heong	200,000	0.33
24.	Seah Heng Lye	200,000	0.33
25.	Cartaban Nominees (Asing) Sdn. Bhd. <i>SSBT Fund F9LJ for Fidelity Global Intrinsic Value Investment Trust</i>	198,200	0.33
26.	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Exempt AN for Maybank Asset Management Sdn. Bhd. (Resident)</i>	176,600	0.29
27.	Goh Beng Choo	168,300	0.28
28.	Eu Lee Chuan Enterprise Sdn. Berhad	160,000	0.26
29.	Affin Hwang Nominees (Asing) Sdn. Bhd. <i>DBS Vickers SECS (S) Pte Ltd for Punit Khanna</i>	154,900	0.25
30.	M'sian Vermicelli Manufacturers (M) Sdn. Bhd.	150,000	0.25
TOTAL		45,146,934	74.26

FINANCIAL HIGHLIGHTS

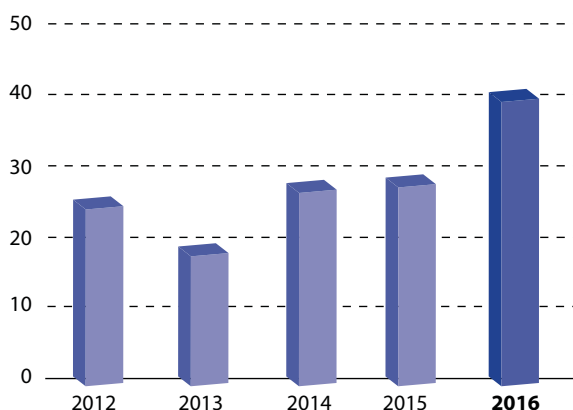
	2012 RM'000	2013 RM'000	2014 RM'000	2015 RM'000	2016 RM'000
REVENUE	324,652	332,908	345,351	340,376	400,201
PROFIT BEFORE TAX	33,521	28,085	37,596	40,596	53,941
PROFIT NET OF TAX	25,601	19,404	28,041	29,733	40,787
SHAREHOLDERS FUNDS	235,323	244,344	262,076	279,522	307,813
PER SHARE					
o GROSS EARNINGS (Sen)	55.1	46.2	61.8	66.8	88.7
o NET EARNINGS (Sen)	42.1	31.9	46.1	48.9	67.1
o NET ASSET (RM)	3.9	4.0	4.3	4.6	5.1
FINANCIAL RATIOS					
Return on Asset (%)	9.35%	6.59%	9.10%	8.93%	11.11%
Return on Equity (%)	10.88%	7.94%	10.70%	10.64%	13.25%
Dividend Payout Ratio (%)	40.97%	54.05%	40.11%	40.90%	50.31%*
Net Dividend per share (sen)	17.25	17.25	18.50	20.00	33.75*

* Subject to shareholders' approval at the Annual General Meeting

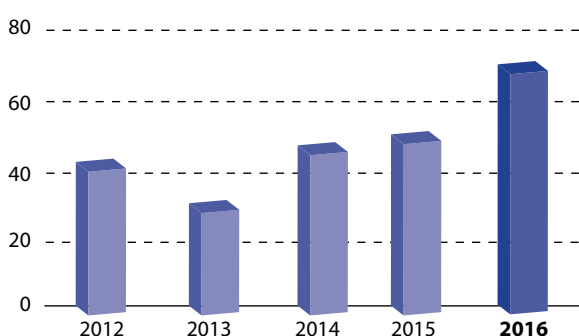
REVENUE (RM Millions)



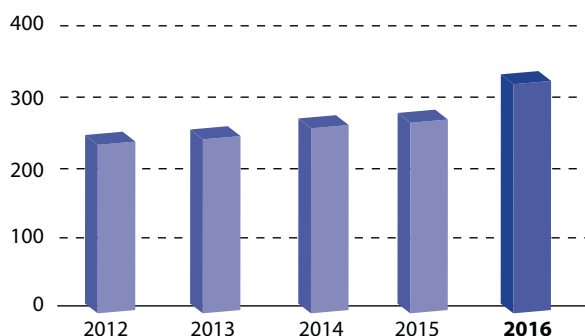
PROFIT NET OF TAX (RM Millions)



NET EARNINGS PER SHARE (Sen)



SHAREHOLDERS FUNDS (RM Millions)



DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Company for the financial year ended 31 March 2016.

Principal activities

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

Results

	RM
Profit net of tax	40,787,009

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

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

Dividends

The amount of dividends paid by the Company since 31 March 2015 were as follows:

	RM
In respect of the financial year ended 31 March 2015 as reported in the directors' report of that year	
First and final single-tier dividend of 20.0 sen per ordinary share declared on 28 September 2015 and paid on 21 October 2015	12,159,707

At the forthcoming Annual General Meeting, a first and final single-tier dividend in respect of the financial year ended 31 March 2016 of 33.75 sen per ordinary share on 60,798,534 ordinary shares, amounting to a dividend payable of RM20,519,505 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 2017.

Directors' report (cont'd.)

DIRECTORS

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

General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd. Ali (Rtd)	
Tan Sri Dato' (Dr.) Teo Chiang Liang	
Keiji Kaneko	(appointed on 1 July 2015)
Katsuhide Shirai	
Koay Kah Ee	
Dominic Aw Kian-Wee	
Dato' Setia Ramli bin Mahmud	
Kamarudin bin Rasid	
Azharudin bin Ab Ghani	
Motohiro Komase	
Dr. Masata Mitsuiki	(appointed on 1 July 2015)
Ryoichi Ebata	(resigned on 30 June 2015)
Ryuji Ito	(resigned on 30 June 2015)

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.

DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM1 each			
	At 1.4.2015	Acquired	Sold	At 31.3.2016
The Company				
Direct interest:				
General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd. Ali (Rtd)	10,000	-	-	10,000
Indirect interest:				
General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd. Ali (Rtd)	10,000	-	-	10,000
Tan Sri Dato' (Dr.) Teo Chiang Liang	150,000	-	-	150,000

Directors' report (cont'd.)

DIRECTORS' INTERESTS (CONT'D.)

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

	Number of shares			At 31.3.2016
	At 1.7.2015	Acquired	Sold	
Holding company - Ajinomoto Co. Inc.				
Direct interest:				
Dr. Masata Mitsuiki	2,585	78	-	2,663

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.

SUBSEQUENT EVENT

Subsequent event during the financial year is disclosed in Note 31 to the financial statement.

OTHER STATUTORY INFORMATION

- (a) Before the statement of comprehensive income and statement of financial position of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) it is necessary to write off any bad debts or the amount of the allowance for doubtful debts in the financial statements of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Company which has arisen since the end of the financial year.

Directors' report (cont'd.)

OTHER STATUTORY INFORMATION (CONT'D.)

- (f) In the opinion of the directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Company to meet its obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 29 June 2016.

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

Keiji Kaneko

STATEMENT BY DIRECTORS PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd. Ali (Rtd) and Keiji Kaneko, being two of the directors of Ajinomoto (Malaysia) Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 37 to 79 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 March 2016 and of the results and the cash flows of the Company for the year then ended.

The information set out in Note 32 on page 80 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 29 June 2016.

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

Keiji Kaneko

STATUTORY DECLARATION PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

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 37 to 80 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Heng Wai Shen at
Kuala Lumpur in the Federal
Territory on 29 June 2016

Heng Wai Shen

Before me,

Tan Seok Kett
(W530)
Commissioner for Oaths
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Ajinomoto (Malaysia) Berhad, which comprise the statement of financial position as at 31 March 2016 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 37 to 79.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2016 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, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 ("the Act") in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

OTHER MATTERS

The supplementary information set out in Note 32 on page 80 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 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

Ismed Darwis Bin Bahatiar
No. 2921/04/18(J)
Chartered Accountant

Kuala Lumpur, Malaysia
29 June 2016

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	Note	2016 RM	2015 RM
Revenue	4	400,200,539	340,375,936
Other items of income	5	6,040,168	4,304,554
Items of expenses			
Changes in inventories of finished goods, work in progress and good-in-transit		(5,291,915)	2,482,042
Raw materials and packaging materials consumed		(204,492,272)	(180,259,168)
Finished goods purchased		(12,793,863)	(9,029,466)
Employee benefits expense	6	(43,439,487)	(41,367,341)
Depreciation of property, plant and equipment		(11,536,922)	(10,626,572)
Other operating expenses		(74,744,801)	(65,283,528)
Profit before tax	8	53,941,447	40,596,457
Income tax expense	9	(13,154,438)	(10,863,078)
Profit net of tax		40,787,009	29,733,379
Other comprehensive income			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Fair value loss on investment securities		-	(178,682)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>			
Actuarial loss on defined benefit plans		(427,440)	(1,147,237)
Tax impact relating to actuarial loss on defined benefit plans		91,128	286,809
Other comprehensive income for the year, net of tax		(336,312)	(1,039,110)
Total comprehensive income for the year		40,450,697	28,694,269
Earnings per share attributable to equity holders of the Company (sen)			
- Basic	10	67.1	48.9
Net dividend per share (sen)	11	20.00	18.50

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

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2016

	Note	2016 RM	2015 RM
Assets			
Non-current assets			
Property, plant and equipment	12	105,043,473	105,329,610
Other receivables	16	1,343,712	1,332,142
Investment securities	13	798,814	798,814
Other investments	14	271,000	271,000
		<u>107,456,999</u>	<u>107,731,566</u>
Current assets			
Inventories	15	53,309,443	63,181,733
Trade and other receivables	16	43,067,766	38,902,249
Derivatives assets	17	966,667	5,672
Cash and bank balances	18	162,252,623	123,124,324
		<u>259,596,499</u>	<u>225,213,978</u>
Total assets		<u>367,053,498</u>	<u>332,945,544</u>
Equity and liabilities			
Current liabilities			
Retirement benefit obligations	19	568,508	501,271
Trade and other payables	20	43,295,725	40,585,498
Derivatives liabilities	17	460,137	311,483
Tax payable		2,439,691	292,023
		<u>46,764,061</u>	<u>41,690,275</u>
Non-current liabilities			
Retirement benefit obligations	19	9,206,250	8,231,072
Deferred tax liabilities	21	3,269,702	3,501,702
		<u>12,475,952</u>	<u>11,732,774</u>
Total liabilities		<u>59,240,013</u>	<u>53,423,049</u>
Net assets		<u>307,813,485</u>	<u>279,522,495</u>
Equity attributable to equity holders of the Company			
Share capital	22	60,798,534	60,798,534
Share premium	22	4,303,700	4,303,700
Retained earnings	23	243,781,862	215,154,560
Other reserves	24	(1,070,611)	(734,299)
Total equity		<u>307,813,485</u>	<u>279,522,495</u>
Total equity and liabilities		<u>367,053,498</u>	<u>332,945,544</u>

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 2016

		Non-distributable		Distributable		Total equity RM
	Note	Share capital RM (Note 22)	Share premium RM (Note 22)	Other reserves RM (Note 24)	Retained earnings RM (Note 23)	
At 1 April 2014		60,798,534	4,303,700	304,811	196,668,910	262,075,955
Total comprehensive income		-	-	(1,039,110)	29,733,379	28,694,269
<u>Transaction with owners</u>						
Dividends	11	-	-	-	(11,247,729)	(11,247,729)
At 31 March 2015		60,798,534	4,303,700	(734,299)	215,154,560	279,522,495
At 1 April 2015		60,798,534	4,303,700	(734,299)	215,154,560	279,522,495
Total comprehensive income		-	-	(336,312)	40,787,009	40,450,697
<u>Transaction with owners</u>						
Dividends	11	-	-	-	(12,159,707)	(12,159,707)
At 31 March 2016		60,798,534	4,303,700	(1,070,611)	243,781,862	307,813,485

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 2016

	2016 RM	2015 RM
Cash flows from operating activities		
Profit before tax	53,941,447	40,596,457
Adjustments for:		
Provision/(reversal) for short-term accumulating compensated absences	65,897	(197,885)
Interest income	(4,293,099)	(3,433,560)
Depreciation of property, plant and equipment	11,536,922	10,626,572
Impairment loss/(reversal) on trade receivables, net	32,257	(15,342)
Inventories written off	1,463,084	604,532
Property, plant and equipment written off	730,041	119,948
Loss/(gain) on disposal of property, plant and equipment	21,244	(5,459)
Provision for defined benefit plans	1,416,560	1,337,007
Unrealised foreign exchange loss/(gain)	1,523,078	(728,845)
Net fair value (gain)/loss on derivatives	(812,341)	391,977
Operating profit before working capital changes	65,625,090	49,295,402
Decrease/(increase) in inventories	8,409,206	(4,394,458)
Increase in trade and other receivables	(6,184,243)	(1,000,493)
Increase in trade and other payables	2,828,043	7,171,903
Cash generated from operations	70,678,096	51,072,354
Taxes paid	(11,147,642)	(11,969,921)
Net payments made to retirement benefit obligations	(801,585)	(937,658)
Net cash generated from operating activities	58,728,869	38,164,775
Cash flows from investing activities		
Purchase of property, plant and equipment	(12,719,326)	(13,031,234)
Proceeds from disposal of property, plant and equipment	717,256	195,290
Interest received	4,228,316	3,290,679
Placement of deposits with maturity more than 90 days	(2,164,417)	-
Net cash used in investing activities	(9,938,171)	(9,545,265)
Cash flows from financing activity		
Dividends paid, representing net cash used in financing activity	(12,159,707)	(11,247,729)
Net increase in cash and cash equivalents	36,630,991	17,371,781
Effect of exchange rate changes on cash and cash equivalents	332,891	341,977
Cash and cash equivalents at beginning of the financial year	123,124,324	105,410,566
Cash and cash equivalents at end of the financial year (Note 18)	160,088,206	123,124,324

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 2016

1. CORPORATE INFORMATION

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

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

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 29 June 2016.

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, 1965 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 2015, 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"):

- Amendments to MFRS 2: Share-based Payment (Annual Improvements 2010-2012 Cycle)
- Amendments to MFRS 3: Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)
- Amendments to MFRS 8: Operating Segments (Annual Improvements 2010-2012 Cycle)
- Amendments to MFRS 13: Fair Value Measurement (Annual Improvements 2011-2013 Cycle)
- Amendments to MFRS 116: Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)
- Amendments to MFRS 119: Employee Benefits - Defined Benefit Plans: Employee Contributions
- Amendments to MFRS 124: Related Party Disclosures (Annual Improvements 2010-2012 Cycle)
- Amendments to MFRS 138: Intangible Assets (Annual Improvements 2010-2012 Cycle)
- Amendments to MFRS 140: Investment Property (Annual Improvements 2011-2013 Cycle)

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

2.3 Summary of significant accounting policies

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

(a) Foreign currency

(i) Functional and presentation currency

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

Notes to the financial statements

For the financial year ended 31 March 2016 (cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(a) Foreign currency (cont'd.)

(ii) Foreign currency transactions

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

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

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

(b) Property, plant and equipment

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

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

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

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

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

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

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

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

Notes to the financial statements

For the financial year ended 31 March 2016 (cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(c) Impairment of non-financial assets

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

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

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

Impairment losses are recognised in profit or loss.

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

(d) Financial assets

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

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

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

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

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

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

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

Financial assets at fair value through profit or loss of the Company comprise derivative assets.

Notes to the financial statements

For the financial year ended 31 March 2016 (cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(d) Financial assets (cont'd.)

(ii) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. The loans and receivables of the Company comprise trade and other receivables (excluding prepayments and net Goods and Services tax refundable) and cash and bank balances.

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

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

(iii) Held-to-maturity investments

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

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

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

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

(iv) Available-for-sale financial assets

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

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

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

The Company's available-for-sale financial assets comprise investment securities.

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

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

Notes to the financial statements

For the financial year ended 31 March 2016 (cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(e) Impairment of financial assets

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

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

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

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

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

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

(ii) Available-for-sale financial assets

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

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

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

(f) Cash and cash equivalents

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

Notes to the financial statements

For the financial year ended 31 March 2016 (cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(g) Inventories

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

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

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

(h) Provisions

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

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

(i) Financial liabilities

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

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

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

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

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

Notes to the financial statements

For the financial year ended 31 March 2016 (cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(i) Financial liabilities (cont'd.)

(ii) Other financial liabilities

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

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

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

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

(j) Offsetting of financial instruments

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

(k) Employee benefits

(i) Short term benefits

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

(ii) Defined contribution plans

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

(iii) Defined benefit plans

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

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

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

Notes to the financial statements

For the financial year ended 31 March 2016 (cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(k) Employee benefits (cont'd.)

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

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

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

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

(l) Leases

(i) As lessee

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

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

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

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

(ii) As lessor

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

(m) Revenue

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

(i) Sale of goods

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

Notes to the financial statements

For the financial year ended 31 March 2016 (cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(m) Revenue (cont'd.)

(ii) Interest income

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

(iii) Rental income

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

(iv) Other income

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

(n) Income taxes

(i) Current tax

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

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

(ii) Deferred tax

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

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

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

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

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

Notes to the financial statements

For the financial year ended 31 March 2016 (cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(n) Income taxes (cont'd.)

(ii) Deferred tax (cont'd.)

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

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

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

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

(o) Share capital

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

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

(p) Contingencies

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

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

(q) Fair value measurements

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

(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.

Notes to the financial statements

For the financial year ended 31 March 2016 (cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

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

(ii) Non-financial assets

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

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

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

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

2.4 New and revised pronouncements not yet in effect

The following pronouncements that have been issued by the MASB will become effective in future financial reporting periods and have not been adopted by the Company:

Effective for annual periods beginning on or after 1 January 2016:

- MFRS 14: Regulatory Deferral Accounts
- Amendments to MFRS 5: Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)
- Amendments to MFRS 7: Financial Instruments - Disclosures (Annual Improvements 2012-2014 Cycle)
- Amendments to MFRS 10: Consolidated Financial Statements: Investment Entities - Applying the Consolidation Exception
- Amendments to MFRS 11: Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations
- Amendments to MFRS 12: Disclosure of Interests in Other Entities - Investment Entities: Applying the Consolidation Exception
- Amendments to MFRS 101: Presentation of Financial Statements - Disclosure Initiative
- Amendments to MFRS 116: Property, Plant and Equipment - Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to MFRS 116: Property, Plant and Equipment - Bearer Plants
- Amendments to MFRS 119: Employee Benefits (Annual Improvements 2012-2014 Cycle)
- Amendments to MFRS 127: Consolidated and Separate Financial Statements - Equity Method in Separate Financial Statements
- Amendments to MFRS 128: Investment in Associates - Investment Entities: - Applying the Consolidation Exception
- Amendments to MFRS 134: Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)
- Amendments to MFRS 138: Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to MFRS 141: Agriculture - Bearer Plants

Notes to the financial statements

For the financial year ended 31 March 2016 (cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

Effective for annual periods beginning on or after 1 January 2017:

- Amendments to MFRS 107: Statement of Cash Flows - Disclosure Initiative

Effective for annual periods beginning on or after 1 January 2018:

- MFRS 9: Financial Instruments
- MFRS 15: Revenue from Contracts with Customers

Effective for annual periods beginning on or after 1 January 2019:

- MFRS 16: Leases

MFRS, Interpretations and amendments with effective date not yet confirmed:

- Amendments to MFRS 10, Consolidated Financial Statements: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to MFRS 128, Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Company is expected to apply the above mentioned pronouncements beginning from the respective dates the pronouncements become effective. The initial application of the abovementioned pronouncements is not expected to have any material impact to the financial statements of the Company except as mentioned below:

(i) MFRS 9 Financial Instruments

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

(ii) MFRS 15 Revenue from Contracts with Customers

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

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

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Company is in the process of assessing the impact of MFRS 15 application on the amounts reported and disclosures made in the Company's financial statements. The Company plans to adopt the new standard on the required effective date.

Notes to the financial statements

For the financial year ended 31 March 2016 (cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(iii) MFRS 16 Leases

MFRS 16 requires lessees to recognise most leases on their statement of financial position as lease liabilities with corresponding right-of-use assets. Lessees must apply a single model for all recognised leases, but will have the option not to recognise 'short-term' leases and leases of 'low-value' assets. Generally, the profit or loss recognition pattern for recognised leases will be similar to today's finance lease accounting, with interest and depreciation expense recognised separately in the statement of profit or loss. Lessor accounting is substantially unchanged from current accounting.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2019 with early adoption permitted. The Company is in the process of assessing the impact of MFRS 16 application on the amounts reported and disclosures made in the Company's financial statements. The Company plans to adopt the new standard on the required effective date.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

3.1 Judgements made in applying accounting policies

There were no significant judgements made by management in the process of applying the accounting policies of the Company which may have significant effect on the amounts recognised in the financial statements.

3.2 Key sources of estimation uncertainty

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

(a) Depreciation of plant and machinery

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

(b) Deferred tax

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

Notes to the financial statements

For the financial year ended 31 March 2016 (cont'd.)

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

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

(c) Tax provisions

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

(d) Impairment of loans and receivables

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

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

(e) 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.

(f) Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using valuation techniques, including the discounted cash flow method. Where possible, the inputs to these valuation models are taken from observable markets. However, when this is considered unfeasible, a degree of judgement is made in establishing fair values. The judgements made include having considered a host of factors including liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Further disclosure of fair value of financial instruments is provided in Note 27.

Notes to the financial statements

For the financial year ended 31 March 2016 (cont'd.)

4. REVENUE

	2016 RM	2015 RM
Sale of goods	400,200,539	340,375,936

5. OTHER ITEMS OF INCOME

	2016 RM	2015 RM
Miscellaneous income	156,938	87,745
Rental income	777,790	777,790
Interest income	4,293,099	3,433,560
Gain on disposal of property, plant and equipment	-	5,459
Net fair value gain on derivatives	812,341	-
	<u>6,040,168</u>	<u>4,304,554</u>

6. EMPLOYEE BENEFITS EXPENSE

	2016 RM	2015 RM
Wages and salaries	34,928,043	33,908,453
Gratuity	60,000	60,000
Defined contribution plans	3,377,223	2,994,981
Provision for defined benefit plans (Note 19)	1,416,560	1,337,007
Social security costs	260,958	260,443
Provision/(reversal) for short-term accumulating compensated absences	65,897	(197,885)
Other staff related expenses	3,330,806	3,004,342
Total employee benefit expenses (Note 8)	<u>43,439,487</u>	<u>41,367,341</u>

Included in employee benefits expense of the Company are executive directors' remuneration amounting to RM3,175,582 (2015: RM3,077,683) as further disclosed in Note 7.

Notes to the financial statements

For the financial year ended 31 March 2016 (cont'd.)

7. DIRECTORS' REMUNERATION

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

	2016 RM	2015 RM
Executive:		
Salaries and other emoluments	2,517,972	2,461,949
Fees	150,000	150,000
Bonus	343,957	337,237
Gratuity	60,000	60,000
Defined contribution plan	103,653	68,497
	<hr/>	<hr/>
Total executive directors' remuneration (excluding benefits-in-kind) (Note 6)	3,175,582	3,077,683
Estimated money value of benefit-in-kind	326,653	376,153
	<hr/>	<hr/>
Total executive directors' remuneration (including benefits-in-kind)	3,502,235	3,453,836
	<hr/>	<hr/>
Non-executive:		
Fees	210,000	210,000
Gratuity	84,000	84,000
Other emoluments	118,100	117,500
	<hr/>	<hr/>
Total non-executive directors' remuneration (Note 8)	412,100	411,500
	<hr/>	<hr/>
Total directors' remuneration	3,914,335	3,865,336
	<hr/>	<hr/>

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

	Number of directors 2016	2015
Executive directors:		
RM150,001 - RM200,000	1	1
RM200,001 - RM250,000	1	-
RM300,001 - RM350,000	-	2
RM350,001 - RM400,000	2	-
RM450,001 - RM500,000	1	-
RM500,001 - RM550,000	1	1
RM600,001 - RM650,000	-	1
RM650,001 - RM700,000	2	1
RM750,001 - RM800,000	-	1
	<hr/>	<hr/>
Non-executive directors:		
RM50,001 - RM100,000	4	4
RM100,001 - RM150,000	1	1
	<hr/>	<hr/>

Notes to the financial statements

For the financial year ended 31 March 2016 (cont'd.)

8. PROFIT BEFORE TAX

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

	2016 RM	2015 RM
Employee benefits expenses (Note 6)	43,439,487	41,367,341
Non-executive directors' remuneration excluding benefits-in-kind (Note 7)	412,100	411,500
Auditors' remuneration:		
- Statutory	76,700	76,700
- Other services	25,950	43,600
Depreciation of property, plant and equipment (Note 12)	11,536,922	10,626,572
Inventories written off	1,463,084	604,532
Impairment loss/(reversal) on trade receivables, net (Note 16)	32,257	(15,342)
Foreign exchange losses/(gain) :		
- Realised	446,555	308,832
- Unrealised	1,523,078	(728,845)
Net fair value (gain)/loss on derivatives	(812,341)	391,977
Loss/(gain) on disposal of property, plant and equipment	21,244	(5,459)
Property, plant and equipment written off	730,041	119,948

9. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the years ended 31 March 2016 and 2015 are:

	2016 RM	2015 RM
Current income tax	13,409,000	10,693,005
Overprovision in prior years	(113,690)	(164,132)
	<u>13,295,310</u>	<u>10,528,873</u>
Deferred tax (Note 21):		
Relating to origination and reversal to temporary differences	64,021	305,737
Relating to reduction in Malaysian income tax rate	(149,317)	-
(Over)/under provision in prior years	(55,576)	28,468
	<u>(140,872)</u>	<u>334,205</u>
Total income tax expense	<u>13,154,438</u>	<u>10,863,078</u>

Domestic current income tax is calculated at the statutory tax rate of 24% (2015: 25%) of the estimated taxable profit for the year.

Notes to the financial statements

For the financial year ended 31 March 2016 (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:

	2016 RM	2015 RM
Profit before tax	53,941,447	40,596,457
Taxation at Malaysian statutory tax rate of 24% (2015: 25%)	12,945,947	10,149,114
Effect on deferred tax of reduction in Malaysian income tax rate	(149,317)	-
Expenses not deductible for tax purposes	527,074	849,628
(Over)/under provision of deferred tax in prior years	(55,576)	28,468
Overprovision of income tax expense in prior years	(113,690)	(164,132)
Income tax expense	13,154,438	10,863,078

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.

	2016 sen	2015 sen
Basic earnings per share	67.1	48.9

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 2016 (cont'd.)

11. DIVIDENDS

	Amount 2016 RM	2015 RM	Net dividend per share 2016 Sen	2015 Sen
Recognised during the year:				
Dividend in respect of financial year ended 31 March 2015				
First and final single-tier dividend of 20.0 sen per ordinary share	12,159,707	-	20.00	-
Dividend in respect of financial year ended 31 March 2014				
First and final single-tier dividend of 18.5 sen per ordinary share	-	11,247,729	-	18.50

At the forthcoming Annual General Meeting, a first and final single-tier dividend of 33.75 sen per ordinary share in respect of the financial year ended 31 March 2016 amounting to a dividend payable of RM20,519,505 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 2017.

Notes to the financial statements

For the financial year ended 31 March 2016 (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 2016								
Cost								
At 1 April 2015	71,525	41,386,462	57,473,052	9,840,021	157,871,831	7,507,463	1,498,539	275,648,893
Additions	-	15,200	1,938,398	1,541,410	8,003,291	638,756	582,271	12,719,326
Transfers	-	-	198,281	-	1,284,647	15,611	(1,498,539)	-
Disposals	-	-	-	(2,296,030)	(4,090)	-	-	(2,300,120)
Written off	-	(39,368)	(8,000)	-	(5,814,912)	(153,790)	-	(6,016,070)
At 31 March 2016	71,525	41,362,294	59,601,731	9,085,401	161,340,767	8,008,040	582,271	280,052,029
Accumulated depreciation								
At 1 April 2015	-	3,608,146	42,832,793	3,820,967	116,414,798	3,642,579	-	170,319,283
Depreciation charge for the year (Note 8)	-	589,758	3,553,638	794,938	5,942,436	656,152	-	11,536,922
Disposals	-	-	-	(1,557,530)	(4,090)	-	-	(1,561,620)
Written off	-	(298)	(1,556)	-	(5,159,814)	(124,361)	-	(5,286,029)
At 31 March 2016	-	4,197,606	46,384,875	3,058,375	117,193,330	4,174,370	-	175,008,556
Net carrying amount	71,525	37,164,688	13,216,856	6,027,026	44,147,437	3,833,670	582,271	105,043,473
At 31 March 2015								
Cost								
At 1 April 2014	71,525	41,386,462	55,160,676	8,534,053	153,636,621	6,986,713	738,032	266,514,082
Additions	-	-	2,424,333	1,771,335	6,654,092	682,935	1,498,539	13,031,234
Transfers	-	-	-	-	738,032	-	(738,032)	-
Disposals	-	-	-	(465,367)	(133,200)	-	-	(598,567)
Written off	-	-	(111,957)	-	(3,023,714)	(162,185)	-	(3,297,856)
At 31 March 2015	71,525	41,386,462	57,473,052	9,840,021	157,871,831	7,507,463	1,498,539	275,648,893
Accumulated depreciation								
At 1 April 2014	-	3,018,687	39,631,260	3,399,198	114,069,388	3,160,822	-	163,279,355
Depreciation charge for the year (Note 8)	-	589,459	3,279,292	705,837	5,443,510	608,474	-	10,626,572
Disposals	-	-	-	(284,068)	(124,668)	-	-	(408,736)
Written off	-	-	(77,759)	-	(2,973,432)	(126,717)	-	(3,177,908)
At 31 March 2015	-	3,608,146	42,832,793	3,820,967	116,414,798	3,642,579	-	170,319,283
Net carrying amount	71,525	37,778,316	14,640,259	6,019,054	41,457,033	3,864,884	1,498,539	105,329,610

Notes to the financial statements

For the financial year ended 31 March 2016 (cont'd.)

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

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

	2016 RM	2015 RM
At cost:		
Buildings	25,188,016	22,213,146
Motor vehicles	-	541,146
Plant, machinery and equipment	68,258,816	72,632,151
Furniture, fixtures and fittings	1,073,808	1,196,479
	<u>94,520,640</u>	<u>96,582,922</u>

The Company acquired property, plant and equipment amounting to RM12,719,326 (2015: RM13,031,234) via cash.

13. INVESTMENT SECURITIES

	2016 RM	2015 RM
Non-current		
Available-for-sale financial assets:		
Quoted shares in a Malaysian corporation, at fair value	<u>798,814</u>	<u>798,814</u>

14. OTHER INVESTMENTS

	2016 RM	2015 RM
Transferable club memberships	344,000	344,000
Less: Accumulated impairment loss	(73,000)	(73,000)
	<u>271,000</u>	<u>271,000</u>

15. INVENTORIES

	2016 RM	2015 RM
At cost:		
Raw materials	26,786,184	30,988,575
Consumables	1,857,209	2,235,193
Work-in-progress	787,357	654,297
Finished goods	23,878,693	29,303,668
	<u>53,309,443</u>	<u>63,181,733</u>

The cost of inventories recognised as an expense during the financial year amounted to RM261,814,088 (2015: RM224,314,393).

Notes to the financial statements

For the financial year ended 31 March 2016 (cont'd.)

16. TRADE AND OTHER RECEIVABLES

	2016 RM	2015 RM
Current		
Trade receivables		
Third parties	24,733,280	22,787,594
Amount due from holding company	-	413,898
Amount due from related companies	14,711,957	11,990,034
	<u>39,445,237</u>	<u>35,191,526</u>
Less: Allowance for impairment - Third parties	(50,623)	(33,617)
Trade receivables, net	<u>39,394,614</u>	<u>35,157,909</u>
Other receivables		
Deposits	563,464	434,059
Prepayments	910,062	1,687,163
Staff loans	497,783	579,686
Goods and Services Tax ("GST") refundable, net	619,190	-
Sundry receivables	1,082,653	1,043,432
	<u>3,673,152</u>	<u>3,744,340</u>
	<u>43,067,766</u>	<u>38,902,249</u>
Non-current		
Other receivables		
Staff loans	1,352,085	1,340,515
Less: Allowance for impairment	(8,373)	(8,373)
	<u>1,343,712</u>	<u>1,332,142</u>
Total trade and other receivables (current and non-current)	44,411,478	40,234,391
Add: Cash and bank balances (Note 18)	162,252,623	123,124,324
Less: Prepayments	(910,062)	(1,687,163)
GST refundable	(619,190)	-
Total loans and receivables carried at amortised cost	<u>205,134,849</u>	<u>161,671,552</u>

Notes to the financial statements

For the financial year ended 31 March 2016 (cont'd.)

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

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 14 to 90 days (2015: 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:

	2016 RM	2015 RM
Neither past due nor impaired	27,531,073	22,323,630
1 to 30 days past due not impaired	9,886,456	10,780,202
31 to 60 days past due not impaired	1,257,731	1,911,129
61 to 90 days past due not impaired	667,151	19,872
91 to 120 days past due not impaired	32,075	91,198
More than 120 days past due not impaired	20,128	31,878
Impaired	11,863,541 50,623	12,834,279 33,617
	<u>39,445,237</u>	<u>35,191,526</u>

Receivables that are neither past due nor impaired

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

Receivables that are past due but not impaired

The Company has trade receivables amounting to RM11,863,541 (2015: RM12,834,279) that are past due at the reporting date but not impaired.

At the reporting date, trade receivables arising from export sales amounting to RM525,959 (2015: RM570,390) 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 RM499,159 (2015: RM716,031) at the reporting date. The remaining balance of receivables that are past due but not impaired are unsecured in nature.

Notes to the financial statements

For the financial year ended 31 March 2016 (cont'd.)

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

(a) Trade receivables (cont'd.)

Receivables that are impaired

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

	Individually impaired	
	2016 RM	2015 RM
Trade receivables - nominal amounts	50,623	33,617
Less: Allowance for impairment	(50,623)	(33,617)
	<u>-</u>	<u>-</u>

Movement in allowance accounts:

	2016 RM	2015 RM
At 1 April 2015/2014	33,617	212,762
Impairment loss (Note 8)	47,820	33,617
Reversal of impairment loss (Note 8)	(15,563)	(48,959)
Written off	(15,251)	(163,803)
	<u>50,623</u>	<u>33,617</u>
At 31 March		

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

(b) Staff loans

Other receivables that are impaired

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

	Individually impaired	
	2016 RM	2015 RM
Other receivables - nominal amounts	8,373	8,373
Less: Allowance for impairment	(8,373)	(8,373)
	<u>-</u>	<u>-</u>

Notes to the financial statements

For the financial year ended 31 March 2016 (cont'd.)

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

(b) Staff loans (cont'd.)

Movement in allowance accounts:

	2016 RM	2015 RM
At 1 April 2014/2015 and 31 March	8,373	8,373

At the reporting date, the Company has provided an allowance of RM8,373 (2015: RM8,373) for impairment of the unsecured staff loan with a nominal amount of RM8,373 (2015: RM8,373).

Staff loans are unsecured, bear interest at 0% to 2.5% (2015: 0% to 2.5%) per annum. Non-current amounts have an average maturity of 2.86 years (2015: 2.37 years). The loans are recognised initially at fair value. The difference between the fair value and the nominal loan amount represents payment for services to be rendered during the period of the loan and is recorded as part of operating expenses.

(c) Amounts due from holding company and related companies

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

17. DERIVATIVES

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

	Forward foreign exchange contracts RM	Notional Amount RM
As at 31 March 2016:		
Derivative assets	966,667	18,352,182
Derivative liabilities	(460,137)	17,947,201
As at 31 March 2015:		
Derivative assets	5,672	1,689,322
Derivative liabilities	(311,483)	10,912,573

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.

Forward currency contracts are used to hedge the Company's sales and purchases of raw materials denominated in United States Dollar ("USD") and Singapore Dollar ("SGD") for which firm commitments existed at the reporting date, extending to July 2016.

During the financial year, the Company recognised a gain of RM812,341 (2015: loss of RM391,977) arising from fair value changes of these derivatives. The fair value changes are attributable to changes in foreign exchange spot and forward rate.

Notes to the financial statements

For the financial year ended 31 March 2016 (cont'd.)

18. CASH AND BANK BALANCES

	2016 RM	2015 RM
Cash at banks and on hand	19,857,401	7,704,237
Deposits with licensed banks	142,395,222	115,420,087
Total cash and bank balances	162,252,623	123,124,324
Less: Deposits with maturity more than 90 days	(2,164,417)	-
Cash and cash equivalents	160,088,206	123,124,324

The interest rates relating to deposits with licensed banks at the reporting date vary from 2.40% to 3.86% (2015: 2.05% to 3.80%) per annum.

The maturities of the deposits with licensed banks as at the reporting date vary from 6 days to 180 days (2015: 4 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% (2015: 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:

	2016 RM	2015 RM
Present value of defined benefit obligations, representing net liability	9,774,758	8,732,343
Analysed as:		
Within the next 12 months	568,508	501,271
Beyond 1 year	9,206,250	8,231,072
	9,774,758	8,732,343

Notes to the financial statements

For the financial year ended 31 March 2016 (cont'd.)

19. EMPLOYEE BENEFITS (CONT'D.)

Retirement benefit obligations (cont'd.)

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

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

2015 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
At 1 April 2014	9,532,822	(2,347,065)	7,185,757
Movement during the financial year:			
Service cost	890,682	-	890,682
Net interest	594,401	(148,076)	446,325
Retirement benefit cost charged to profit or loss (Note 6)	1,485,083	(148,076)	1,337,007
Net benefits (paid)/received	(481,302)	52,534	(428,768)
Actuarial loss recognised in other comprehensive income	1,045,231	102,006	1,147,237
Contributions by the Company	-	(508,890)	(508,890)
	563,929	(354,350)	209,579
At 31 March 2015	11,581,834	(2,849,491)	8,732,343

Notes to the financial statements

For the financial year ended 31 March 2016 (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:

	2016 %	2015 %
Discount rate	5.50	5.75
Salary increment rate	5.00	5.00

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

	Increase/ (decrease)	2016 RM	Increase/ (decrease)	2015 RM
Discount rate	+1%	(973,839)	+1%	(879,528)
	-1%	1,110,315	-1%	1,003,985
Salary increment rate	+1%	323,055	+1%	300,901
	-1%	(296,056)	-1%	(275,614)

20. TRADE AND OTHER PAYABLES

	2016 RM	2015 RM
Trade payables		
Third parties	8,216,540	7,342,108
Amount due to holding company	475,671	-
Amount due to related companies	13,263,608	16,285,467
	<u>21,955,819</u>	<u>23,627,575</u>
Other payables		
Accrued operating expenses	7,334,206	4,366,664
Sundry payables	11,030,978	10,171,093
Amount due to holding company	2,783,361	2,307,583
Amount due to related companies	191,361	112,583
	<u>21,339,906</u>	<u>16,957,923</u>
Total trade and other payables, representing total financial liabilities carried at amortised cost	<u>43,295,725</u>	<u>40,585,498</u>

Notes to the financial statements

For the financial year ended 31 March 2016 (cont'd.)

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

(a) Trade payables

These amounts are non-interest bearing. The normal trade credit terms granted to the Company ranges from 30 to 60 days (2015: 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 (2015: average term of 3 months).

(c) Amounts due to holding company and related companies

These amounts are unsecured, non-interest bearing and have credit terms of 30 to 60 days (2015: 30 to 60 days).

21. DEFERRED TAXATION

	2016 RM	2015 RM
At 1 April 2015/2014	3,501,702	3,454,306
Recognised in statement of comprehensive income (Note 9)	(140,872)	334,205
Recognised in other comprehensive income	(91,128)	(286,809)
	<u>3,269,702</u>	<u>3,501,702</u>
At 31 March	<u>3,269,702</u>	<u>3,501,702</u>
Presented after appropriate offsetting as follows:		
Deferred tax assets	(4,037,300)	(3,014,100)
Deferred tax liabilities	7,307,002	6,515,802
	<u>3,269,702</u>	<u>3,501,702</u>

Deferred tax assets of the Company:

	Retirement benefit obligations RM	Provisions RM	Total RM
At 1 April 2015	2,322,631	691,469	3,014,100
Recognised in the statement of comprehensive income	78,886	853,186	932,072
Recognised in other comprehensive income	91,128	-	91,128
	<u>2,492,645</u>	<u>1,544,655</u>	<u>4,037,300</u>
At 31 March 2016	<u>2,492,645</u>	<u>1,544,655</u>	<u>4,037,300</u>
At 1 April 2014	1,796,440	686,802	2,483,242
Recognised in the statement of comprehensive income	239,382	4,667	244,049
Recognised in other comprehensive income	286,809	-	286,809
	<u>2,322,631</u>	<u>691,469</u>	<u>3,014,100</u>
At 31 March 2015	<u>2,322,631</u>	<u>691,469</u>	<u>3,014,100</u>

Notes to the financial statements

For the financial year ended 31 March 2016 (cont'd.)

21. DEFERRED TAXATION (CONT'D.)

Deferred tax liabilities of the Company:

	Revaluation reserves RM	Accelerated capital allowances RM	Total RM
At 1 April 2015	2,080,524	4,435,278	6,515,802
Recognised in the statement of comprehensive income	(123,845)	915,045	791,200
At 31 March 2016	1,956,679	5,350,323	7,307,002
At 1 April 2014	2,122,841	3,814,707	5,937,548
Recognised in the statement of comprehensive income	(42,317)	620,571	578,254
At 31 March 2015	2,080,524	4,435,278	6,515,802

22. SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares of RM1 each		Amount	
	2016	2015	2016 RM	2015 RM
Authorised:				
At 1 April 2015/2014/31 March	80,000,000	80,000,000	80,000,000	80,000,000
Issued and fully paid:				
At 1 April 2015/2014/31 March	60,798,534	60,798,534	60,798,534	60,798,534

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

The share premium account is not available for distribution but may be applied for bonus issue of shares.

23. RETAINED EARNINGS

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

Notes to the financial statements

For the financial year ended 31 March 2016 (cont'd.)

24. OTHER RESERVES

	Fair value reserve RM	Defined benefit reserves RM	Total RM
At 1 April 2015	126,129	(860,428)	(734,299)
Other comprehensive income:			
Defined benefit plan actuarial loss	-	(427,440)	(427,440)
Income tax effect	-	91,128	91,128
At 31 March 2016	126,129	(1,196,740)	(1,070,611)
At 1 April 2014	304,811	-	304,811
Other comprehensive income:			
Fair value loss on investment securities	(178,682)	-	(178,682)
Defined benefit plan actuarial loss	-	(1,147,237)	(1,147,237)
Income tax effect	-	286,809	286,809
At 31 March 2015	126,129	(860,428)	(734,299)

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

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

25. COMMITMENTS

	2016 RM	2015 RM
(a) Capital commitment		
Approved but not contracted for:		
Property, plant and equipment	19,567,000	21,595,000

(b) Operating lease commitments – as lessor

The Company has entered into commercial lease on its long-term leasehold land. This non-cancellable lease has remaining lease term of approximately 1 year.

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

	2016 RM	2015 RM
Not later than 1 year	518,127	777,190
Later than 1 year but not later than 5 years	-	518,127
	518,127	1,295,317

Notes to the financial statements

For the financial year ended 31 March 2016 (cont'd.)

26. 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:

	2016 RM	2015 RM
Transactions with related companies:		
Commission income	17,365	9,757
Royalties payable	(9,667,373)	(8,228,739)
Sales	83,872,941	66,049,326
Purchases	(150,234,926)	(129,016,229)
Purchases of assets	(514,514)	(1,027,889)
Promotional expenses	(105,121)	(158,663)
Other expenses	(656,136)	(615,123)
Shared information technology services	(2,303,343)	(1,953,125)

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

- (b) Compensation of key management personnel

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

27. FAIR VALUE OF FINANCIAL INSTRUMENTS

Determination of fair value

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

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

	<u>Note</u>
Trade and other receivables (excluding prepayments and GST refundable) (current)	16
Trade and other payables (current)	20

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

Staff loans

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

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.

Notes to the financial statements

For the financial year ended 31 March 2016 (cont'd.)

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

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

Level 1 - Quoted prices in active markets for identical financial instruments.

Level 2 - Inputs other than quoted prices that are included in Level 1 that are observable for the asset either directly or indirectly.

Level 3 - Inputs that are not based on observable market data.

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

	Level 1 RM	Level 2 RM	Total RM
As at 31 March 2016:			
<i>Financial assets</i>			
Available-for-sale financial assets - Investment securities	798,814	-	798,814
Derivatives	-	966,667	966,667
	<u>798,814</u>	<u>966,667</u>	<u>1,765,481</u>
<i>Financial liabilities</i>			
Derivatives	-	460,137	460,137
	<u>-</u>	<u>460,137</u>	<u>460,137</u>
As at 31 March 2015:			
<i>Financial assets</i>			
Available-for-sale financial assets - Investment securities	798,814	-	798,814
Derivatives	-	5,672	5,672
	<u>798,814</u>	<u>5,672</u>	<u>804,486</u>
<i>Financial liabilities</i>			
Derivatives	-	311,483	311,483
	<u>-</u>	<u>311,483</u>	<u>311,483</u>

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 2016 (cont'd.)

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

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

(a) Credit risk

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

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

Exposure to credit risk

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

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

Credit risk concentration profile

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

	2016		2015	
	RM'000	% of total	RM'000	% of total
By country:				
Malaysia	16,809	43%	15,036	43%
Middle East	5,722	15%	4,506	13%
Indonesia	4,731	12%	5,444	15%
Thailand	4,135	10%	1,914	5%
Singapore	1,297	3%	1,223	3%
Brunei	820	2%	632	2%
Japan	396	1%	826	3%
Other countries	5,485	14%	5,577	16%
	39,395	100%	35,158	100%

Notes to the financial statements

For the financial year ended 31 March 2016 (cont'd.)

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

(a) Credit risk (cont'd.)

Credit risk concentration profile (cont'd.)

At the reporting date, approximately:

- 44% (2015: 45%) of the Company's trade receivables were due from 5 major customers.
- 33% (2015: 31%) of the Company's trade and other receivables were due from related companies.

Financial assets that are neither past due nor impaired

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

Financial assets that are either past due or impaired

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

(b) Liquidity risk

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

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

	On demand or within one year	
	2016 RM	2015 RM
Financial liabilities:		
Trade and other payables	43,295,725	40,585,498
Derivatives liabilities	460,137	311,483
	<u>43,755,862</u>	<u>40,896,981</u>

(c) Interest rate risk

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

The Company's exposure to interest rate risk arises primarily from the deposits placed with licensed financial institutions. All of the Company's financial assets are contractually re-priced at intervals of less than 6 months (2015: less than 6 months) from the reporting date.

Sensitivity analysis for interest rate risk

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

Notes to the financial statements

For the financial year ended 31 March 2016 (cont'd.)

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

(d) Foreign currency risk

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

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

Approximately 38% (2015: 35%) of the Company's sales are denominated in foreign currencies whilst almost 48% (2015: 40%) 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 RM7,311,665 (2015: RM4,562,753).

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 31 March 2016, the Company hedged 96% (2015: 95%) and 89% (2015: 84%) of its foreign currency denominated sales and purchases of raw materials respectively for which firm commitments existed at the reporting date, extending to July 2016.

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.

	2016 RM'000 Profit net tax	2015 RM'000 Profit net tax
USD/RM - strengthened 4% (2015: 4%)	268	147
- weakened 4% (2015: 4%)	(268)	(147)
JPY/RM - strengthened 4% (2015: 4%)	(26)	(34)
- weakened 4% (2015: 4%)	26	34
SGD/RM - strengthened 4% (2015: 4%)	56	50
- weakened 4% (2015: 4%)	(56)	(50)
EUR/RM - strengthened 4% (2015: 4%)	(4)	(7)
- weakened 4% (2015: 4%)	4	7

(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 equity price risk arising from its investment in quoted equity instruments. The quoted equity instruments in Malaysia are listed on the Bursa Malaysia. These instruments are classified as available-for-sale financial assets.

Sensitivity analysis for equity price risk

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

Notes to the financial statements

For the financial year ended 31 March 2016 (cont'd.)

29. 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 2016 and 31 March 2015.

30. SEGMENTAL INFORMATION

(a) Business segment

The Company is primarily engaged in two major areas of activities, umami segment and food and seasoning segment. Umami segment comprises products that are derived from the fermentation process such as Monosodium Glutamate (MSG) and related products. The food and seasoning segment consists of products derived from the extraction and mixing process such as industrial seasonings, tumix and related seasonings. Other segment consists of products sold by the Company include trading goods such as industrial sweetener, frozen food and provision of services in relation to food industry.

	Umami segment RM	Food and seasoning segment RM	Others RM	Total RM
At 31 March 2016				
Revenue	268,794,150	129,065,161	2,341,228	400,200,539
Results				
Segment profit	32,369,338	16,798,300	480,710	49,648,348
Interest income				4,293,099
Profit before tax				53,941,447
Income tax expense				(13,154,438)
Profit, net of tax				40,787,009
At 31 March 2015				
Revenue	233,772,467	104,347,432	2,256,037	340,375,936
Results				
Segment profit	30,621,953	5,820,146	720,798	37,162,897
Interest income				3,433,560
Profit before tax				40,596,457
Income tax expense				(10,863,078)
Profit, net of tax				29,733,379

Notes to the financial statements

For the financial year ended 31 March 2016 (cont'd.)

30. SEGMENTAL INFORMATION (CONT'D.)

(a) Business segment (cont'd.)

	Umami segment RM	Food and seasoning segment RM	Others RM	Total RM
At 31 March 2016				
Assets				
Segment assets	226,582,337	138,250,115	2,221,046	367,053,498
Total assets				367,053,498
Liabilities				
Segment liabilities	38,113,904	15,224,944	191,772	53,530,620
Current tax payable				2,439,691
Deferred tax liabilities				3,269,702
Total liabilities				59,240,013
Other segment information				
Capital expenditure	8,593,190	4,126,136	-	12,719,326
Depreciation	7,794,356	3,742,566	-	11,536,922
At 31 March 2015				
Assets				
Segment assets	245,639,275	83,745,165	3,561,104	332,945,544
Total assets				332,945,544
Liabilities				
Segment liabilities	36,854,989	12,499,693	274,642	49,629,324
Current tax payable				292,023
Deferred tax liabilities				3,501,702
Total liabilities				53,423,049
Other segment information				
Capital expenditure	8,822,737	4,208,497	-	13,031,234
Depreciation	7,194,672	3,431,900	-	10,626,572

Notes to the financial statements

For the financial year ended 31 March 2016 (cont'd.)

30. 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					
2016	248,739,165	55,072,670	91,345,691	5,043,013	400,200,539
2015	220,576,214	41,514,351	74,301,223	3,984,148	340,375,936

31. SUBSEQUENT EVENT

The Company had on 17 May 2016 received a letter from the Kuala Lumpur Land Administrator pertaining to the planned compulsory acquisition of the following lands for the purpose of "Projek Mass Rapid Transit (MRT) – Jajaran Sungai Buloh-Serdang-Putrajaya (MRT Jajaran 2)".

The three affected plots of land are located at:

- (i) Lot 47088, Jalan Kuchai Lama, Petaling, 58200 Kuala Lumpur measuring approximately 250.70 square metres;
- (ii) Lot 14298, Jalan Kuchai Lama, Petaling, 58200 Kuala Lumpur measuring approximately 148.61 square metres; and
- (iii) Lot 58602, Jalan Kuchai Lama, Petaling, 58200 Kuala Lumpur measuring approximately 30,688.00 square metres.

The planned compulsory acquisition for MRT Jajaran 2 is currently still pending further discussion.

Notes to the financial statements

For the financial year ended 31 March 2016 (cont'd.)

32. SUPPLEMENTARY INFORMATION

The breakdown of the retained earnings of the Company as at 31 March 2016 and 31 March 2015 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2011 and prepared in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	2016 RM	2015 RM
Total retained earnings of the Company		
- realised	248,952,579	218,214,226
- unrealised	(5,170,717)	(3,059,666)
Retained earnings as per financial statements	<u>243,781,862</u>	<u>215,154,560</u>

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

LIST OF PROPERTIES

AS AT 31 MARCH 2016

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)	40 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)	51 years	16,039,284
Land and buildings Lot 5710, Jalan Kuchai Lama, Petaling, Kuala Lumpur	Office, warehouse and factory complex	174,240 sq. ft.	Leasehold expiring on 5.7.2067	1984 (Revaluation)	46 years	8,172,556
Land and buildings Lot 5710, Jalan Kuchai Lama, Petaling, Kuala Lumpur	Mining pool	304,920 sq. ft.	Leasehold expiring on 2062	1984 (Revaluation)	51 years	2,040,488
Land and buildings Lot 5710, Jalan Kuchai Lama, Petaling, Kuala Lumpur	Factory complex	85,568 sq. ft.	Leasehold expiring on 15.3.2073	1992	24 years	2,068,942
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	24 years	190,331
Land and buildings Lot 47088, Jalan Kuchai Lama, Petaling, Kuala Lumpur	Industrial land and store	5,904 sq. mtr.	Leasehold expiring on 20.1.2074	2003	11 years	2,786,914
Land and buildings Lot 58602, Jalan Kuchai Lama, Petaling, Kuala Lumpur	Office, warehouse and factory complex	30,688 sq. mtr.	Leasehold expiring on 26.05.2108	2008	31-49 years	17,339,810

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifty-Fifth (“55th”) 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 September 2016 at 11:00 a.m. for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 March 2016 together with the Reports of the Directors and the Auditors thereon. **(Please refer to the Notes to the Notice of 55th AGM No. 7) (Resolution 1)**
2. To declare a first and final dividend of 33.75 sen per ordinary share of RM1.00 each for the financial year ended 31 March 2016. **(Resolution 1)**
3. To approve the payment of Directors’ fees for the financial year ended 31 March 2016. **(Resolution 2)**
4. To pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965 :-
“That General Tan Sri (Dr) Dato’ Paduka Mohamed Hashim Bin Mohd. Ali (Rtd) who is retiring at the conclusion of this Annual General Meeting (“AGM”) pursuant to Section 129(2) of the Companies Act, 1965, be and is hereby re-appointed as Director of the Company to hold office until the conclusion of the next AGM.” **(Resolution 3)**
5. 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) Dato’ Setia Ramli Bin Mahmud; **(Resolution 4)**
 - (b) Encik Azharudin Bin Ab Ghani; and **(Resolution 5)**
 - (c) Mr. Koay Kah Ee. **(Resolution 6)**
6. To re-elect Ms. Yukiko Nishioka who is retiring in accordance with Article 120 of the Company’s Articles of Association and being eligible, had offered herself for re-election. **(Resolution 7)**
7. To re-appoint Messrs. Hanafiah Raslan & Mohamad as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration. **(Resolution 8)**

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 SECTION 132D OF THE COMPANIES ACT, 1965** **(Resolution 9)**
“**THAT** subject to Section 132D of the Companies Act, 1965 and approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the issued and paid-up share capital of the Company for the time being and 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 Malaysia Securities Berhad; **AND THAT** such authority shall commence immediately upon the passing of this Resolution and continue to be in force until conclusion of the next Annual General Meeting of the Company.”

Notice of Annual General Meeting (cont'd.)

9. **ORDINARY RESOLUTION NO. 2:** **(Resolution 10)**
- 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 29 July 2016, 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 is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or
 - (iii) revoked or varied by resolution passed by the shareholders in a general meeting; whichever is the earlier;
- AND FURTHER THAT** the Directors of the Company 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 11)**
- APPROVAL TO CONTINUE IN OFFICE AS INDEPENDENT DIRECTOR
- "**THAT** General Tan Sri (Dr) Dato' Paduka Mohamed Hashim Bin Mohd. Ali (Rtd) who has served the Board as an Independent Director of the Company for a cumulative term of more than nine years since 5 September 1995 be and is hereby retained as an Independent Director of the Company."
11. **ORDINARY RESOLUTION NO. 4** **(Resolution 12)**
- APPROVAL TO CONTINUE IN OFFICE AS INDEPENDENT DIRECTOR
- "**THAT** Tan Sri Dato' (Dr) Teo Chiang Liang who has served the Board as an Independent Director of the Company for a cumulative term of more than nine years since 28 June 2001 be and is hereby retained as an Independent Director of the Company."
12. **ORDINARY RESOLUTION NO. 5** **(Resolution 13)**
- APPROVAL TO CONTINUE IN OFFICE AS INDEPENDENT DIRECTOR
- "**THAT** Mr. Koay Kah Ee who would reach a cumulative term of more than nine years as an Independent Director of the Company on 15 November 2016 be and is hereby retained as an Independent Director of the Company."
13. To transact any other ordinary business of which due notice shall have been given.

Notice of Annual General Meeting

(cont'd.)

NOTICE OF BOOK CLOSURE

NOTICE IS ALSO HEREBY GIVEN that a first and final dividend of 33.75 sen per ordinary share of RM1.00 each for the financial year ended 31 March 2016 will be payable on 19 October 2016 to depositors whose names appear in the Record of Depositors at the close of business on 4 October 2016 if approved by the members at the 55th 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 4 October 2016 in respect of ordinary transfers; and
- (b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order of the Board

CHUA SIEW CHUAN (MAICSA 0777689)

Company Secretary

Kuala Lumpur

Dated : 29 July 2016

Explanatory Notes to Special Business: -

1. Authority pursuant to Section 132D of the Companies Act, 1965

The Company wishes to renew the mandate on the authority to issue shares pursuant to Section 132D of the Companies Act, 1965 at the 55th AGM of the Company (hereinafter referred to as the "**General Mandate**").

The Company had been granted a general mandate by its shareholders at the 54th AGM of the Company held on 28 September 2015 (hereinafter referred to as the "**Previous Mandate**").

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

The purpose to seek the General Mandate is to enable the Directors of the Company to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting as it would be both time-consuming and costly to organise a general meeting. This authority unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next AGM.

The Company is actively exploring opportunities to broaden its earnings potential. The proceeds raised from the General Mandate will provide flexibility to the Company for any possible fund-raising activities, including but not limited to placement of shares for purpose of funding future investment project(s), working capital and/or acquisitions.

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 29 July 2016 for more information.

Notice of Annual General Meeting (cont'd.)

3. Approval to Continue in Office as Independent Director

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

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

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

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

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

- (a) Tan Sri Teo has fulfilled the definition of an independent director as set out under Paragraph 1.01 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements ("**MainLR**")
- is not an executive director of the Company or any related corporation of the Company (each corporation is referred to as "**said Corporation**");
 - has not been within the last 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];

Notice of Annual General Meeting (cont'd.)

- 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.

(iii) Mr. Koay Kah Ee

The Board of Directors has vide the Nomination Committee conducted an annual performance evaluation and assessment of Mr. Koay Kah Ee ("**Mr. Koay**") who would reach a cumulative term of more than nine (9) years as an Independent Director on 15 November 2016 and recommended him to continue in office as an Independent Director based on the following justifications:-

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

Notice of Annual General Meeting (cont'd.)

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

Notes to the Notice of the 55th AGM:-

1. In respect of deposited securities, only members/shareholders whose names appear in the Record of Depositors on 19 September 2016 shall be eligible to attend the Meeting.
2. A member/shareholder entitled to attend and vote at the Meeting is entitled to appoint any person as his proxy to attend and vote instead of the member/shareholder at the Meeting. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member/shareholder to speak at the Meeting.
3. A member/shareholder entitled to attend and vote at the Meeting is entitled to appoint up to two (2) proxies to attend and vote in his stead. A proxy may but need not be a member/shareholder of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 need not be complied with. Where a member/shareholder appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy. Only one (1) of the proxies is entitled to vote on a show of hands.
4. The instrument appointing a 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.
5. Where a member/shareholder is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy must 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 forty-eight (48) hours before the time fixed for holding the meeting or at any adjournment thereof.
7. This Agenda item is meant for discussion only, as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the members/shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

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CORPORATE RESPONSIBILITY REPORT



COMMUNITY ACTIVITY



FOOD & NUTRITION



**HUMAN RESOURCE
DEVELOPMENT**



ENVIRONMENT

As a truly global company, we are committed to social and environmental sustainability. We will contribute towards this goal through the fields of food and Health like no other company can, and will strive to earn the trust of the people of the world for generations to come.

“EAT WELL, LIVE WELL TOGETHER WITH UMAMI” FOR SENIOR CITIZENS



As a country with an ageing population, Malaysia needs to understand the unique health challenges faced by older adults. It is therefore important to recognise the preventive measures that can place older adults on a path to healthy ageing. Without a doubt, a healthy diet is one of the most important preventive measures, and it's never too late to make a change for the better regardless your age or your previous eating habits.

In view of the preventive health needs of senior citizens, Ajinomoto (Malaysia) Berhad (AMB) partnered with the International Medical University (IMU) and Rumah Victory Elderly Home, Puchong, to organise “Eat Well, Live Well Together With Umami,” a one-year community health programme.



The programme, part of the “Ajinomoto Group Creating Shared Value” (ASV) initiative revolve around “promote social and economic value that accelerates business growth” and aligned with the IMU Cares-for-the-community service, is aimed at improving the quality of life of the elderly – and thus, their dietary health – by focusing on low-sodium diets, through the formulation of 56 low-sodium and balanced diet recipes through the fifth basic taste, Umami application. The campaign also involved a thorough pre-study of the needs and health factors of Rumah Victory Elderly Home residents in their golden years, along with a detailed implementation plan and diligent monitoring and assessment.

Other than that, the programme also considered other aspects for a holistic approach to the health and wellbeing of the elderly by providing health screenings, oral healthcare, appetite evaluation, light exercise sessions, as well as kitchen hygiene and culinary training for the elderly home’s cooks.

This programme can be considered as a pilot project for promoting healthier diets and health standards for the golden-aged population, and AMB has high hopes of extending it to similar communities in the future.



COOPERATIVE EFFORT WITH KEY OPINION LEADERS IN IMPROVING COMMUNITY HEALTH



Healthcare experts and stakeholders face a daunting challenge in fortifying public health throughout Asia. In the case of sodium consumption, while table salt improves the sensory properties of almost every food that humans consume, unhealthy eating habits with excessive consumption of table salt (high sodium content) may increase the risk of hypertension, a Non-Communicable Disease (NCD). Some studies have shown that it is possible to maintain food palatability while lowering the overall sodium level by substituting AJI-NO-MOTO® Umami Seasoning for some of the salt content.

Ajinomoto (Malaysia) Berhad (AMB) has taken the initiative in combating this NCD by continuing its efforts to promote the strategy of using the fifth basic taste, Umami, along with the physiological functions of glutamate, the key component of AJI-NO-MOTO® Umami Seasoning. We collaborated with the Ministry of Health (MOH) to organise a total of three health talks with renowned speakers, both local and overseas, who explained the issue to MOH officers.

In addition, AMB took the step of organising a series of health talks and scientific exhibitions at scientific conferences held by the Nutrition Society of Malaysia, the Malaysian Dieticians' Association, local universities, among others. These outreach activities were crucial in further nurturing awareness of the Umami concept and its benefits towards healthy living among current and future key opinion leaders such as nutritionists, dieticians and medical doctors. Throughout the year, roughly 900 key opinion leaders were reached in total over the course of the exhibitions and health talks.



BRINGING UMAMI VALUES TO TASTE MAKERS IN THE CULINARY INDUSTRY



The culinary fraternity traditionally have a greater insight than most into the nature of human taste buds. They are challenged on a daily basis to concoct dishes with the perfect mixture of flavours in the kitchen. Although they have relied heavily on table salt for savoury dishes in the past, this practice is slowly changing. Today, new-found knowledge on the dangers of high-sodium diets has led to the need for healthier seasoning options.

Recognising this gap, Ajinomoto (Malaysia) Berhad (AMB) has embarked on a journey to educate current and future chefs on the concept by promoting key facts about the value of MSG and Umami as a safe and healthy source of flavour. We campaigned to promote Umami through a series of talks in culinary academies. During this programme, we reached out to 350 young and upcoming chefs by explaining how the Umami seasoning, specifically AJI-NO-MOTO® is a safer and healthier alternative to salt when flavouring savoury food.

We also published articles about the benefits of Umami and Umami-rich recipes in three food and culinary magazines – Nourish, Innocreative and Food & Travel – as part of the effort to reach out to chefs, decision makers in purchasing and the general public.

To spice up the topic with the spirit of competition, AMB sponsored the HELP CAT Nutri Chef Challenge 2015 that held on the 15th of April, with 15 teams participating under the theme of healthy eating and nutritional value. AMB took the opportunity to conduct a talk on the Fifth Basic Taste, Umami to all the participants.

The benefits and advantages of Umami and AJI-NO-MOTO® Umami Seasoning were also highlighted during the four-day exhibition (29 September – 2 October) through at the Food and Hotel Malaysia 2015 Exhibition through cooking demos, food tasting, information sharing sessions, Umami soup trials and testing as well as surveys.



EXPLORING THE WONDERS OF UMAMI BY THE PRESS

The public's understanding of dietary and health issues has always been influenced by media sources. Important issues such as the dangers of high-sodium diets and the benefits of AJI-NO-MOTO® Umami Seasoning as a safe alternative food seasoning can become part of the public conversation largely through the impact of press coverage.

In view of this, Ajinomoto (Malaysia) Berhad has kicked off its efforts to raise public awareness and understanding about MSG and the use of Umami in food preparation by arranging its first press gathering on 18 August 2015.

At the workshop, a total of 23 press representatives from 16 newspapers and magazines were invited to discover the true values of AJI-NO-MOTO® Umami Seasoning and to help compose a more accurate perception of MSG within public opinion.

The press representatives' journey of discovery started from a guided tour of the 1909 Infoseum, an exhibition center so as to better understand the discovery of Umami, its sources and its benefits. Then, the tour was followed by a cooking demonstration on Dashi Soup and Umami-rich dishes conducted by renowned chef Bernard Lee. The dishes prepared at the demonstration were later served to the media to give them a firsthand experience of the taste of Umami. Furthermore, Dr Zulfitri Azuan, a dietician from Universiti Putra Malaysia (UPM) was also invited to the event to provide a presentation on strategies to reduce sodium intake to further enhance the media's knowledge on how Umami can help in leading a healthy life. An Umami Quiz was also held for the participants to test their newly-acquired knowledge after the other activities.

As a result, a total of ten printed and two online articles on Umami and Glutamate-related information were published, passing on the knowledge to the public.



CONTRIBUTING TO GREATER SOCIAL EQUITY FOR THE NEEDY



The strength and social health of any country or community can best be measured by how well it supports its least privileged citizens. It is therefore in the spirit of bolstering social equity that Ajinomoto (Malaysia) Berhad (AMB) has provided charitable contributions and support for the less fortunate members of the society.

In the past year, we lent our efforts to charity organisations to bring a better life for underprivileged individuals: elderly citizens in need, orphaned children and recovering drug addicts, among others. We also took the additional step of raising funds for the needy by selling Ajinomoto Products, with all collected funds being donated to support the daily operating expenses of organisations. During the festive season, we also provided a donation to the underprivileged community to share the holiday joy by supporting their celebration activities.



Over the course of the past year, AMB has provided charitable contributions and support to a total of 33 projects and events that were organised on behalf of the needy by various local universities, NGOs, media groups and other parties. All of these supporting activities were carried out in the spirit of community responsibility, generosity and social justice that we stand for.

ENRICHING SOCIETY THROUGH SUPPORT OF FAMILY VALUES

Family values are the social bond that connects the communities that have helped support Ajinomoto (Malaysia) Berhad (AMB) to enable its success over the years. It is only fitting that we should return value to the community through enrichment of family values.

We partnered with Sin Chew Daily Media as one of the event sponsors for its cultural dinners held to commemorate and celebrate traditional family virtues. Sin Chew Daily's Winter Solstice reunion dinner is organised annually to promote and spread virtues of family love and bonding. A total of 1,000 people from 99 families were able to enjoy the event with family members.

Sin Chew Daily's Filial Piety Dinner is another event held annually in promotion of the Chinese cultural virtue of "Xiao." In the spirit of "Xiao," which describes filial piety through respect, obedience and care of one's parents and elderly family members, the event allowed a total of 1,000 people from 99 families to be seated. Over the course of events, Ajinomoto Products were given out, both as door gifts to the participants and as prizes for the lucky draw session. AMB will continue to promote the importance of family bonding and family values to all the communities of Malaysia's many cultures in the future.



BRINGING LIVING SKILLS TO THE LESS FORTUNATE

The less fortunate members of society, such as orphans, must find their way through life starting from disadvantaged situations. To alleviate their burden and help them integrate more fully into society, Ajinomoto (Malaysia) Berhad has pioneered the Living Skill Development Programme to provide training in the culinary art, a skill which would help them earn a living. After the previous year's Intensive Culinary Class, which provided basic culinary skills, we continued with the second part, the Exclusive Culinary Class, inviting the same group of 20 children from four different orphanages to continue their culinary training journey.



In this second stage, the children together with members of Ajinomoto website's Umami Club were given training in advanced cooking skills guided by renowned local chefs. These celebrity chefs taught the children to prepare recipes from an exclusive menu which covered local to international cuisine. This Exclusive Culinary Class also provided an excellent opportunity for the orphans to engage with members of the general public by cooking alongside them during the classes. This special culinary programme represented a unique opportunity to learn skills that the children might not have access to in other circumstances, giving them a step up toward a more productive life.



COMPANY-WIDE GOVERNANCE AND TALENT DEVELOPMENT



The performance of a business is highly dependent not only on its values and strategy, but also the quality of the human capital tasked with their implementation. We have long understood that a culture of quality and competence begins with the individual talents of the workforce, and our internal training activities are designed around this premise. Over the course of last year, a total of 79 governance and talent development training activities were conducted for over 430 staff as well as the Board of Directors.



Our Corporate Governance and System-related training schedule was designed to endow our staff with awareness and alignment to the values, principles and regulations that are needed to make Ajinomoto (Malaysia) Berhad a well-run and values-oriented business. In line with the Personal Data Protection Act 2010 (PDPA), we conducted PDPA awareness training to ensure that employees safeguard all personal data collected by complying with the necessary obligations while protecting the rights of the data subjects. To maintain the necessary levels of quality in line with the prevailing international standards, we provided ISO 9001:2015 Transition Training, bringing the staff's understanding of ISO 9001 up to date and thus meeting the requirements of customers as well as regulations.

At the same time, our Talent Development-related training activities represented investments in our valuable human assets, building both soft (interpersonal and leadership) and hard (technical) skills that enable staff to develop their own career paths and increase their market value. The Board of Directors undertook a training course entitled "Strengthening the Transformation Process for Sustainable Growth" in order to elevate their resourcefulness in aligning corporate actions and operation goals in the best interests of customers while maintaining the Company's overall market competitiveness.



CULTIVATING AJINOMOTO AMBASSADORS



Our programme to help turn staff into Ajinomoto Ambassadors is based on the idea that the best people to promote the Ajinomoto brand and its values are the people who understand it from the inside, namely the internal staff. We created a mid-term strategic plan for FY2015-FY2017 to achieve this goal progressively, and this all began with an approach to enhance staff knowledge and to build their confidence and sense of ownership.

In FY2015, a total of 11 sessions of Ajinomoto Ambassador Development Programme Workshops were conducted to all staff throughout the months of June to September with a remarkable participation rate of 75%. During the workshops, our staff were given a detailed briefing on how to become an ideal representative for the company brand as well as updated information on the company and its products. The development workshops included coaching on ambassadorial techniques, building staff confidence, and inspiring speeches from other employees.



The staff knowledge enhancement initiative was continued through the development of the Aji-Pedia, a comprehensive company handbook. The Aji-Pedia is another important tool in preparing employees to become ambassadors of the brand. It could serve as reference material for our staff and to encourage information sharing activities among their family and friends. The handbook was designed to be dynamic, simple to understand and easily updated so as to ensure first-hand information for our staff.

As a strategy to continuously refresh employees' knowledge on Umami and AJI-NO-MOTO® Umami Seasoning information, we introduced a 3 Minute Sharing programme, held every Friday morning for two consecutive months over the company intercom. Through the activities conducted, we hope to promote a culture of understanding and willingness to share among our staff.

RAISING AWARENESS AND KNOWLEDGE OF SAFETY AND HEALTH IN THE WORKPLACE



Ajinomoto (Malaysia) Berhad strives to reach high benchmarks of health and safety for its employees, both through regulations and standards as well as through a series of education and awareness programmes. This is in keeping with the concept of helping individuals in terms of self-awareness. Employees who become committed, safety-minded individuals can further enhance the company's culture of safety.

We initiated Safety, Health and Environment (SHE) Week to offer a number of safety-related training events that would shape a more safety-minded workforce. These training activities were kicked off following the launching ceremony held on 18 January 2016, and continued over the period of two consecutive weeks. Safety training on first aid, fire prevention and fire safety, and correct handling of incidents and accidents were a few of the many topics covered under the eleven training activities, which helped to bring health and safety to the forefront for our employees.



EXTENDING ENVIRONMENTAL CONSERVATION TO INDIGENOUS COMMUNITIES

Ajinomoto (Malaysia) Berhad (AMB) has a long-standing commitment to making sure that it maintains its responsibilities toward the surrounding environment. For seven years running, we have involved our staff in environmental conservation activities. As a departure from the normal neighbourhood clean-up activities this year, AMB worked together with Universiti Putra Malaysia (UPM) in embarking on a journey to an indigenous community, Kampung Penderas in Kuala Krau, Pahang to help clean up the area and ensure sustainability.



Total 80 AMB employees and UPM students had a golden opportunity to spend time with the *Orang Asli* while at the same time providing informative and educational messages through show-and-tell sessions about environmental conservation and recycling to 50 indigenous primary school students. As an additional Green initiative, the participants also helped to prepare vegetable gardens for the school hostel as part of food security sustainability effort to ensure the students have enough food resources so that they could maintain a healthier diet.

With good team work among all the participants, we managed to collect a total of 118.7kg rubbish and planted 60 vegetables within the 2½ hour event.



PATROLLING FOR A CLEANER AND SAFER ENVIRONMENT

Manufacturing food and seasoning is a thorough process that requires strict management of Safety, Health and Environment (SHE). For this reason, we initiated a series of monthly SHE inspections for the areas surrounding our manufacturing plant. Each month, SHE committee members audit the compound to safeguard against unsafe conditions and ensure that nothing is out of place.

We also select members of various sections and departments to conduct odour assessment within the company compounds, at a frequency of once in three months. This ensures that there are no odour emissions from the factory so that our neighbourhood enjoys a clean and green environment.

STATEMENT ON FY2015 ENVIRONMENTAL PERFORMANCE



Ajinomoto (Malaysia) Berhad (AMB) continues to channel efforts towards achieving its FY2014-2016 Mid Term Plan to ensure business sustainability and good engagement with the society and interested parties. As a result of this plan, we implemented a number of environmental protection and preservation activities in FY2015, aligned to the "Ajinomoto Group Creating Shared Value" (ASV) framework. We also implemented a number of activities to ensure continuous compliance with all related requirements under the Malaysian Environmental Quality Act.

Large-scale climate change due to global warming is an issue that affects the sustainability of the entire Earth, including AMB. It is, of course, important to reduce greenhouse gases such as CO₂ generation in the production process.

Concurrently, AMB aims to reduce emissions of these gases over the entire life cycle of business activities and products based on its "Zero Emissions Plan". Particular

effort is being made to reduce the use of natural resources and energy by improving production efficiency and minimising loss and wastage. One of the significant efforts being carried out during production is to "Recover Heat from Steam Condensate" using a heat exchange technique. As a result, a significant 20% of steam reduction for every tonne of product was produced against 2012 results.

With this reduction, we were able to reduce the total quantity of fuel oil used for steam production, directly contributing to the reduction of 2000 T/year CO₂ gases released to the environment in FY2015. On top of that, action is also being taken to reduce the usage of natural resources such as water, electricity and raw materials, through optimisation of process efficiency and enhancement of recovery processes. We achieved a notable 15% reduction in electricity usage at the Waste Water Treatment Plant through optimisation of processes. We also continue our efforts to further reduce solid waste generation and disposal through 4R activities.

In FY2015, AMB continues the installation of odour treatment facilities, as planned in the previous year, to manage odour emissions from our Food Production and Waste Water Treatment plant. The wet chemical scrubber system has been successfully installed and put into operation at our Food plant since July 2015. Besides that, the enclosing of the Neutralising Tank at the Waste Water Treatment plant was completed in July 2015 and the wet chemical scrubber system for the Waste Water Treatment Plant was completed in March 2016.

With all these additional facilities, AMB was able to significantly reduce odour emissions to the environment, creating a pleasant surrounding for our neighbours. The Management is also committed to continuously improving and optimising the operation of these new facilities in order to meet the needs of society and ensure sustainable business development.

At AMB, we continue to strengthen environmental preservation commitments through periodical education, skill enhancement and awareness programs for our workforce.

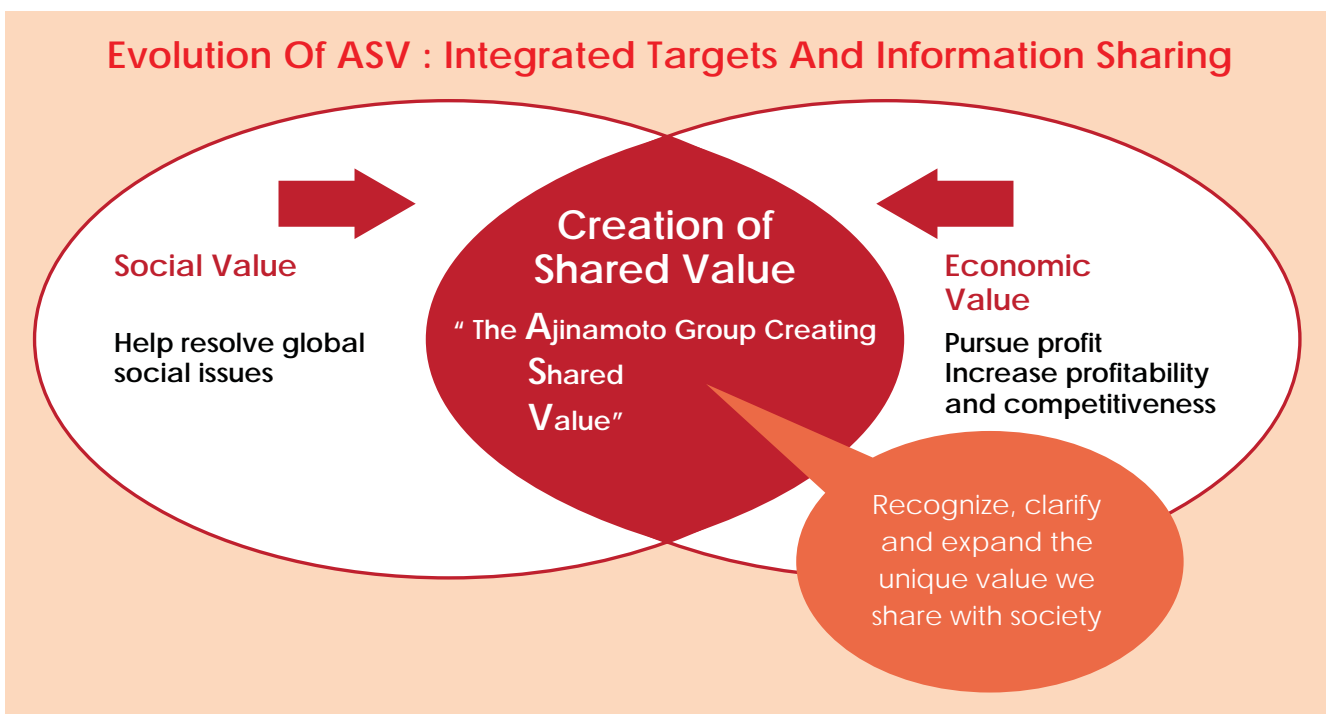
By organising community health and safety events such as the "Safety, Health and Environment Week" in FY2015, we can ensure our workforce shares a set of environmental values they can uphold and a common goal to build a sustainable, clean society.

AJINOMOTO GROUP CREATING SHARED VALUE (ASV)

ASV is a new initiative based on Ajinomoto Group's previous CSR policy which seeks to address issues and challenges that human society faces in the 21st century. It covers three areas - Global Sustainability, Food Resources and Healthy Living - via our unique business specialties of food and amino acid to create social and economic value that accelerates business growth.



The Ajinomoto Group believes that aggressively advancing the ASV is the key to realizing our goal of becoming a genuine global specialty company. Hence, we will continue to take on new challenges for achieving a more sustainable future for humankind and the global environment, and for the sustainable growth of the Ajinomoto Group.



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Form Of Proxy

AJINOMOTO®

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

CDS Account No.

Number of
ordinary shares held

*I/We (full name), _____

bearing *NRIC No./Passport No./Company No. _____

of (full address) _____

being a *shareholder/shareholders of Ajinomoto (Malaysia) Berhad ("the Company") hereby appoint :-

First Proxy "A"

Full Name	NRIC/ Passport No	Proportion of Shareholdings Represented	
		No. of Shares	%
Full Address			

and/or failing *him/her,

First Proxy "B"

Full Name	NRIC/ Passport No	Proportion of Shareholdings Represented	
		No. of Shares	%
Full Address			

100%

or failing *him/her, the *Chairman of the Meeting as *my/our proxy to vote for *me/us and on *my/our behalf at the Fifty-Fifth 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 September 2016 at 11:00 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 2016 together with the Reports of the Directors and the Auditors thereon.			
2.	To declare a first and final dividend of 33.75 sen per ordinary share of RM1.00 each for the financial year ended 31 March 2016.	1		
3.	To approve the payment of Directors' fees for the financial year ended 31 March 2016.	2		
4.	To re-appoint General Tan Sri (Dr) Dato' Paduka Mohamed Hashim Bin Mohd. Ali (Rtd) who is retiring pursuant to Section 129(2) of the Companies Act, 1965, and being eligible, has offered himself for re-appointment.	3		
5.	To re-elect Dato' Setia Ramli Bin Mahmud who is retiring in accordance with Article 114 of the Company's Articles of Association and being eligible, has offered himself for re-election.	4		
6.	To re-elect Encik Azharudin Bin Mahmud who is retiring in accordance with Article 114 of the Company's Articles of Association and being eligible, has offered himself for re-election.	5		
7.	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.	6		
8.	To re-elect Ms. Yukiko Nishioka who is retiring in accordance with Article 120 of the Company's Articles of Association and being eligible, has offered herself for re-election.	7		
9.	To re-appoint Messrs. Hanafiah Raslan & Mohamad as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.	8		

Special Business

10.	Ordinary Resolution No. 1: Authority to Issue Shares pursuant to Section 132D of the Companies Act, 1965	9		
11.	Ordinary Resolution No. 2: Proposed Renewal of Existing Shareholder Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature	10		
12.	Ordinary Resolution No. 3: Approval to Continue in Office as Independent Non-Executive Director - General Tan Sri (Dr) Dato' Paduka Mohamed Hashim Bin Mohd. Ali (Rtd)	11		
13.	Ordinary Resolution No. 4: Approval to Continue in Office as Independent Non-Executive Director - Tan Sri Dato' (Dr) Teo Chiang Liang	12		
14.	Ordinary Resolution No. 4: Approval to Continue in Office as Independent Non-Executive Director - Mr. Koay Kah Ee	13		

As witness my/our hand(s) this day _____ of _____ 2016.

*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 September 2016 (“**General Meeting Record of Depositors**”) shall be eligible to attend the Meeting.
1. A member/shareholder entitled to attend and vote at the Meeting is entitled to appoint any person as his proxy to attend and vote instead of the member/shareholder at the Meeting. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member/shareholder to speak at the Meeting.
2. A member/shareholder entitled to attend and vote at the Meeting is entitled to appoint up to two (2) proxies to attend and vote in his stead. A proxy may but need not be a member/shareholder of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 need not be complied with. Where a member/shareholder appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy. Only one (1) of the proxies is entitled to vote on a show of hands.
3. The instrument appointing a 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.
4. Where a member/shareholder is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 (“**SICDA**”) which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“**omnibus account**”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy must 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 forty-eight (48) hours before the time fixed for holding the meeting or at any adjournment thereof.

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Form Of Proxy

Stamp

The Company Secretary
AJINOMOTO (MALAYSIA) BERHAD (4295-W)
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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More Enjoyment!



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PRODUCTION CORPORATE VIDEO
PRODUCER AJINOMOTO MALAYSIA
DATE MARCH 2016

Scan to enjoy the video or find it @ [youtube.com/AjinomotoMalaysia](https://www.youtube.com/AjinomotoMalaysia)



GET TO KNOW MORE ABOUT THE AJINOMOTO GROUP,
FROM JAPAN TO MALAYSIA



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