

Annual  
Report  
2018

**Eat Well, Live Well.**



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

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# CORPORATE INFORMATION

## DIRECTORS

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

Tan Sri Dato' (Dr.) Teo Chiang Liang

Naoko Yamamoto (Managing Director/ Chief Executive Officer)

Yukiko Nishioka (Chief Finance Officer)

Koay Kah Ee

Dominic Aw Kian-Wee

Dato' Setia Ramli bin Mahmud

Kamarudin bin Rasid

Azharudin bin Ab Ghani

Hiroki Suzuki

Miki Moriyama

## BANKERS

MUFG Bank (Malaysia) Berhad

Citibank Berhad

Malayan Banking Berhad

Standard Chartered Bank Malaysia Berhad

## AUDITORS

Hanafiah Raslan & Mohamad

## SOLICITORS

Lee, Ling & Partners

## SECRETARY

Chua Siew Chuan  
(MAICSA 0777689)

Yeow Sze Min  
(MAICSA 7065735)

## REGISTERED OFFICE

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

Tel : 603-7980 6958

Fax : 603-7981 1731

## SHARE REGISTRAR

Securities Services (Holdings) Sdn Bhd  
Level 7, Menara Milenium, Jalan Damanlela,  
Pusat Bandar Damansara,

Damansara Heights,  
50490 Kuala Lumpur

Tel : 603-2084 9000

Fax : 603-2094 9940

## STOCK EXCHANGE LISTING

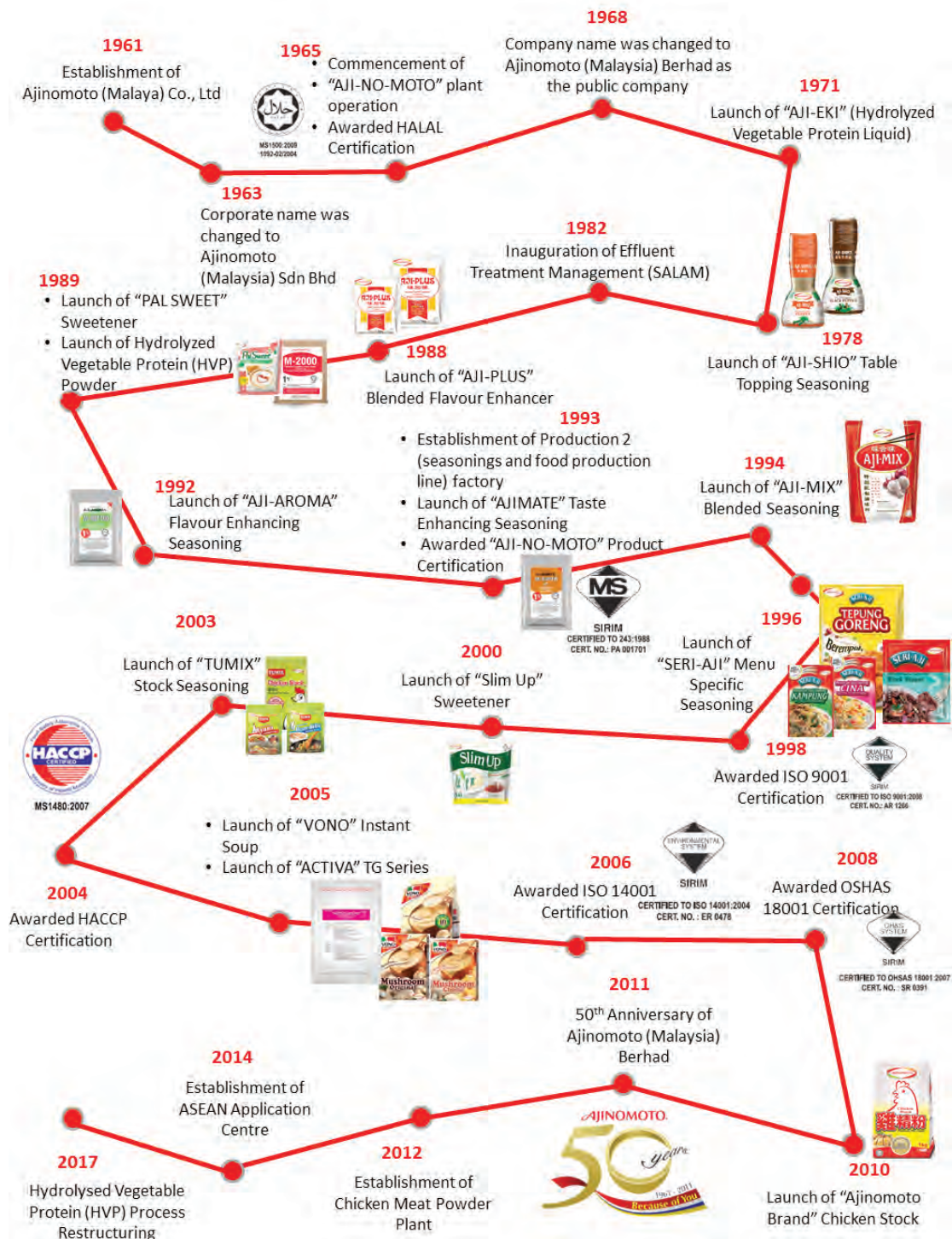
Main Market of the Bursa Malaysia Securities Berhad

# MANAGEMENT DISCUSSION & ANALYSIS

## Our Business

### History & Milestones

Ajinomoto (Malaysia) Berhad (“the Company”), incorporated fifty seven years ago in 1961 started its business operations as a distributor of monosodium glutamate (“MSG”) imported from its parent company in Japan under the brand, AJI-NO-MOTO®. In 1965, the Company commenced production of MSG and subsequently other products at its current factory. The Company is one of the early Japanese companies to set up in Malaysia. The Company has since established itself as a dynamic food seasoning manufacturer that is trusted by Malaysian for decades. Our AJI-NO-MOTO® Umami seasoning has become an indispensable item in almost every household.



# Management Discussion & Analysis (cont'd.)

## Our Policy

As a trusted food seasoning company in Malaysia, Ajinomoto (Malaysia) Berhad’s policy is to continuously improve on the quality of its products and product range, and at the same time complying to international and local rules and regulations for food manufacturing. This is the Company’s contribution to the joyful and healthy living of the community and society.

The Company is committed to be an exemplary corporate citizen. It is the Company’s continuous efforts to protect and improve the environment vis-a-vis its operations. Health and safety considerations in the workplace are also of utmost importance as employees are important assets of the Company.



MS1500:2009  
1092-02/2004  
**HALAL**



**SIRIM**  
ISO 9001:2015



**HACCP**  
Hazard Analysis and  
Critical Control Point

## Product Range

### Retail Products

The Company commenced operations in 1961 with only a single product, namely, AJI-NO-MOTO® Umami seasoning. Today, the retail product range has expanded to include pepper, chicken stock and sweetener. The Company will continue to conduct market research on the needs of the community in the area of food seasoning in order to further expand its product range.



### Industrial Products

The Company has a wide range of savory seasoning products, which the Company markets under the name TENCHO. These TENCHO products are widely used by industrial producers of food such as instant noodle, seasoning, snack food, sauce, processed food, etc.



## Management Discussion & Analysis (cont'd.)

### Sales Branches & Overseas Market

The Company has 10 Branches in Malaysia and 1 Sales office in Saudi Arabia to distribute its product to its customers.



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

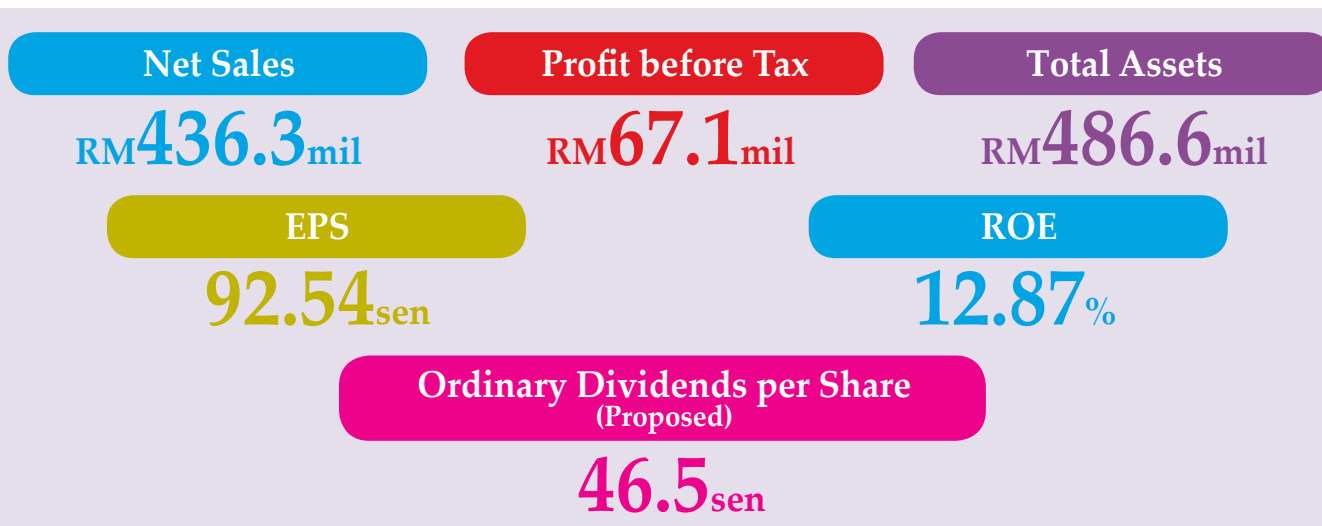


## Management Discussion & Analysis (cont'd.)

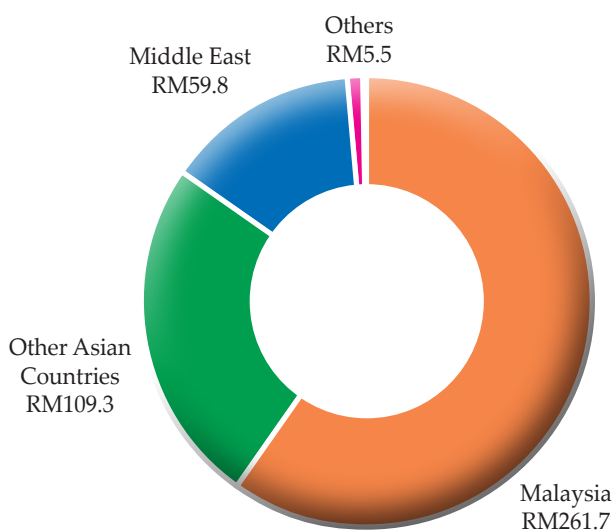
### Financial Results

#### Snapshot

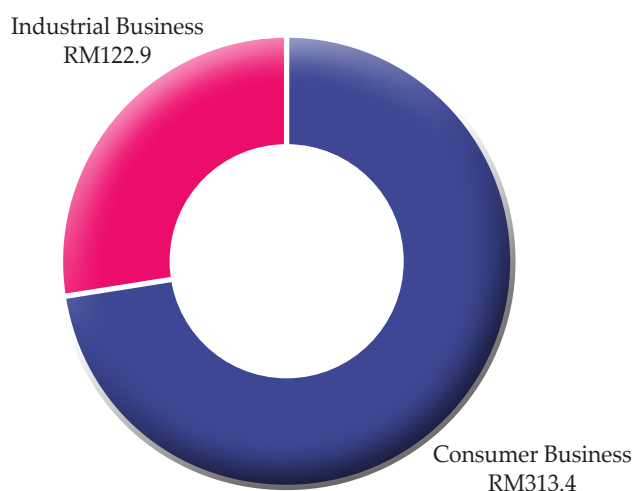
FY Ended 31 March 2018 Highlight



Net Sales By Geographical Area (RM Millions)



Net Sales By Business (RM Millions)



#### Operating Environment

The global economy in the financial year under review achieved strong rebound with the robust growth in world trade activities. The improvement in economic growth was broad based across the advanced and emerging market economies.

The Malaysian economy also performed strongly in year 2017, mainly supported by increased domestic demand and improved global trade. The strong economic fundamentals are expected to continue in the medium and long term.

# Management Discussion & Analysis (cont'd.)

## Financial Review

In financial year ended 31 March 2018, the Company achieved higher revenue by 3.9% from RM419.9 million in the preceding financial year to RM436.3 million. Increase in the Company's revenue was contributed by higher sales volume and selling price of AJI-NO-MOTO® products. However, the performance of the Company was negatively impacted by increase in the production costs due to mainly higher purchase price of a key raw material arising from strong US Dollar against Ringgit Malaysia especially in the first half of the financial year. Profit Before Tax improved by 1.1% to RM67.1 million in the current financial year compared to RM66.4 million excluding the gain on the Government's compulsory acquisition of part of the Company's land amounting to RM145.1 million in the previous financial year.

The Company announced on 12 February 2018 that the Company entered into a Sales and Purchase Agreement with Lembaga Tabung Haji and THP Enstek Development Sdn. Bhd. for the acquisition of a piece of freehold land measuring approximately 2,030,116.58 square feet located in Techpark@ Enstek, for a total purchase consideration of RM81,204,663 (excluding 6% Goods and Services Tax). The land acquisition is in line with the Company's long-term plans of growing its operations and expanding its manufacturing facilities to keep up with the growing demands for its products.

## Segment Information

### Consumer Business

Revenue in Consumer Business segment grew by 2.6% in the current financial year from RM305.3 million in the preceding financial year to RM313.4 million contributed mainly by higher sales volume and increase in selling price of AJI-NO-MOTO® products in the domestic market. However, production costs increased especially in the first half of the current financial year due to the rise in purchase price of a key raw material coupled with strong US Dollar against Ringgit Malaysia. As a result, consumer segment profit decreased from RM34.9 million in the preceding financial year to RM31.6 million in the current financial year.

### Industrial Business

Increase in Industrial Business segment's revenue by 7.3% in the current financial year against preceding financial year was due to higher export sales volume of TENCHO products to industrial customers. However, the export sales revenue was negatively impacted by depreciating US Dollar in the second half of the current financial year. At the same time, the production costs also suffered from increase in the purchase price of imported raw materials. This resulted in lower segment profit of RM25.5 million in the current financial year compared to RM26.2 million in the preceding financial year.

### Financial Condition

Total Assets and Total Net Assets in the current financial year decreased as compared to the preceding financial year subsequent to the payment of dividend to shareholders in September 2017.

Net cash generated from operating activities was RM60.8 million compared to RM54.6 million in the preceding financial year. Net cash generated from investing activities was RM34.1 million as compared to net cash outflow of RM67.4 million in the preceding financial year due to decrease in capital expenditure spending and withdrawal of short term funds for dividend payment to shareholders. Increase in the cash outflow for financing activities from RM94.2 million in the current financial year against the RM20.5 million in the preceding financial year was mainly due to the special one-off single-tier dividend payment to shareholders for the financial year ended 31 March 2017.

### Dividend

The Board of Directors continues the policy of stable and sustainable dividend payout to shareholders. The Directors propose a first and final single-tier dividend of 46.5 sen per ordinary share which is subject to approval by shareholders at the forthcoming Annual General Meeting.

## Operational Risk

### (1) Risks Related to the Operating Environment

#### **Impact of Exchange Rate Fluctuations**

In the current financial year, sales to customers in regions other than Malaysia were RM174.6 million and at the same time, the Company needs to import its key raw materials. Exchange rate fluctuations had impacted the Company's business results.



## Management Discussion & Analysis (cont'd.)

### Occurrence of Unforeseen Adverse Economic or Political Factors

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

### Impact of Price Fluctuations for Raw Materials and Fuels

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

## (2) Risks Related to Business Activities

### Matters Affecting Food Safety

The Company takes extensive efforts to manage factors that impact on food safety, which is one of the very important foundation on which the Company's business is built. However, the possibility remains when unforeseen issues affecting food safety may arise, which are beyond anyone's control. Such unforeseen events may have an adverse impact on the Company's business results.

## (3) Laws and Regulations, Litigation, etc.

### Impact of Laws, Regulations and Other Rules

As the Company conducts business on a global basis, the Company endeavors to comply with all laws, rules and regulations of Malaysia and the countries to which the Company exports its products and purchases its raw materials. The possibility exists, however, that legal requirements may be introduced that cannot currently be foreseen, and that risks may arise due to the inability of the Company to meet with its current resources and production methods. Complying with any such changes may restrict the Company's operations and could have an impact on the Company's business results.

## Outlook

The Malaysian economic growth is expected to be favorable, driven by continuous strong domestic demand and improving exports, on the back of a global economic recovery. Private consumption is expected to increase, supported by expansion in employment and income, improving sentiments and favorable demand. However, the domestic economy outlook and market sentiments are surrounded by downside risks such as restrictions in global trade environment, effects arising from monetary policy by developed economies and geopolitical tensions.

Ajinomoto (Malaysia) Berhad will continue to focus on the delivery of products and services with highest quality as a platform to expand sales and increase profit.

With regards to Consumer Business, besides the Company's effort to strengthen its market leader position with its renowned brand AJI-NO-MOTO®, it is the Company's policy to continuously improve the product range and implement effective sales strategies including expanding the product distribution network for its other seasoning products such as TUMIX®, SERI-AJI®, AJI-SHIO® and "AJI-NO-MOTO® PLUS" in the household and food service market.

As for Industrial Business, the Company will leverage on its in-house specialty technologies acquired from its parent company and enlarge its customer base to grow sales for its major products TENCHO and ACTIVA® TG.

The Management will continue to put in efforts to achieve operation efficiency, profit growth and cash flow optimization.

It is always the Company's policy to promote Ajinomoto Group Shared Value ("ASV") initiatives to create value together with local community through the Company's valuable products and services. The Company's future plan aims to create better lives by promoting healthy lifestyle to the local community through its promotional programmes to encourage Malaysians to prepare delicious balanced diet in an easy and convenient way.

Ajinomoto (Malaysia) Berhad adopted the Ajinomoto Group Global Brand Logo ("AGB") to enhance its corporate brand recognition. The new brand logo will unify all the Company's business activities through promoting ASV to drive the Company to be a most trusted food company in Malaysia. The adoption is in line with the objective of Ajinomoto Co., Inc., the Company's parent company, who introduced the AGB in October 2017 to enhance Ajinomoto Corporate Brand Value globally.

Ajinomoto Group  
Global Brand Logo ("AGB")

**Eat Well, Live Well.**



## DIRECTOR'S PROFILE



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

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

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

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

He is the Chairman of Datasonic Group Berhad and Director of Mines Excellence Golf Resort Berhad. He is currently the Chairman of the Regional Committee of Glutamate Science Southeast Asia/South Asia, whose member countries are Thailand, Indonesia, Philippines, Vietnam and Malaysia. He is also the Chairman of some private companies namely National Aerospace & Defence Industries Sdn Bhd and Chiyoda Malaysia Sdn Bhd. He also sits on the Board of the Institute of Strategic and International Studies (ISIS Malaysia) as well as some other private companies.

He has no conflict of interest with the Company or any family relationship with any other Director or shareholder of the Company. He has also neither been convicted for any offences within the past five (5) years other than traffic offences, if any, nor received any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

## Director's Profile (cont'd.)



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

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Tan Sri Dato' (Dr.) Teo was appointed to the Board of Ajinomoto (Malaysia) Berhad on 28 June 2001. He was appointed as the Chairman of the Audit Committee on 1 November 2002. He is also a member of the Nomination Committee and the Remuneration Committee. He attended all five (5) Board meetings held in the financial year.

Graduated with a Bachelor of Arts (Honours) degree in Business Studies and M.Sc in Management & Administration from the United Kingdom, Tan Sri Teo obtained his training from The Chartered Bank and Pillar Naco Ltd in UK. Since 1975, he joined and served the See Hoy Chan Holdings Group, a well diversified group of companies, at different levels of management. In 1990, he was awarded the Certificate in General Insurance by The Malaysian Insurance Institute.

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

He was appointed as member of the MSC Education Advisory Panel in 1998. He is also a Life Member of the Malaysian Red Crescent Society. In 1998, The Nottingham Trent University in UK appointed Tan Sri Teo as Professor of the University and awarded an honorary degree of Doctor of Business Administration to him in 2001. In 2006, Tan Sri Teo was elected as an Exco member of the Malaysian Crime Prevention Foundation. Tan Sri Teo was an Independent Non-Executive Director of RHB Capital Berhad from 20 May 2010 to 12 May 2016 and RHB Insurance Berhad from 4 May 2010 to 3 August 2015.

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



**Naoko Yamamoto**  
**Managing Director, Chief Executive Officer**  
 51 years of age – Japanese  
 Female

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Ms. Yamamoto was appointed as Managing Director/ Chief Executive Officer on 1 July 2017. She attended all three (3) Board meetings held since her appointment to the Board.

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

She joined Ajinomoto Co., Inc. Japan in 1991 and has held various positions mainly in business development, marketing and sales functions of consumer food business in Japan and overseas within the Ajinomoto Group of Companies.

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

## Director's Profile (cont'd.)



**Yukiko Nishioka**  
**Executive Director**  
 43 years of age – Japanese  
 Female

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Ms. Nishioka was appointed to the Board of Ajinomoto (Malaysia) Berhad on 1 July 2016. She attended all five (5) Board meetings held in the financial year.

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

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

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



**Koay Kah Ee**  
**Independent Non-Executive Director**  
 59 years of age – Malaysian  
 Male

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

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

He is currently the Group Finance Director of a public company listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). He also sits on the Board of JF Technology Berhad, a company listed on the ACE Market of Bursa Securities, and was appointed as a Director of Tashin Holdings Berhad on 18 April 2018.

He has no conflict of interest with the Company or any family relationship with any other Director or shareholder of the Company. He has also neither been convicted for any offences within the five (5) years other than for traffic offences, if any, nor received any public sanction or penalty imposed by regulatory bodies during the financial year.

## Director's Profile (cont'd.)



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

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

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

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

He also sits on the Board of Perusahaan Sadur Timah Malaysia (Perstima) Berhad and was a Director of Dolomite Corporation Berhad from 1 September 2009 to 25 August 2017.

He has no conflict of interest with the Company or any family relationship with any other Director or shareholder of the Company. He has also neither been convicted for any offences within the past five (5) years other than for traffic offences, if any, nor received any public sanction or penalty imposed by regulatory bodies during the financial year.



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

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

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

He had served the Malaysian Government for over thirty (30) years. He began his civil service career in the Ministry of Home Affairs and had held various positions in the Federal and Selangor State Governments. He also served as a Director of Malaysia External Trade Development (MATRADE) in Tokyo, District Officer of Gombak District, President of Majlis Perbandaran Ampang Jaya and Mayor of Shah Alam. He had also held the position of the Selangor State Secretary. He is currently the Chairman of Perbadanan Wakaf Selangor.

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

## Director's Profile (cont'd.)



**Kamarudin bin Rasid**  
**Executive Director**  
**57 years of age - Malaysian**  
**Male**

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

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

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

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



**Azharudin bin Ab Ghani**  
**Executive Director**  
**54 years of age - Malaysian**  
**Male**

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

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

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

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

## Director's Profile (cont'd.)



**Hiroki Suzuki**  
**Executive Director**  
**41 years of age - Japanese**  
**Male**

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Mr. Suzuki was appointed to the Board of Ajinomoto (Malaysia) Berhad on 1 July 2017. He attended all three (3) Board meetings held since his appointment to the Board.

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

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

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



**Miki Moriyama**  
**Executive Director**  
**49 years of age - Japanese**  
**Male**

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Mr. Moriyama was appointed to the Board of Ajinomoto (Malaysia) Berhad on 1 July 2018 and hence, he did not attend any of the Board meetings held in the financial year.

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

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

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

# CORPORATE GOVERNANCE STATEMENT

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

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

In establishing the Company’s Corporate Governance framework, the Board takes cognizance of the Malaysian Code on Corporate Governance (“**MCCG**”) that was issued on 26 April 2017. An overview statement on the corporate governance practices of the Company for the financial year ended 31 March 2018 is appended below. The comprehensive Corporate Governance Report is published on the Company’s website at [www.ajinomoto.com.my](http://www.ajinomoto.com.my).

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### 1.0 Board’s Leadership on Objectives and Goals

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

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

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

During the financial year ended 31 March 2018, all Directors had attended the following training programmes in compliance with Paragraph 15.08 of the Bursa Malaysia Securities Berhad (“**Bursa Securities**”) Main Market Listing Requirements (“**Main LR**”):-

Name of Director	Training/courses attended
General Tan Sri (Dr.) Dato’ Paduka Mohamed Hashim bin Mohd. Ali (Rtd)	<ul style="list-style-type: none"> <li>Leading Change @ the Brain</li> <li>Malaysian Regulatory Framework on Prevention of Money Laundering and Terrorism Financing in Corporate World</li> <li>Corporate Directors’ Training Programme Fundamental 2.0</li> </ul>
Tan Sri Dato’ (Dr.) Teo Chiang Liang	<ul style="list-style-type: none"> <li>Leading Change @ the Brain</li> </ul>
Naoko Yamamoto	<ul style="list-style-type: none"> <li>Mandatory Accreditation Programme</li> <li>The Breakfast Talk – Leading in a Volatile, Uncertain, Complex, Ambiguous (VUCA) World</li> <li>Leading Change @ the Brain</li> </ul>
Yukiko Nishioka	<ul style="list-style-type: none"> <li>The Corporate Governance Briefing Sessions: MSSG Reporting &amp; Corporate Governance Guide</li> <li>Leading Change @ the Brain</li> </ul>



# Corporate Governance Statement (cont'd.)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

### 1.0 Board's Leadership on Objectives and Goals (continued)

Name of Director	Training/courses attended
Koay Kah Ee	<ul style="list-style-type: none"> <li>• Seminar on Sustainability Statement</li> <li>• Advocacy Session on Corporate Disclosure</li> <li>• Seminar on Implementing Malaysian Financial Reporting Standards 9, 15 and 16</li> <li>• Leading Change @ the Brain</li> </ul>
Dominic Aw Kian-Wee	<ul style="list-style-type: none"> <li>• Leading Change @ the Brain</li> </ul>
Dato' Setia Ramli bin Mahmud	<ul style="list-style-type: none"> <li>• Leading Change @ the Brain</li> </ul>
Kamarudin bin Rasid	<ul style="list-style-type: none"> <li>• Leading Change @ the Brain</li> </ul>
Azharudin bin Ab. Ghani	<ul style="list-style-type: none"> <li>• Leading Change @ the Brain</li> </ul>
Kinji Yamashita	<ul style="list-style-type: none"> <li>• Mandatory Accreditation Programme</li> <li>• Leading Change @ the Brain</li> </ul>
Hiroki Suzuki	<ul style="list-style-type: none"> <li>• Mandatory Accreditation Programme</li> <li>• Leading Change @ the Brain</li> </ul>

The Board had five (5) Board Meetings during the financial year ended 31 March 2018.

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

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

### 1.2 The Chairman of the Board has –

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

# Corporate Governance Statement (cont'd.)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

### 1.0 Board's Leadership on Objectives and Goals (continued)

- 1.3 The positions of the Chairman and MD/CEO are held by two different individuals and each has a clear accepted division of responsibilities to ensure that there is a balance of power and authority to promote accountability. The Chairman is responsible for instilling good corporate governance practices and leadership, and for ensuring Board effectiveness. The Chairman leads the Board in its collective oversight of Management, while the MD/CEO has the overall responsibilities over the Company's operating units, organisational effectiveness and implementation of Board policies and decisions. The distinct and separate roles of the Chairman and MD/CEO are clearly defined in the Board Charter to ensure that no one individual has unfettered powers of decision-making.
- 1.4 The Company is supported by two (2) suitably qualified and competent Company Secretaries. Both Company Secretaries are qualified Chartered Secretaries under Section 235(2)(a) of the Companies Act 2016 and are Fellow members of the Malaysian Association of the Institute of Chartered Secretaries and Administrators ("MAICSA"). The Company Secretaries are external company secretaries from Securities Services (Holdings) Sdn. Bhd. with vast knowledge and experience from being in public practice and is supported by a team of competent company secretarial personnel.

The Company Secretaries has –

- together with Management, managed all Board and Board Committee meeting logistics;
- attended and recorded minutes of all Board and Board Committee meetings and facilitated Board communications;
- advised the Board on its roles and responsibilities;
- facilitated Director training and development;
- advised the Board on corporate disclosures and compliance with Company and Securities Commission's regulations and Listing Requirements;
- managed processes pertaining to the Fifty-Sixth Annual General Meeting ("56<sup>th</sup> AGM"); and
- monitored corporate governance developments and advised the Board on governance practices.

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

The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in the discharge of its function, duties and responsibilities.

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

### 2.0 Demarcation of Responsibilities

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

As part of its efforts to ensure the effective discharge of its duties, the Board has delegated certain functions and authorities to three (3) of its Board Committees, namely, Audit Committee ("AC"), Nomination Committee ("NC"), and Remuneration Committee ("RC"). These Committees are entrusted with specific responsibilities to assist the Board in overseeing the Company's affairs, in accordance with their limits of authority and respective Terms of Reference, which are published on the Company's website at [www.ajinomoto.com.my](http://www.ajinomoto.com.my) together with the Board Charter. These Terms of Reference are reviewed as and when the need arises, and were recently amended to reflect the latest compliance requirements as a result of changes in the regulatory framework. The Board keeps itself abreast of the responsibilities delegated to each Board Committee, and matters deliberated at each Board Committee meeting through the minutes of the Board Committee meetings and reports by the respective Board Committee Chairman, at Board meetings.

## Corporate Governance Statement (cont'd.)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

#### 2.0 Demarcation of Responsibilities

##### AC

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

##### RC

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

##### NC

The NC was established with clearly defined Terms of Reference, and comprises five (5) Non-Executive Directors, all of whom are independent pursuant to Paragraph 15.08A(1) of the Main Market Listing Requirements of the Bursa Securities, during the financial year ended 31 March 2018 as follows:-

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

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

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

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

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

# Corporate Governance Statement (cont'd.)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

### 2.0 Demarcation of Responsibilities

#### *Activities of the NC*

During the financial year ended 31 March 2018, the NC held three (3) meetings to perform the following in the discharge of its duties and responsibilities:-

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

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

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

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

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

The attendance of Directors who are members of Board committees during the financial year ended 31 March 2018 is set out below:-

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

### 3.0 Good Business Conduct and Healthy Corporate Culture

3.1 The Board is committed in maintaining a corporate culture that engenders ethical conduct. The Board has formalised ethical standards by adopting a Code of Conduct, which summarises what the Company must endeavour to do proactively in order to increase corporate value, and which describes the areas in daily activities that require caution in order to minimise any risks that may occur. The Company's Code of Conduct covers ethical behaviour in all aspects of the Company's business operations, which includes areas concerning provision of safe, high-quality products and services, social contribution activities, conservation of the environment, respect for human rights and ensuring of workplace safety, responsibilities to shareholders, fair and transparent transactions and protection and management of Company assets and information.

The said Code of Conduct is published on the Company's website at [www.ajinomoto.com.my](http://www.ajinomoto.com.my).

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

# Corporate Governance Statement (cont'd.)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

### 3.0 Good Business Conduct and Healthy Corporate Culture (continued)

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

### 4.0 Board's Objectivity

4.1 The Board currently comprises six (6) Executive Directors and five (5) Independent Non-Executive Directors. The composition of the Board complies with Paragraph 15.02 of the Main Market Listing Requirements, which stipulates that the Company must ensure that at least two (2) Directors or 1/3 of the Board, whichever is the higher, are Independent Directors.

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

4.2 Presently, General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd. Ali (Rtd) and Tan Sri Dato' (Dr.) Teo Chiang Liang are the Independent Directors of the Company who have each served the Board for a cumulative term of more than twelve (12) years, while Mr. Koay Kah Ee is the Independent Director of the Company who has served the Board for a cumulative term of more than nine (9) years.

In line with the Malaysian Code on Corporate Governance ("MCCG"), the retention of General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd. Ali (Rtd), Tan Sri Dato' (Dr.) Teo Chiang Liang and Mr. Koay Kah Ee as Independent Directors of the Company were tabled to the shareholders for approval at the 56th AGM of the Company held on 28 August 2017, and the shareholders approved the same.

The NC and the Board take cognizance that under the MCCG with effect from year 2018, if the Board wishes to continue to retain General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd. Ali (Rtd) and Tan Sri Dato' (Dr.) Teo Chiang Liang as Independent Directors of the Company, the Board should seek annual shareholders' approval through a two-tier voting process. As Mr. Koay Kah Ee's cumulative term of more than twelve (12) years would only crystallise on 15 November 2019, his retention as an Independent Director would only need to be through the usual voting process i.e. two-tier voting is not necessary.

The NC and the Board have assessed the independence of General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd. Ali (Rtd), Tan Sri Dato' (Dr.) Teo Chiang Liang and Mr. Koay Kah Ee, and have recommended that they be retained as Independent Directors of the Company as they continue to bring independent and objective judgement to Board deliberations and continue to meet the following criteria for independence in discharging their roles and functions as Independent Directors of the Company:-

- fulfilled the criteria under the definition of Independent Director pursuant to the Paragraph 1.01 of the Main LR;
- not been involved in any business or other relationship which could hinder the exercise of independent judgement, objectivity or his ability to act in the best interests of the Company;
- no potential conflict of interest, whether business or non-business related with the Company;
- not established or maintained any significant personal or social relationship, whether direct or indirect, with the MD/CEO and Executive Directors, major shareholders or Management of the Company (including their family members) other than normal engagements and interactions on a professional level consistent with his duties and expected of him to carry out his duties as an independent director; and
- not derived any remuneration and other benefits apart from Directors' fees and hospitalisation and surgical coverage that are approved by shareholders.

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

# Corporate Governance Statement (cont'd.)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

### 4.0 Board's Objectivity (continued)

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

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

The Board appoints its members through a formal and transparent selection process. The new appointees will be considered and evaluated by the NC and the NC will then recommend the candidates to be approved and appointed by the Board. The Company Secretaries will ensure all appointments are properly documented.

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

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

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

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

Currently, there are two (2) female Directors on the Board namely, Ms. Naoko Yamamoto and Ms. Yukiko Nishioka, and one (1) female in senior management, namely, Ms. Heng Wai Shen, the Financial Controller.

- 4.6 The Board acknowledges the importance of not solely relying on recommendations from existing Board members, Management or major shareholders in identifying candidates for appointment of Directors. The Board is allowed by the Board Charter to use a variety of approaches and sources to ensure that it is able to identify the most suitable candidates.
- 4.7 The NC is chaired by Mr. Koay Kah Ee, the Senior Independent Director appointed by the Board. The NC Chairman has led the annual review of Board effectiveness, ensuring that the performance of each individual Director is independently assessed and will lead the succession planning and appointment of future Board members.

### 5.0 Overall Effectiveness of the Board

- 5.1 The Board has, through the NC, conducted the following annual assessments in the financial year ended 31 March 2018:-

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

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

## Corporate Governance Statement (cont'd.)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

#### 6.0 Level and Composition of Remuneration

- 6.1 In view that fair remuneration is crucial to attract, retain and motivate Directors and senior management, the Board has adopted Policies and Procedures to Determine the Remuneration of Directors and senior management which takes into account the demands, complexities and performance of the Company as well as skills and experience required to determine the remuneration of Directors and senior management. The said policies and procedures are available on the Company's website at [www.ajinomoto.com.my](http://www.ajinomoto.com.my).
- 6.2 The Board has a RC that assists the Board in implementing its policies and procedures on remuneration, which includes reviewing and recommending the proposed remuneration packages of the Directors of the Company. The RC also assists the Board to structure and link Directors' remuneration to the strategic objectives of the Company, which rewards contribution to the long-term success of the Company in promoting business stability and growth.

The Terms of Reference of the RC is published on the Company's website at [www.ajinomoto.com.my](http://www.ajinomoto.com.my).

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

#### 7.0 Remuneration of Directors and Senior Management

- 7.1 Remuneration of Directors for the financial year ended 31 March 2018 is as follows:-

##### *Executive Directors*

Name of director	Salaries and other emoluments	Fees*	Bonus	Gratuity#	Defined contribution plan	Benefits in-kind
Company	RM	RM	RM	RM	RM	RM
Naoko Yamamoto (appointed on 1 July 2017)	432,634	20,250	24,715	8,100	-	99,808
Yukiko Nishioka	473,984	27,000	74,634	10,800	-	71,613
Kamarudin bin Rasid	252,200	27,000	77,600	10,800	42,881	7,583
Azharudin bin Ab. Ghani	237,900	27,000	62,220	10,800	60,977	3,128
Kinji Yamashita (appointed on 1 July 2017 and resigned on 30 June 2018)	374,625	20,250	24,918	8,100	-	66,443
Hiroki Suzuki (appointed on 1 July 2017)	420,517	20,250	24,918	8,100	-	63,936
Keiji Kaneko (resigned on 30 June 2017)	146,936	6,750	49,716	2,700	-	32,256
Motohiro Komase (resigned on 30 June 2017)	140,646	6,750	49,716	2,700	-	19,725
Dr. Masata Mitsuiki (resigned on 30 June 2017)	135,362	6,750	49,716	2,700	-	18,622

# Corporate Governance Statement (cont'd.)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

### 7.0 Remuneration of Directors and Senior Management (continued)

#### Non-Executive Directors

Name of director	Fees*	Gratuity#	Other emoluments^	Benefits in-kind
Company	RM	RM	RM	RM
General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd. Ali (Rtd)	90,000	36,000	32,100	96,819
Tan Sri Dato' (Dr.) Teo Chiang Liang	45,000	18,000	22,100	-
Koay Kah Ee	35,000	14,000	22,100	-
Dominic Aw Kian-Wee	35,000	14,000	22,100	-
Dato' Setia Ramli bin Mahmud	35,000	14,000	22,100	-

\* Subject to shareholders' approval at the 57th AGM of the Company.

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

^ Meeting and transport allowance approved by shareholders at the 56th AGM of the Company.

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

Remuneration bands	Name of top five (5) senior management
RM400,001-RM450,000	Kamarudin bin Rasid – Executive Director, Chief Administration Officer
RM450,001-RM500,000	Kinji Yamashita – Executive Director, Chief Research and Development Officer
RM500,001-RM550,000	Hiroki Suzuki – Executive Director, Chief Sales and Marketing Officer
RM550,001-RM600,000	Naoko Yamamoto – Managing Director, Chief Executive Officer
RM650,001-RM700,000	Yukiko Nishioka – Executive Director, Chief Finance Officer

7.3 The detailed remuneration of each member of senior management on a named basis is not disclosed.

## PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

### 8.0 Effective and Independent AC

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

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



# Corporate Governance Statement (cont'd.)

## PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT (continued)

### 8.0 Effective and Independent AC (continued)

- a. the AC is fully informed about significant matters related to the Company's audit and its financial statements and these matters are addressed;
  - b. the AC appropriately communicates its insights, views and concerns about relevant transactions and events to Internal and External Auditors;
  - c. the AC's concerns on matters that may have an effect on the financial or audit of the Company are communicated to the External Auditors; and
  - d. there is co-ordination between Internal and External Auditors.
- 8.2 Before appointing a former key audit partner of the Company's External Auditors as a member of the AC, the AC has adopted the Policies and Procedures to Assess the Suitability, Objectivity and Independence of External Auditors, that requires a cooling-off period of at least two (2) years to be observed by the former key audit partner of the Company's External Auditors before being appointed as a member of the AC. This is to safeguard the independence of the audit and preparation of the Company's financial statements.
- 8.3 In recommending the re-appointment of the External Auditors to the Board, the AC has established Policies and Procedures to Assess the Suitability, Objectivity and Independence of External Auditors that consider amongst others:-
- a. the competence, audit quality, experience and resource capacity of the external auditor and its staff assigned to the audit;
  - b. the audit firm's other audit engagements;
  - c. the adequacy of the scope of the audit plan;
  - d. the external auditor's ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan;
  - e. the nature and extent of the non-audit services rendered and the appropriateness of the level of fees; and
  - f. obtaining written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The assessment to consider the suitability, objectivity and independence of the audit firm is conducted annually. The AC is of the view that Messrs. Hanafiah Raslan & Mohamad ("HRM"), the External Auditors have conducted itself objectively and independently in carrying out the audit of the Company, and is therefore suitable to be re-appointed for the ensuing year and has recommended the same to the Board based on the followings additional observations:-

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

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

- 8.4 The AC comprises solely of Independent Directors in line with Practice 8.4 of the MCCG.
- 8.5 All members of the AC are financially literate and are able to understand the Company's business and matters under the purview of the AC including the financial reporting process. They have continuously applied a critical and probing view on the Company's financial reporting process, transactions and other financial information, and effectively challenged Management's assertions on the Company's financials. Any inconsistencies or irregularities in the financial and operational reports would be questioned to ascertain that the Quarterly Report and the annual Audited Financial Statements taken as a whole provide a true and fair view of the Company's financial position and performance.

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

# Corporate Governance Statement (cont'd.)

## PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT (continued)

### 9.0 Risk Management and Internal Control

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

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

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

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

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

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

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

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

### 10.0 Effective Governance, Risk Management and Internal Control Framework

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

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

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

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

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

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

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

# Corporate Governance Statement (cont'd.)

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

### 11.0 Continuous Communication between the Company and Stakeholders

- 11.1 The Board believes that a constructive and effective investor relationship is essential in enhancing shareholder value. The Board, in its best efforts, always keeps the shareholders and various stakeholders informed of the Company's business and corporate development and ensure that the Company's communication with them is transparent and timely. Announcements, news, promotions and all relevant updates are posted on the Company's website regularly. Shareholders may also communicate with the Company on investor relation matters by posting their enquiries to the Company through the Company's web enquiry form on its website. The Company will endeavour to reply to these enquiries in the shortest possible time.
- 11.2 The Company is not categorised as "Large companies" under the MCCG and hence, has not adopted integrated reporting based on a globally recognised framework.

### 12.0 Encourage Shareholders Participation at General Meetings

- 12.1 The Company had provided all shareholders at least twenty-eight (28) days' notice before the date of the 56th AGM last year and will give all shareholders at least twenty-eight (28) days' notice before the date of the 57th AGM this year.

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

- 12.2 All the Directors of the Company attended the 56th AGM of the Company held on 28 August 2017. During the 56th AGM, the MD/CEO presented the financial results and the Company's business strategy for the new financial year, after which the Chairman invited questions from the shareholders present. The Board responded to the questions raised during the 56th AGM.

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

- 12.3 Paragraph 8.29A of the Main LR requires that any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, is voted by poll for all general meetings from 1 July 2016 onwards. The Company had conducted its voting on all resolutions at the 56th AGM held on 28 August 2017 by electronic polling to provide a more efficient and accurate outcome of the poll results. The Company had engaged Securities Services (Holdings) Sdn. Bhd. to act as the Poll Administrator to provide the electronic polling system, while Commercial Quest Sdn. Bhd. was the appointed scrutineer to verify the poll results.

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

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

In addition, the general meetings of the Company are always held in the Klang Valley in an accessible location. The Company has less than 4,000 shareholders, and hence, while all practical efforts are taken to ensure that shareholders are able to participate at general meetings, considering the costs involved and the current electronic voting technology available, the Board is of the view that it is not economically justifiable to enable voting in absentia or remote shareholders' participation at the forthcoming 57th AGM of the Company.

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

The Corporate Governance Overview Statement and the Corporate Governance Report are made in accordance with a resolution of the Board of Directors passed on 27 June 2018.

## ADDITIONAL COMPLIANCE INFORMATION

### 1. Utilisation of Proceeds

Not Applicable.

### 2. Audit and Non-Audit Fees

During the financial year, the amount of audit fees and non-audit fees paid by the Company to the External Auditors amounted to RM88,200 and RM29,900 respectively.

### 3. Material Contracts

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

### 4. Recurrent Related Party Transactions ("RRPT") of a Revenue or Trading Nature

The RRPT entered into by the Company during the financial year ended 31 March 2018 were as follows:-

- (a) Name of related party : Ajinomoto Affiliated Companies
- (b) Relationship : Ajinomoto Co., Inc. ("AjiCo.") is the holding company of the Company and has presence in 35 countries worldwide through its subsidiaries and affiliated companies wherein it owns direct and indirect shareholdings. This group of companies is referred to as Ajinomoto Affiliated Companies.

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

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

Nature of Transaction	1 April 2017 to 31 March 2018 RM'000
Commission income	20
Royalties payable	(9,563)
Sales	106,593
Purchases	(158,498)
Purchases of assets	(140)
Promotional expenses	(38)
Other expenses	(730)
Shared information technology services	(2,341)

## STATEMENT OF DIRECTORS' RESPONSIBILITY

### In Relation To The Financial Statements

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

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

The Directors consider that in preparing the financial statements,

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

The Directors are responsible for ensuring that the Company maintains accounting records that disclose with reasonable accuracy the financial position of the Company, and which enable them to ensure that the financial statements comply with the Companies Act 2016.

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

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

For the Financial Year Ended 31 March 2018

## 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 2018 which has been prepared pursuant to paragraph 15.26(b) of Bursa Malaysia Securities Berhad Main Market Listing Requirements (“**Main LR**”) and in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers. The statement below outlines the nature and scope of risk management and internal control of the Company during the financial year under review.

## BOARD RESPONSIBILITY

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

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

## KEY FEATURES OF THE COMPANY’S INTERNAL CONTROL SYSTEM

### 1. CONTROL ENVIRONMENT

- **Organisation Structure and Authorisation Procedures**

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

- **Periodic and Annual Budget**

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

- **Company Policies and Procedures**

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

- **Human Resource Policy**

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

- **Quality of Product**

Quality of product is of prime importance to the Board. Compliance to procedures outlined in ISO9001:2015 and “Hazard Analysis and Critical Control Point” (HACCP) accreditation to underpin quality assurance and control are strictly adhered to via regular internal and external quality audits.

- **Regular Operational and Management Meetings**

Monthly operational meetings are conducted among Senior Management to discuss and review the business plans, budgets, financial and operational performances of the Company. Weekly meetings of 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 2018

## 2. RISK MANAGEMENT FRAMEWORK

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

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

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

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

## 3. INTERNAL AUDIT FUNCTION

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

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

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

The costs incurred in maintaining the outsourced internal audit function for the financial year ended 31 March 2018 amounted to RM80,472 (financial year ended 31 March 2017: RM68,504).

## 4. REVIEW BY THE BOARD

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

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

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

## 5. INFORMATION AND COMMUNICATION

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

# Statement On Risk Management And Internal Control (cont'd.) For The Financial Year Ended 31 March 2018

## 6. REVIEW OF THIS STATEMENT

Pursuant to Paragraph 15.23 of the Main LR, the External Auditors have reviewed this Statement for inclusion in the 2018 Annual Report, and reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the processes adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

## 7. CONCLUSION

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

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

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

This statement was approved by the Board of Directors on 24 May 2018.



# AUDIT COMMITTEE REPORT

## INTRODUCTION

The Board of Directors (“**the Board**”) of the Company is pleased to present the report of the Audit Committee for the financial year ended 31 March 2018.

## PURPOSE

The Audit Committee assists the Board in carrying out its responsibilities and meeting the corporate governance requirements. It reviews the quarterly financial information before recommending to the Board for adoption and release to Bursa Malaysia Securities Berhad (“**Bursa Securities**”). In addition to this, the Audit Committee reviews the systems of internal controls which Management and the Board 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 2018 are as follows:-

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

\* There were five (5) Audit Committee Meetings held during the financial year ended 31 March 2018. The meetings were held on 29 May 2017, 29 June 2017, 24 August 2017, 23 November 2017 and 26 February 2018.

## Summary of work and discharge of responsibilities of the Audit Committee

During the financial year ended 31 March 2018, 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 two (2) times during the financial year as stipulated in the Audit Committee’s Terms of Reference, to encourage a greater exchange of free and honest views between both parties.

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

### 1. Financial Results

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

## Audit Committee Report (cont'd.)

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

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

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

Date of Meeting	Financial Reporting Statement Reviewed
29 May 2017	<ul style="list-style-type: none"> <li>• Fourth quarter results for the financial year ended 31 March 2017</li> </ul>
29 June 2017	<ul style="list-style-type: none"> <li>• Audited Financial Statements for the financial year ended 31 March 2017</li> </ul>
24 August 2017	<ul style="list-style-type: none"> <li>• First quarter results for the financial year ended 31 March 2018</li> </ul>
23 November 2017	<ul style="list-style-type: none"> <li>• Second quarter results for the financial year ended 31 March 2018</li> </ul>
26 February 2018	<ul style="list-style-type: none"> <li>• Third quarter results for the financial year ended 31 March 2018</li> </ul>

### 2. External Audit

- a) Reviewed the External Auditors' scope of work, fees, and audit plan for the financial year and made recommendations to the Board on their re-appointment and remuneration;
- 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.

During the financial year, the AC had two (2) private meetings with the External Auditor on 29 May 2017 and 29 June 2017 without the presence of the Executive Directors and Management of the Company to discuss any issues that may have arose from the external audit.

### 3. Internal Audit

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

## Audit Committee Report (cont'd.)

### 4. Related Party Transactions (“RPT”)

- a) a) Reviewed the Recurrent RPT of the Company on a quarterly basis.
- b) Reviewed the Circular to Shareholders in relation to the Renewal of Existing Shareholder Mandate for Recurrent RPT.

### 5. Other matters

- a) Reviewed the revised Terms of Reference to be aligned with the changes in the Bursa Securities’ Main LR.
- b) Reviewed the Audit Committee Report and Statement on Risk Management and Internal Control for disclosure in the 2018 Annual Report.

### Summary of work of the internal audit function

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

A summary of work of the internal audit function for the financial year ended 31 March 2018 is as follows:-

- (a) Formulated the internal audit plan and presented the plan for the Audit Committee’s review and approval;
- (b) Executed the internal audit reviews covering the following in accordance with the approved audit plan:-
  - branch operations in Johor Bahru and Malacca, covering the following areas:-
    - inventory management
    - petty cash management
    - sales proceeds - records maintenance and deposit
    - fixed assets verifications
  - Recurrent RPT
  - Production at P2
- (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 2018 did not reveal weaknesses that have resulted in any material losses, contingencies or uncertainties that would require separate disclosure in this annual report.

## ANALYSIS OF SHAREHOLDINGS

### AS AT 29 JUNE 2018

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

#### ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares Held	%
1 – 99	320	8.54	4,854	0.01
100 – 1,000	1,837	49.00	1,007,074	1.66
1,001 – 10,000	1,308	34.89	4,590,763	7.55
10,001 – 100,000	240	6.40	6,634,240	10.91
100,001 – 3,039,925 (*)	43	1.15	17,933,758	29.50
3,039,926 and above (**)	1	0.03	30,627,845	50.38
<b>TOTAL</b>	<b>3,749</b>	<b>100.00</b>	<b>60,798,534</b>	<b>100.00</b>

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 29 June 2018 is as follows:-

	No. of Shares			
	Direct	%	Indirect	%
Ajinomoto Co., Inc.	30,627,845	50.38	-	-
FMR LLC	3,103,000	5.10	-	-

#### DIRECTORS' SHAREHOLDINGS

The Directors' Shareholdings based on the Register of Directors' Shareholdings of the Company as at 29 June 2018 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 <sup>(1)</sup>	0.02
Tan Sri Dato' (Dr.) Teo Chiang Liang	-	-	150,000 <sup>(2)</sup>	0.25
Naoko Yamamoto	-	-	-	-
Yukiko Nishioka	-	-	-	-
Koay Kah Ee	-	-	-	-
Dominic Aw Kian-Wee	-	-	-	-
Dato' Setia Ramli bin Mahmud	-	-	-	-
Kamarudin bin Rasid	-	-	-	-
Azharudin bin Ab Ghani	-	-	-	-
Kinji Yamashita	-	-	-	-
Hiroki Suzuki	-	-	-	-

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

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

# Analysis of Shareholdings (cont'd.)

As at 29 June 2018

## THIRTY LARGEST SECURITIES ACCOUNT HOLDERS

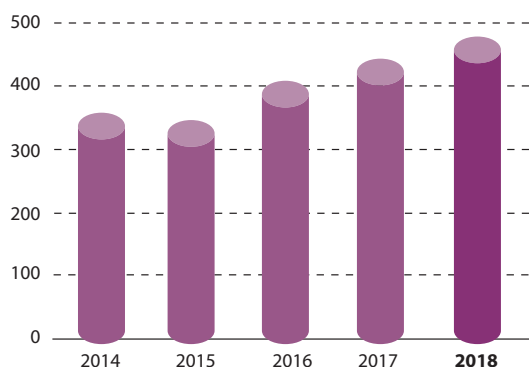
No.	Shareholders	No. of Shares	%
1.	Ajinomoto Co., Inc.	30,627,845	50.38
2.	Cartaban Nominees (Asing) Sdn. Bhd. <i>BBH and Co. Boston for Fidelity Puritan Trust: Fidelity Series Intrinsic Opportunities Fund</i>	1,700,000	2.80
3.	Cartaban Nominees (Asing) Sdn. Bhd. <i>SSBT Fund F9EX for Fidelity Northstar Fund</i>	1,400,000	2.30
4.	Chinchoo Investment Sdn. Berhad	1,210,800	1.99
5.	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
6.	Berjaya Sompo Insurance Berhad	1,125,054	1.85
7.	Kumpulan Wang Persaraan (Diperbadankan)	1,038,600	1.71
8.	Maybank Nominees (Tempatan) Sdn. Bhd. <i>National Trust Fund (IFM Maybank)</i>	845,700	1.39
9.	HSBC Nominees (Ading) Sdn. Bhd. <i>Exempt AN for Credit Suisse (SG-BR-TST-ASING)</i>	700,000	1.15
10.	Amanahraya Trustees Berhad <i>PB Smallcap Growth Fund</i>	638,100	1.05
11.	Tee Teh Sdn. Berhad	564,508	0.93
12.	Wong Lok Jee @ Ong Lok Jee	500,000	0.82
13.	Amanahraya Trustees Berhad <i>PB Islamic Smallcap Fund</i>	499,500	0.82
14.	Amanahraya Trustees Berhad <i>Public Strategic Smallcap Fund</i>	473,500	0.78
15.	Yong Siew Lee	400,000	0.66
16.	Seah Mok Khoon	375,000	0.62
17.	Amanahraya Trustees Berhad <i>Public Smallcap Fund</i>	348,700	0.57
18.	Amanahraya Trustees Berhad <i>Public Islamic Emerging Opportunities Fund</i>	338,800	0.56
19.	See Hoy Chan Agencies Sendirian Berhad	338,100	0.56
20.	Citigroup Nominees (Tempatan) Sdn. Bhd. <i>Employees Provident Fund Board (Aberislamic)</i>	329,200	0.54
21.	Amanahraya Trustees Berhad <i>PMB Shariah Agressive Fund</i>	268,500	0.44
22.	CIMB Islamic Nominees (Tempatan) Sdn. Bhd. <i>CIMB Islamic Trustee Berhad – Kenanga Syariah Growth Fund</i>	243,600	0.40
23.	Maybank Nominees (Tempatan) Sdn. Bhd. <i>National Trust Fund (IFM Kenanga)</i>	240,000	0.39
24.	Yee Fook Leong	234,000	0.38
25.	Amanahraya Trustees Berhad <i>Public Select Treasures Equity Fund</i>	229,200	0.38
26.	Maybank Securities Nominees (Asing) Sdn. Bhd. <i>Maybank Kim Eng Securities Pte Ltd for Tan Pheck Gee</i>	226,138	0.37
27.	Tay How Seng	206,259	0.34
28.	Key Development Sdn. Berhad	200,000	0.33
29.	Seah Heng Lye	200,000	0.33
30.	Oh Siew Heong	190,000	0.31
	<b>TOTAL</b>	<b>46,822,134</b>	<b>77.01</b>

## FINANCIAL HIGHLIGHTS

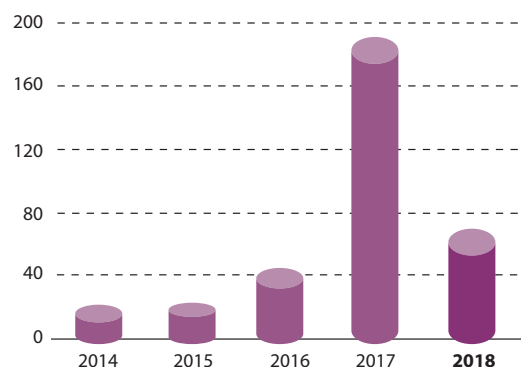
	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000
REVENUE	345,351	340,376	400,201	419,917	<b>436,286</b>
PROFIT BEFORE TAXATION	37,596	40,596	53,941	211,469	<b>67,068</b>
NET PROFIT	28,041	29,733	40,787	187,462	<b>56,262</b>
SHAREHOLDERS FUNDS	262,076	279,522	307,813	474,638	<b>437,129</b>
<b>PER SHARE</b>					
o GROSS EARNINGS (Sen)	61.8	66.8	88.7	347.8	<b>110.3</b>
o NET EARNINGS (Sen)	46.1	48.9	67.1	308.3	<b>92.5</b>
o NET ASSET (RM)	4.3	4.6	5.1	7.8	<b>7.2</b>
<b>FINANCIAL RATIOS</b>					
Return on Asset (%)	9.10%	8.93%	11.11%	35.21%	<b>11.56%</b>
Return on Equity (%)	10.70%	10.64%	13.25%	39.50%	<b>12.87%</b>
Dividend Payout Ratio (%)	40.11%	40.90%	50.31%	50.27%	<b>50.25%*</b>
Net Dividend per share (sen)	18.50	20.00	33.75	42.00	<b>46.50*</b>
Special Dividend per share (sen)	-	-	-	113.00	-

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

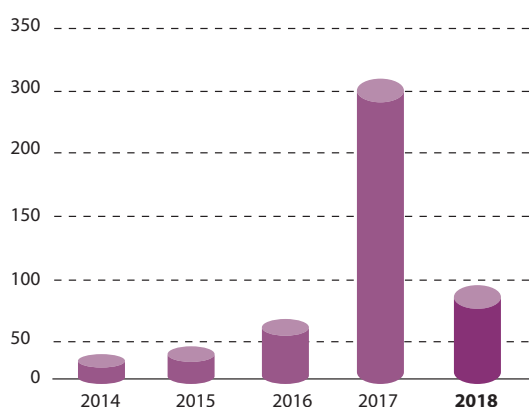
**REVENUE**  
(RM Millions)



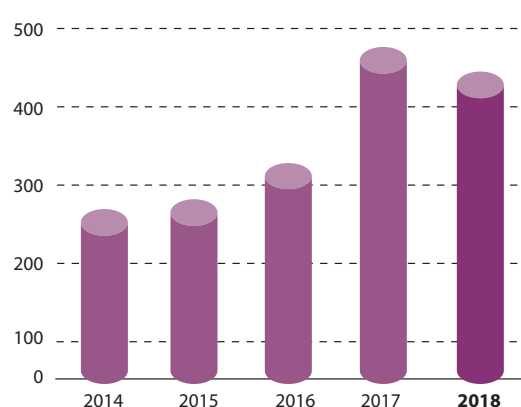
**NET PROFIT**  
(RM Millions)



**NET EARNINGS PER SHARE**  
(Sen)



**SHAREHOLDERS FUNDS**  
(RM Millions)



## DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Company for the financial year ended 31 March 2018.

### Principal activities

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

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

### Results

	RM
Profit net of tax	56,262,095

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 2017 were as follows:

	RM
In respect of the financial year ended 31 March 2017 as reported in the directors' report of that year	
First and final single-tier dividend of 42.00 sen per ordinary share declared on 28 August 2017 and paid on 20 September 2017	25,535,384
Special one-off single-tier dividend of 113.00 sen per ordinary share declared on 28 August 2017 and paid on 20 September 2017	68,702,343
	<u>94,237,727</u>

At the forthcoming Annual General Meeting, a first and final single-tier dividend in respect of the financial year ended 31 March 2018 of 46.50 sen per ordinary share on 60,798,534 ordinary shares, amounting to a dividend payable of RM28,271,318 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 2019.

# Directors' Report

## (cont'd.)

### Directors

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

General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd. Ali (Rtd)  
 Tan Sri Dato' (Dr.) Teo Chiang Liang  
 Naoko Yamamoto (appointed on 1 July 2017)  
 Yukiko Nishioka  
 Koay Kah Ee  
 Dominic Aw Kian-Wee  
 Dato' Setia Ramli bin Mahmud  
 Kamarudin bin Rasid  
 Azharudin bin Ab Ghani  
 Kinji Yamashita (appointed on 1 July 2017)  
 Hiroki Suzuki (appointed on 1 July 2017)  
 Keiji Kaneko (resigned on 30 June 2017)  
 Motohiro Komase (resigned on 30 June 2017)  
 Dr. Masata Mitsuiki (resigned on 30 June 2017)

### Directors' benefits

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 7 of the financial statements or the fixed salary of a full time employee) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

### Indemnity and insurance costs

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

### Directors' interests

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

	Number of ordinary shares			
	At 1.4.2017	Acquired	Sold	At 31.3.2018
<b>The Company</b>				
<b>Direct interest:</b>				
General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd. Ali (Rtd)	10,000	-	-	10,000
<b>Indirect interest:</b>				
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)

	At 1.4.2017/ Date of appointment	Number of shares		At 31.3.2018
		Acquired	Sold	
<b>Holding company</b>				
- Ajinomoto Co. Inc.				
<b>Direct interest:</b>				
Yukiko Nishioka	3,088	172	-	3,260
Kinji Yamashita	2,235	-	-	2,235
Hiroki Suzuki	5,646	-	-	5,646

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

### Directors' remuneration

The details of directors' remuneration are as follows:

	RM
<b>Executive:</b>	
Salaries and other emoluments	2,614,804
Fees	162,000
Bonus	438,153
Gratuity	64,800
Defined contribution plan	103,858
Total executive directors' remuneration (excluding benefits-in-kind) (Note 6)	3,383,615
Estimated money value of benefit-in-kind	383,114
Total executive directors' remuneration (including benefits-in-kind)	3,766,729
<b>Non-executive:</b>	
Fees	240,000
Gratuity	96,000
Other emoluments	120,500
Total non-executive directors' remuneration (excluding benefits-in-kind) (Note 8)	456,500
Estimated money value of benefit-in-kind	96,819
Total non-executive directors' remuneration (including benefits-in-kind)	553,319
Total directors' remuneration	4,320,048

# Directors' Report

(cont'd.)

## 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.
- (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.

## Directors' Report (cont'd.)

### Significant event

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

### Indemnification of auditors

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

### Auditors

The auditors, Hanafiah Raslan & Mohamad, have expressed their willingness to continue in office. The auditors' remuneration for current financial year is RM118,100.

Signed on behalf of the Board in accordance with a resolution of the directors dated 27 June 2018.

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

**Naoko Yamamoto**

## STATEMENT BY DIRECTORS

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

We, General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd. Ali (Rtd) and Naoko Yamamoto, being two of the directors of Ajinomoto (Malaysia) Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 47 to 89 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 March 2018 and of the results and the cash flows of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 27 June 2018.

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

**Naoko Yamamoto**

## STATUTORY DECLARATION

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

I, Heng Wai Shen, being the officer primarily responsible for the financial management of Ajinomoto (Malaysia) Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 47 to 89 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by  
the abovenamed Heng Wai Shen at  
Kuala Lumpur in the Federal  
Territory on 27 June 2018

Heng Wai Shen  
MIA: CA 9667

Before me,

Tan Seok Kett  
(W530)  
Commissioner for Oaths  
Kuala Lumpur

# INDEPENDENT AUDITORS' REPORT

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

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

We have audited the financial statements of Ajinomoto (Malaysia) Berhad, which comprise the statement of financial position as at 31 March 2018, and statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 47 to 89.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2018, and of its financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

#### Basis for opinion

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

#### Independence and other ethical responsibilities

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

#### Key audit matters

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

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

#### Revenue recognition

The note relating to revenue is disclosed in Note 2.3(m) and Note 4 to the financial statements.

During the financial year, the Company recognised revenue from sale of goods amounting to approximately RM436.3 million. We identified revenue recognition to be an area of audit focus as we consider the high volume of transactions to be a possible cause of a higher risk of material misstatements in respect of the timing and amount of revenue recognised. We focused our audit efforts to determine the possibility of overstatement of revenue.

Our audit procedures for revenue recognition included amongst others:

- (a) We obtained an understanding of the Company's relevant internal controls and tested the controls over the timing and amount of revenue recognised;
- (b) We inspected the terms of sales arrangement to determine the point of transfer of significant risk and rewards;
- (c) We performed a three way correlation test between revenue, trade receivables and cash and bank balances accounts; and
- (d) We also focused on testing the recording of sales transaction close to year end, including credit notes issued after year end, to establish whether the transactions were recorded in the correct accounting period.

# Independent Auditors' Report

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

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

#### Information other than the financial statements and auditor's report

The directors of the Company are responsible for the other information. The other information comprises the information included in the Company's 2018 Annual Report, but does not include the financial statements of the Company and our auditors' report thereon.

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

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

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

#### Responsibilities of the directors for the financial statements

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

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

#### Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

# INDEPENDENT AUDITORS' REPORT

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

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

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

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

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

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

### Other matters

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

**Hanafiah Raslan & Mohamad**

AF: 0002

Chartered Accountants

**Teoh Soo Hock**

No. 02477/10/2019J

Chartered Accountant

Kuala Lumpur, Malaysia

27 June 2018

# STATEMENT OF COMPREHENSIVE INCOME

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Note	2018 RM	2017 RM
<b>Revenue</b>	4	436,286,320	419,917,079
<b>Other items of income</b>	5	10,566,747	152,738,464
<b>Items of expenses</b>			
Changes in inventories of finished goods, work in progress and goods-in-transit		(5,271,070)	3,540,796
Raw materials and packaging materials consumed		(208,764,055)	(217,059,385)
Finished goods purchased		(37,210,475)	(19,765,656)
Employee benefits expense	6	(51,958,074)	(48,707,175)
Depreciation of property, plant and equipment		(13,089,424)	(11,804,353)
Other operating expenses		(63,491,805)	(67,390,780)
Profit before tax	8	67,068,164	211,468,990
Income tax expense	9	(10,806,069)	(24,006,710)
<b>Profit net of tax</b>		56,262,095	187,462,280
<b>Other comprehensive income</b>			
Reclassified to profit or loss due to disposal of investment securities		-	(126,129)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>			
Actuarial gain on defined benefit plans		614,738	9,762
Tax impact relating to actuarial gain on defined benefit plans		(147,537)	(2,357)
<b>Other comprehensive income for the year, net of tax</b>		467,201	(118,724)
<b>Total comprehensive income for the year</b>		56,729,296	187,343,556
<b>Earnings per share attributable to equity holders of the Company (sen)</b>			
- Basic	10	92.54	308.33
Net dividend per share (sen)	11	155.00	33.75

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



# STATEMENT OF FINANCIAL POSITION

## AS AT 31 MARCH 2018

	Note	2018 RM	2017 RM
<b>Non-current assets</b>			
Property, plant and equipment	12	84,375,051	89,545,984
Other receivables	13	1,330,852	1,290,146
Other investments	14	226,000	226,000
		<u>85,931,903</u>	<u>91,062,130</u>
<b>Current assets</b>			
Inventories	15	45,743,251	61,501,284
Trade and other receivables	13	58,088,293	49,870,354
Derivatives assets	16	120,243	-
Investment securities	17	169,960,712	200,066,655
Cash and bank balances	18	126,747,387	129,937,428
		<u>400,659,886</u>	<u>441,375,721</u>
<b>Total assets</b>		<u>486,591,789</u>	<u>532,437,851</u>
<b>Equity and liabilities</b>			
<b>Current liabilities</b>			
Retirement benefit obligations	19	552,411	313,830
Trade and other payables	20	36,402,523	38,861,184
Derivatives liabilities	16	26,492	56,836
Tax payable		469,792	6,095,751
		<u>37,451,218</u>	<u>45,327,601</u>
<b>Non-current liabilities</b>			
Retirement benefit obligations	19	11,034,214	9,596,693
Deferred tax liabilities	21	977,252	2,876,021
		<u>12,011,466</u>	<u>12,472,714</u>
<b>Total liabilities</b>		<u>49,462,684</u>	<u>57,800,315</u>
<b>Net assets</b>		<u>437,129,105</u>	<u>474,637,536</u>
<b>Equity attributable to equity holders of the Company</b>			
Share capital	22	65,102,234	65,102,234
Retained earnings	23	372,749,005	410,724,637
Other reserves	24	(722,134)	(1,189,335)
<b>Total equity</b>		<u>437,129,105</u>	<u>474,637,536</u>
<b>Total equity and liabilities</b>		<u>486,591,789</u>	<u>532,437,851</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 2018

	Note	← Non-distributable →		→ Distributable →		Total equity RM
		Share capital RM (Note 22)	Share premium RM (Note 22)	Other reserves RM (Note 24)	Retained earnings RM (Note 23)	
<b>At 1 April 2016</b>		60,798,534	4,303,700	(1,070,611)	243,781,862	307,813,485
Total comprehensive income		-	-	(118,724)	187,462,280	187,343,556
Transition to no-par value regime		4,303,700	(4,303,700)	-	-	-
<u>Transaction with owners</u>						
Dividends	11	-	-	-	(20,519,505)	(20,519,505)
<b>At 31 March 2017</b>		65,102,234	-	(1,189,335)	410,724,637	474,637,536
<b>At 1 April 2017</b>		65,102,234	-	(1,189,335)	410,724,637	474,637,536
Total comprehensive income		-	-	467,201	56,262,095	56,729,296
<u>Transaction with owners</u>						
Dividends	11	-	-	-	(94,237,727)	(94,237,727)
<b>At 31 March 2018</b>		65,102,234	-	(722,134)	372,749,005	437,129,105

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 2018

	2018 RM	2017 RM
<b>Cash flows from operating activities</b>		
Profit before tax	67,068,164	211,468,990
Adjustments for:		
Provision for short-term accumulating compensated absences	57,413	260,535
Interest income	(3,255,804)	(5,499,629)
Distribution from investment securities	(6,647,610)	(55,696)
Depreciation of property, plant and equipment	13,089,424	11,804,353
(Reversal)/impairment loss on trade receivables, net	(4,170)	(12,486)
Inventories written off	378,655	1,754,608
Property, plant and equipment written off	161,922	31,348
Gain on disposal of property, plant and equipment	(50,514)	(121,319,793)
Gain on disposal of investment securities	-	(1,429,455)
Loss on disposal of other investment	-	29,906
Provision for defined benefit plans	1,565,173	1,663,791
Retirement benefit charged to profit or loss	1,510,343	-
Unrealised foreign exchange loss/(gain)	1,580,464	(1,653,713)
Net fair value (gain)/loss on derivatives	(150,587)	563,366
	<hr/>	<hr/>
Operating profit before working capital changes	75,302,873	97,606,125
Decrease/(increase) in inventories	15,379,378	(9,946,449)
Increase in trade and other receivables	(8,190,119)	(5,662,868)
Decrease in trade and other payables	(2,478,130)	(5,093,626)
	<hr/>	<hr/>
Cash generated from operations	80,014,002	76,903,182
Taxes paid	(18,478,334)	(20,746,688)
Net payments made to retirement benefit obligations	(784,676)	(1,518,264)
	<hr/>	<hr/>
Net cash generated from operating activities	60,750,992	54,638,230
	<hr/>	<hr/>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(8,339,299)	(17,774,387)
Proceeds from disposal of property, plant and equipment	309,400	142,755,968
Proceeds from disposal of investment securities	-	2,102,140
Proceeds from disposal of other investment	-	15,094
Interest received	3,094,332	5,640,633
Distribution from investment securities	6,456,099	-
Withdrawal/(placement) with licensed financial institutions	30,297,454	(200,010,959)
Withdrawal/(placement) of deposits with maturity more than 90 days	2,248,800	(84,383)
	<hr/>	<hr/>
Net cash generated from/(used in) investing activities	34,066,786	(67,355,894)
	<hr/>	<hr/>
<b>Cash flows from financing activity</b>		
Dividends paid, representing net cash used in financing activity	(94,237,727)	(20,519,505)
	<hr/>	<hr/>
<b>Net increase/(decrease) in cash and cash equivalents</b>	580,051	(33,237,169)
Effect of exchange rate changes on cash and cash equivalents	(1,521,292)	837,591
<b>Cash and cash equivalents at beginning of the financial year</b>	127,688,628	160,088,206
	<hr/>	<hr/>
<b>Cash and cash equivalents at end of the financial year (Note 18)</b>	126,747,387	127,688,628
	<hr/>	<hr/>

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 2018

### 1. CORPORATE INFORMATION

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

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

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 27 June 2018.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of preparation

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

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

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

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

As of 1 April 2017, the Company adopted the following new and amended MFRSs and IC Interpretations (collectively referred to as “pronouncements”) that have been issued by the Malaysian Accounting Standards Board (“MASB”):

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

- Amendments to MFRS 12: Disclosure of Interests in Other Entities (Annual Improvements 2014-2016 Cycle)
- Amendments to MFRS 107: Statement of Cash Flows: Disclosure Initiative
- Amendments to MFRS 112: Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses

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 2018 (cont'd.)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

##### (a) Foreign currency (cont'd.)

##### (ii) Foreign currency transactions

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

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

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

##### (b) Property, plant and equipment

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

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

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

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

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

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

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

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

# Notes to the Financial Statements

## For the financial year ended 31 March 2018 (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.

# Notes to the Financial Statements

## For the financial year ended 31 March 2018 (cont'd.)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

##### (d) Financial assets (cont'd.)

###### (ii) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. The loans and receivables of the Company comprise trade and other receivables (excluding prepayments and Goods and Services Tax ("GST") refund), investment securities 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 does not have any available-for-sale financial asset.

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 2018 (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 2018 (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.

##### (ii) Other financial liabilities

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

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

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

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

# Notes to the Financial Statements

## For the financial year ended 31 March 2018 (cont'd.)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

##### (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.

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.

# Notes to the Financial Statements

## For the financial year ended 31 March 2018 (cont'd.)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

##### (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.

##### (n) Other Items of Income

###### (i) Interest income and distribution from investment securities

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

###### (ii) Rental income

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

###### (iii) Other income

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

# Notes to the Financial Statements

## For the financial year ended 31 March 2018 (cont'd.)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

##### (o) Taxes

###### (i) Current income tax

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

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

###### (ii) Deferred tax

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

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

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

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

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

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

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

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

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

# Notes to the Financial Statements

## For the financial year ended 31 March 2018 (cont'd.)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

##### (o) Taxes (cont'd.)

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

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

##### (p) Share capital

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

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

##### (q) Contingencies

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

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

##### (r) Fair value measurements

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

##### (i) Financial instruments

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

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

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

# Notes to the Financial Statements

## For the financial year ended 31 March 2018 (cont'd.)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

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

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

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

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

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

# Notes to the Financial Statements

## For the financial year ended 31 March 2018 (cont'd.)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

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

- Amendments to MFRS 2: Share-based Payment
- Amendments to MFRS 3: Business Combinations
- Amendments to MFRS 6: Exploration for and Evaluation of Mineral Resources
- Amendments to MFRS 14: Regulatory Deferral Accounts
- Amendments to MFRS 101: Presentation of Financial Statements
- Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors
- Amendments to MFRS 134: Interim Financial Reporting
- Amendments to MFRS 137: Provisions, Contingent Liabilities and Contingent Assets
- Amendments to MFRS 138: Intangible Assets
- IC Interpretation 12 Service Concession Arrangements
- IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments
- IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine
- IC Interpretation 22 Foreign Currency Transactions and Advance Consideration
- IC Interpretation 132 Intangible Assets - Web Site Costs

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

- MFRS 17: Insurance Contracts

##### Effective for a date yet to be confirmed

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

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

##### MFRS 9 Financial Instruments

MFRS 9 (effective from 1 January 2018) which will be effective in conjunction with the adoption of MFRS framework, replaces MFRS 139, Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income ("OCI"). The basis of classification depends on the entity's business model and the cash flow characteristics of the financial asset.

MFRS 9 retains most of the MFRS 139 requirements for liabilities. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in OCI rather than in profit or loss, unless this creates an accounting mismatch.

MFRS 9 introduces an expected credit loss model on impairment for all financial assets that replaces the incurred loss impairment model used in MFRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

Based on management initial assessment, the expected financial impact will not be material to the Company.

# Notes to the Financial Statements

## For the financial year ended 31 March 2018 (cont'd.)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

##### MFRS 15 Revenue from Contracts with Customers

MFRS 15 replaces the guidance in MFRS 111: Construction Contracts, MFRS 118: Revenue, IC Interpretation 13: Customer Loyalty Programmes, IC Interpretation 15: Agreements for Construction of Real Estate, IC Interpretation 18: Transfers of Assets from Customers and IC Interpretation 131: Revenue - Barter Transactions Involving Advertising Services. MFRS 15 provides a single model for accounting for revenue arising from contracts with customers, focusing on the identification and satisfaction of performance obligations.

MFRS 15 is effective for annual periods beginning on or after 1 January 2018.

The Company decided to apply MFRS 15 retrospectively with cumulative effect on initially applying this standard as an adjustment to the opening balance of retained earnings of the annual reporting period that includes the date of initial application. Under this transition method, the Company will apply this standard retrospectively only to contracts that are not completed at the date of initial application (i.e. 1 January 2017).

Based on the preliminary initial assessment, the Company does not expect the application of MFRS 15 to have a significant impact on financial statements.

##### MFRS 16 Leases

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

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

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

The Company is currently assessing the impact of MFRS 16 and plans to adopt the new standard on the required effective date.



# Notes to the Financial Statements

## For the financial year ended 31 March 2018 (cont'd.)

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

#### 3.1 Judgement made in applying accounting policies

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

##### (a) Assessment of income taxes

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

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

#### 3.2 Key sources of estimation uncertainty

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

##### (a) Depreciation of property, plant and equipment

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

##### (b) Deferred tax

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

##### (c) Retirement benefit obligations

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

# Notes to the Financial Statements

For the financial year ended 31 March 2018 (cont'd.)

## 4. REVENUE

	2018 RM	2017 RM
Sale of goods	436,286,320	419,917,079

## 5. OTHER ITEMS OF INCOME

	2018 RM	2017 RM
Gain on disposal of property, plant and equipment	50,514	121,319,793
Other income received from compensation on compulsory acquisition	-	23,542,893
Interest income	3,255,804	5,499,629
Distribution from investment securities	6,647,610	55,696
Gain on disposal of investment securities	-	1,429,455
Miscellaneous income	462,082	210,356
Rental income	150	680,642
Net fair value gain on derivatives	150,587	-
	<u>10,566,747</u>	<u>152,738,464</u>

## 6. EMPLOYEE BENEFITS EXPENSE

	2018 RM	2017 RM
Wages and salaries	40,589,964	38,869,558
Gratuity	64,800	60,000
Defined contribution plans	4,099,872	3,919,849
Provision for defined benefit plans (Note 19)	1,565,173	1,663,791
Retirement benefit charged to profit or loss (Note 24)	1,510,343	-
Social security costs	367,470	325,222
Provision for short-term accumulating compensated absences	57,413	260,535
Other staff related expenses	3,703,039	3,608,220
Total employee benefit expenses (Note 8)	<u>51,958,074</u>	<u>48,707,175</u>

Included in employee benefits expense of the Company are executive directors' remuneration amounting to RM3,383,615 (2017: RM3,377,890) as further disclosed in Note 7.

## Notes to the Financial Statements

### For the financial year ended 31 March 2018 (cont'd.)

#### 7. DIRECTORS' REMUNERATION

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

	2018 RM	2017 RM
Executive:		
Salaries and other emoluments	2,614,804	2,613,799
Fees	162,000	150,000
Bonus	438,153	426,426
Gratuity	64,800	60,000
Defined contribution plan	103,858	127,665
	<hr/>	<hr/>
Total executive directors' remuneration (excluding benefits-in-kind) (Note 6)	3,383,615	3,377,890
Estimated money value of benefit-in-kind	383,114	366,205
	<hr/>	<hr/>
Total executive directors' remuneration (including benefits-in-kind)	3,766,729	3,744,095
	<hr/>	<hr/>
Non-executive:		
Fees	240,000	210,000
Gratuity	96,000	84,000
Other emoluments	120,500	145,400
	<hr/>	<hr/>
Total non-executive directors' remuneration (excluding benefits-in-kind) (Note 8)	456,500	439,400
Estimated money value of benefit-in-kind	96,819	38,491
	<hr/>	<hr/>
Total non-executive directors' remuneration (including benefits-in-kind)	553,319	477,891
	<hr/>	<hr/>
Total directors' remuneration	4,320,048	4,221,986

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

	Number of directors	
	2018	2017
Executive directors:		
RM200,001 - RM250,000	3	1
RM400,001 - RM450,000	2	2
RM450,001 - RM500,000	1	1
RM500,001 - RM550,000	1	-
RM550,001 - RM600,000	1	-
RM650,001 - RM700,000	1	-
RM700,001 - RM750,000	-	2
RM800,001 - RM850,000	-	1
	<hr/>	<hr/>
Non-executive directors:		
RM50,001 - RM100,000	4	4
RM150,001 - RM200,000	-	1
RM250,001 - RM300,000	1	-
	<hr/>	<hr/>

## Notes to the Financial Statements

### For the financial year ended 31 March 2018 (cont'd.)

#### 8. PROFIT BEFORE TAX

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

	2018 RM	2017 RM
Employee benefits expenses (Note 6)	51,958,074	48,707,175
Non-executive directors' remuneration excluding benefits-in-kind (Note 7)	456,500	439,400
Auditors' remuneration:		
- Statutory	88,200	88,200
- Other services	29,900	44,900
Depreciation of property, plant and equipment (Note 12)	13,089,424	11,804,353
Inventories written off	378,655	1,754,608
Reversal of impairment loss on trade receivables, net (Note 13)	(4,170)	(12,486)
Foreign exchange loss/(gain) :		
- Realised	1,254,707	1,207,467
- Unrealised	1,580,464	(1,653,713)
Net fair value (gain)/loss on derivatives	(150,587)	563,366
Loss on disposal of other investments	-	29,906
Gain on disposal of property, plant and equipment	(50,514)	(121,319,793)
Property, plant and equipment written off	161,922	31,348

#### 9. INCOME TAX EXPENSE

##### Major components of income tax expense

The major components of income tax expense for the years ended 31 March 2018 and 2017 are:

	2018 RM	2017 RM
Current income tax	15,317,597	24,333,393
(Over)/Under provision in prior years	(2,465,222)	69,355
	<u>12,852,375</u>	<u>24,402,748</u>
Deferred tax (Note 21):		
Relating to origination and reversal to temporary differences	(971,953)	254,673
Overprovision in prior years	(1,074,353)	(650,711)
	<u>(2,046,306)</u>	<u>(396,038)</u>
Total income tax expense	<u>10,806,069</u>	<u>24,006,710</u>

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

## Notes to the Financial Statements

### For the financial year ended 31 March 2018 (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:

	2018 RM	2017 RM
Profit before tax	67,068,164	211,468,990
Taxation at Malaysian statutory tax rate of 24%	16,096,359	50,752,558
Income not subject to tax	(1,595,426)	(27,147,833)
Expenses not deductible for tax purposes	693,801	983,341
Utilisation of current year's reinvestment allowances	(849,090)	-
Overprovision of deferred tax in prior years	(1,074,353)	(650,711)
(Over)/under provision of income tax expense in prior years	(2,465,222)	69,355
Income tax expense	10,806,069	24,006,710

#### 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.

	2018 sen	2017 sen
Basic earnings per share	92.54	308.33

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 2018 (cont'd.)

### 11. DIVIDENDS

	Amount 2018 RM	2017 RM	Net dividend per share 2018 Sen	2017 Sen
<b>Recognised during the year:</b>				
<b>Dividend in respect of financial year ended 31 March 2017</b>				
First and final single-tier dividend of 42.00 sen per ordinary share	25,535,384	-	42.00	-
Special one off single-tier dividend of 113.00 sen per ordinary share	68,702,343	-	113.00	-
	94,237,727	-	155.00	-
<b>Dividend in respect of financial year ended 31 March 2016</b>				
First and final single-tier dividend of 33.75 sen per ordinary share	-	20,519,505	-	33.75

At the forthcoming Annual General Meeting, a first and final single-tier dividend of 46.50 sen per ordinary share in respect of the financial year ended 31 March 2018 amounting to a dividend payable of RM28,271,318 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 2019.

# Notes to the Financial Statements

For the financial year ended 31 March 2018 (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
<b>At 31 March 2018</b>								
<b>Cost</b>								
At 1 April 2017	71,525	22,367,397	56,795,493	9,231,519	151,385,118	7,868,560	9,697,323	257,416,935
Additions	-	-	1,650,011	853,440	5,007,893	493,938	334,017	8,339,299
Transfers	-	-	2,942,395	299,068	6,424,925	30,935	(9,697,323)	-
Disposals	-	-	-	(930,149)	-	-	-	(930,149)
Written off	-	-	(145,430)	-	(6,340,526)	(275,644)	-	(6,761,600)
At 31 March 2018	71,525	22,367,397	61,242,469	9,453,878	156,477,410	8,117,789	334,017	258,064,485
<b>Accumulated depreciation</b>								
At 1 April 2017	-	2,825,623	46,206,339	3,309,508	110,858,723	4,670,758	-	167,870,951
Depreciation charge for the year (Note 8)	-	396,512	3,547,384	1,304,497	7,130,062	710,969	-	13,089,424
Disposals	-	-	-	(671,263)	-	-	-	(671,263)
Written off	-	-	(141,634)	-	(6,201,041)	(257,003)	-	(6,599,678)
At 31 March 2018	-	3,222,135	49,612,089	3,942,742	111,787,744	5,124,724	-	173,689,434
<b>Net carrying amount</b>	71,525	19,145,262	11,630,380	5,511,136	44,689,666	2,993,065	334,017	84,375,051
<b>At 31 March 2017</b>								
<b>Cost</b>								
At 1 April 2016	71,525	41,362,294	59,601,731	9,085,401	161,340,767	8,008,040	582,271	280,052,029
Reclassification /Adjustment	-	-	-	-	(16,995)	16,995	-	-
Additions	-	-	1,112,981	1,351,523	5,461,929	150,631	9,697,323	17,774,387
Transfers	-	-	70,680	-	511,591	-	(582,271)	-
Disposals	-	(18,994,897)	(3,961,254)	(1,205,405)	(13,910,379)	(200,946)	-	(38,272,881)
Written off	-	-	(28,645)	-	(2,001,795)	(106,160)	-	(2,136,600)
At 31 March 2017	71,525	22,367,397	56,795,493	9,231,519	151,385,118	7,868,560	9,697,323	257,416,935
<b>Accumulated depreciation</b>								
At 1 April 2016	-	4,197,606	46,384,875	3,058,375	117,193,330	4,174,370	-	175,008,556
Depreciation charge for the year (Note 8)	-	541,223	3,352,397	886,849	6,330,225	693,659	-	11,804,353
Disposals	-	(1,913,206)	(3,508,937)	(635,716)	(10,674,057)	(104,790)	-	(16,836,706)
Written off	-	-	(21,996)	-	(1,990,775)	(92,481)	-	(2,105,252)
At 31 March 2017	-	2,825,623	46,206,339	3,309,508	110,858,723	4,670,758	-	167,870,951
<b>Net carrying amount</b>	71,525	19,541,774	10,589,154	5,922,011	40,526,395	3,197,802	9,697,323	89,545,984

# Notes to the Financial Statements

For the financial year ended 31 March 2018 (cont'd.)

## 13. TRADE AND OTHER RECEIVABLES

	2018 RM	2017 RM
<b>Current</b>		
<b>Trade receivables</b>		
Third parties	29,809,580	28,499,337
Amount due from holding company	1,523	140,297
Amount due from other related companies	14,464,642	18,079,118
	<u>44,275,745</u>	<u>46,718,752</u>
Less: Allowance for impairment - Third parties	(27,784)	(31,954)
Trade receivables, net	<u>44,247,961</u>	<u>46,686,798</u>
<b>Other receivables</b>		
Deposits	8,591,951	527,716
Prepayments	3,699,602	565,786
Staff loans	648,583	638,716
GST refundable, net	-	636,417
Sundry receivables	900,196	814,921
	<u>13,840,332</u>	<u>3,183,556</u>
	<u>58,088,293</u>	<u>49,870,354</u>
<b>Non-current</b>		
<b>Other receivables</b>		
Staff loans	1,330,852	1,290,146
	<u>1,330,852</u>	<u>1,290,146</u>
Total trade and other receivables (current and non-current)	59,419,145	51,160,500
Add: Investment securities (Note 17)	169,960,712	200,066,655
Cash and bank balances (Note 18)	126,747,387	129,937,428
Less: Prepayments	(3,699,602)	(565,786)
GST refundable, net	-	(636,417)
Total loans and receivables carried at amortised cost	<u>352,427,642</u>	<u>379,962,380</u>

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



# Notes to the Financial Statements

## For the financial year ended 31 March 2018 (cont'd.)

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

#### (a) Trade receivables

Trade receivables are non-interest bearing and are generally on 14 to 90 days (2017: 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:

	2018 RM	2017 RM
Neither past due nor impaired	33,098,998	35,232,827
1 to 30 days past due not impaired	9,214,797	9,335,016
31 to 60 days past due not impaired	1,449,402	1,741,113
61 to 90 days past due not impaired	289,142	195,830
91 to 120 days past due not impaired	70,596	119,930
More than 120 days past due not impaired	125,026	62,082
Impaired	11,148,963	11,453,971
	27,784	31,954
	<u>44,275,745</u>	<u>46,718,752</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 RM11,148,963 (2017: RM11,453,971) that are past due at the reporting date but not impaired.

At the reporting date, trade receivables arising from export sales amounting to RM675,681 (2017: RM1,551,230) 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 RM471,520 (2017: RM440,189) at the reporting date. The remaining balance of receivables are unsecured in nature and relates to customers who have never defaulted on payments but are slow paymaster and hence, are periodically monitored.

## Notes to the Financial Statements

### For the financial year ended 31 March 2018 (cont'd.)

#### 13. 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	
	2018	2017
	RM	RM
Trade receivables - nominal amounts	27,784	31,954
Less: Allowance for impairment	(27,784)	(31,954)
	-	-

Movement in allowance accounts:

	2018	2017
	RM	RM
At 1 April 2017/2016	31,954	50,623
Movement during the year:		
Impairment loss	20,288	17,343
Reversal of impairment loss	(24,458)	(29,829)
Reversal of impairment loss, net (Note 8)	(4,170)	(12,486)
Written off	-	(6,183)
At 31 March	27,784	31,954

##### (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:

Movement in allowance accounts:

	Individually impaired	
	2018	2017
	RM	RM
At 1 April 2017/2016	-	8,373
Written off	-	(8,373)
At 31 March	-	-

Staff loans are unsecured, bears interest at 0% to 2.5% (2017: 0% to 2.5%) per annum. Non-current amounts have an average maturity of 2.19 years (2017: 2.71 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.

## Notes to the Financial Statements

For the financial year ended 31 March 2018 (cont'd.)

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

#### (c) Amounts due from holding company and related companies

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

### 14. OTHER INVESTMENTS

	2018 RM	2017 RM
Transferable club memberships	236,000	236,000
Less: Accumulated impairment loss	(10,000)	(10,000)
	<u>226,000</u>	<u>226,000</u>

### 15. INVENTORIES

	2018 RM	2017 RM
<b>At cost:</b>		
Raw materials	20,608,751	30,825,290
Consumables	2,198,724	2,469,148
Work-in-progress	358,962	127,504
Finished goods	22,576,814	28,079,342
	<u>45,743,251</u>	<u>61,501,284</u>

The cost of inventories recognised as an expense during the financial year amounted to RM292,208,115 (2017: RM274,713,827).

## Notes to the Financial Statements

### For the financial year ended 31 March 2018 (cont'd.)

#### 16. DERIVATIVES

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

	Forward foreign exchange contracts RM	Notional Amount RM
<b>As at 31 March 2018:</b>		
Derivative assets	120,243	21,494,438
Derivative liabilities	(26,492)	9,848,764
<b>As at 31 March 2017:</b>		
Derivative liabilities	(56,836)	9,333,899

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

During the financial year, the Company recognised a gain of RM150,587 (2017: loss of RM563,366) arising from fair value changes of these derivatives. The fair value changes are attributable to changes in foreign exchange spot and forward rate.

#### 17. INVESTMENT SECURITIES

	2018 RM	2017 RM
Funds placed with licensed financial institutions	169,960,712	200,066,655

#### 18. CASH AND BANK BALANCES

	2018 RM	2017 RM
Cash at banks and on hand	38,359,988	21,615,518
Deposits with licensed banks	88,387,399	108,321,910
Total cash and bank balances	126,747,387	129,937,428
Less: Deposits with maturity more than 90 days	-	(2,248,800)
Cash and cash equivalents	126,747,387	127,688,628

The interest rates relating to deposits with licensed banks at the reporting date vary from 2.55% to 3.79% (2017: 2.55% to 3.55%) per annum.

The maturities of the deposits with licensed banks as at the reporting date vary from 3 days to 90 days (2017: 3 days to 180 days).

# Notes to the Financial Statements

## For the financial year ended 31 March 2018 (cont'd.)

### 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% (2017: 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:

	2018 RM	2017 RM
Present value of defined benefit obligations, representing net liability	11,586,625	9,910,523
Analysed as:		
Within the next 12 months	552,411	313,830
Beyond 1 year	11,034,214	9,596,693
	11,586,625	9,910,523

2018 changes in the defined obligation and fair value of plan assets are as follows:

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

# Notes to the Financial Statements

## For the financial year ended 31 March 2018 (cont'd.)

### 19. EMPLOYEE BENEFITS (CONT'D.)

#### Retirement benefit obligations (cont'd.)

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

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

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

	2018 %	2017 %
Discount rate	5.30	5.30
Salary increment rate	6.00	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)	2018 RM	Increase/ (decrease)	2017 RM
Discount rate	+1%	(1,220,216)	+1%	(1,070,120)
	-1%	1,394,266	-1%	1,222,936
Salary increment rate	+1%	408,572	+1%	288,702
	-1%	(375,458)	-1%	(265,537)

# Notes to the Financial Statements

For the financial year ended 31 March 2018 (cont'd.)

## 20. TRADE AND OTHER PAYABLES

	2018 RM	2017 RM
<b>Trade payables</b>		
Third parties	7,120,814	9,012,771
Amount due to holding company	371,355	326,799
Amount due to other related companies	10,327,756	10,845,217
	<u>17,819,925</u>	<u>20,184,787</u>
<b>Other payables</b>		
Accruals	7,704,611	7,917,462
Sundry payables	7,737,990	7,546,402
GST payable, net	106,800	-
Amount due to holding company	2,817,009	3,196,775
Amount due to other related companies	216,188	15,758
	<u>18,582,598</u>	<u>18,676,397</u>
Total trade and other payables	36,402,523	38,861,184
Less: GST payable (net)	(106,800)	-
Total trade and other payables, representing total financial liabilities carried at amortised cost	<u>36,295,723</u>	<u>38,861,184</u>

### (a) Trade payables

These amounts are non-interest bearing. The normal trade credit terms granted to the Company ranges from 30 to 60 days (2017: 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 (2017: average term of 3 months).

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

These amounts are unsecured, non-interest bearing and have credit terms of 30 to 60 days (2017: 30 to 60 days).

# Notes to the Financial Statements

## For the financial year ended 31 March 2018 (cont'd.)

### 21. DEFERRED TAXATION

	2018 RM	2017 RM
At 1 April 2017/2016	2,876,021	3,269,702
Recognised in statement of comprehensive income (Note 9)	(2,046,306)	(396,038)
Recognised in other comprehensive income	147,537	2,357
At 31 March	<u>977,252</u>	<u>2,876,021</u>
Presented after appropriate offsetting as follows:		
Deferred tax assets	(4,535,729)	(3,991,899)
Deferred tax liabilities	5,512,981	6,867,920
	<u>977,252</u>	<u>2,876,021</u>

#### Deferred tax assets of the Company:

	Retirement benefit obligations RM	Provisions RM	Total RM
At 1 April 2017	2,593,848	1,398,051	3,991,899
Recognised in the statement of comprehensive income	334,479	356,888	691,367
Recognised in other comprehensive income	(147,537)	-	(147,537)
At 31 March 2018	<u>2,780,790</u>	<u>1,754,939</u>	<u>4,535,729</u>
At 1 April 2016	2,492,645	1,544,655	4,037,300
Recognised in the statement of comprehensive income	103,560	(146,604)	(43,044)
Recognised in other comprehensive income	(2,357)	-	(2,357)
At 31 March 2017	<u>2,593,848</u>	<u>1,398,051</u>	<u>3,991,899</u>

#### Deferred tax liabilities of the Company:

	Property, plant and equipment RM
At 1 April 2017	6,867,920
Recognised in the statement of comprehensive income	(1,354,939)
At 31 March 2018	<u>5,512,981</u>
At 1 April 2016	7,307,002
Recognised in the statement of comprehensive income	(439,082)
At 31 March 2017	<u>6,867,920</u>



## Notes to the Financial Statements

For the financial year ended 31 March 2018 (cont'd.)

### 22. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2018	2017	2018 RM	2017 RM
<b>Issued and fully paid:</b>				
At 1 April 2017/2016	60,798,534	60,798,534	65,102,234	60,798,534
Add: Transition to no-par value regime (i)	-	-	-	4,303,700
At 31 March	60,798,534	60,798,534	65,102,234	65,102,234

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

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

### 23. RETAINED EARNINGS

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

## Notes to the Financial Statements

For the financial year ended 31 March 2018 (cont'd.)

### 24. OTHER RESERVES

	Fair value reserve RM	Defined benefit reserves RM	Total RM
At 1 April 2017	-	(1,189,335)	(1,189,335)
<b>Other comprehensive income:</b>			
Retirement benefit charged to profit or loss (Note 6)	-	1,510,343	1,510,343
Defined benefit plan actuarial loss (Note 19)	-	(895,605)	(895,605)
Income tax effect	-	(147,537)	(147,537)
At 31 March 2018	-	(722,134)	(722,134)
At 1 April 2016	126,129	(1,196,740)	(1,070,611)
<b>Other comprehensive income:</b>			
Realised to profit or loss due to disposal of investment securities	(126,129)	-	(126,129)
Defined benefit plan actuarial gain (Note 19)	-	9,762	9,762
Income tax effect	-	(2,357)	(2,357)
At 31 March 2017	-	(1,189,335)	(1,189,335)

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

### 25. CAPITAL COMMITMENT

	2018 RM	2017 RM
Approved but not contracted for: Property, plant and equipment	91,909,197	16,350,000

### 26. CONTINGENT LIABILITIES

	2018 RM	2017 RM
Unsecured bank guarantees extended to third parties	1,336,500	1,412,000

# Notes to the Financial Statements

## For the financial year ended 31 March 2018 (cont'd.)

### 27. RELATED PARTY DISCLOSURES

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

	2018 RM	2017 RM
Transactions with related companies:		
Commission income	20,284	18,249
Royalties payable	(9,562,798)	(10,011,096)
Sales	106,592,537	98,424,721
Purchases	(158,498,452)	(168,011,777)
Purchases of assets	(139,560)	(2,001,531)
Promotional expenses	(37,513)	(3,608)
Other expenses	(729,942)	(513,347)
Shared information technology services	(2,341,306)	(2,816,928)

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

- (b) Compensation of key management personnel

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

### 28. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

#### Determination of fair value

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

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

	<u>Note</u>
Trade and other receivables (excluding prepayments and GST refundable, net) (current)	13
Trade and other payables (excluding GST payable, net) (current)	20

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

#### Staff loans

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

# Notes to the Financial Statements

For the financial year ended 31 March 2018 (cont'd.)

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

### Derivatives

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

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

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

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

	Level 2 RM
As at 31 March 2018:	
<i>Financial assets</i>	
Derivatives	120,243
<i>Financial liability</i>	
Derivatives	26,492
As at 31 March 2017:	
<i>Financial liability</i>	
Derivatives	56,836

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 2018 (cont'd.)

### 29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

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

#### (a) Credit risk

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

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

#### Exposure to credit risk

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

Information regarding credit enhancements for trade and other receivables is disclosed in Note 13.

#### Credit risk concentration profile

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

	2018		2017	
	RM'000	% of total	RM'000	% of total
<b>By country:</b>				
Malaysia	19,191	43%	18,973	41%
Indonesia	2,267	5%	6,883	15%
Middle East	8,829	20%	6,257	13%
Singapore	1,220	3%	1,366	3%
Thailand	4,871	11%	3,599	8%
Brunei	692	2%	903	2%
Japan	954	2%	764	1%
Other countries	6,224	14%	7,942	17%
	<b>44,248</b>	<b>100%</b>	<b>46,687</b>	<b>100%</b>

# Notes to the Financial Statements

## For the financial year ended 31 March 2018 (cont'd.)

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

#### (a) Credit risk (cont'd.)

##### Credit risk concentration profile (cont'd.)

At the reporting date, approximately:

- 42% (2017: 41%) of the Company's trade receivables were due from 5 major customers.
- 24% (2017: 36%) of the Company's trade and other receivables were due from related companies.

##### Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 13. Cash and bank balances, investment securities and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

##### Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 13.

#### (b) Liquidity risk

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

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

	On demand or within one year	
	2018	2017
	RM	RM
<b>Financial liabilities:</b>		
Trade and other payables	36,295,723	38,861,184
Derivatives liabilities	26,492	56,836
	<u>36,322,215</u>	<u>38,918,020</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 3 months (2017: 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 RM88,387 (2017: RM108,322) 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 2018 (cont'd.)

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

#### (d) Foreign currency risk

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

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

Approximately 40% (2017: 40%) of the Company's sales are denominated in foreign currencies whilst almost 31% (2017: 35%) 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 RM9,871,865 (2017: RM12,546,930).

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

At the reporting date, the Company hedged 84% (2017: 53%) and 87% (2017: 85%) of its foreign currency denominated sales and purchases of raw materials respectively for which firm commitments existed at the reporting date, extending to July 2018.

#### Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Company's profit before 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.

	2018 RM'000 Profit before tax	2017 RM'000 Profit before tax
USD/RM - strengthened 4% (2017: 4%)	499	599
- weakened 4% (2017: 4%)	(499)	(599)
JPY/RM - strengthened 4% (2017: 4%)	(27)	(56)
- weakened 4% (2017: 4%)	27	56
SGD/RM - strengthened 4% (2017: 4%)	48	47
- weakened 4% (2017: 4%)	(48)	(47)
EUR/RM - strengthened 4% (2017: 4%)	-	(14)
- weakened 4% (2017: 4%)	-	14

# Notes to the Financial Statements

## For the financial year ended 31 March 2018 (cont'd.)

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

#### (e) Market price risk

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

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

At the reporting date, if the market price of the funds placed with licensed financial institutions had been 1% higher/lower, with all other variables held constant, the Company's profit for the year would have been RM1,699,607 higher/lower.

### 30. CAPITAL MANAGEMENT

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

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 March 2018 and 31 March 2017.

### 31. SEGMENTAL INFORMATION

#### (a) Business segment

Consumer business segment consists of manufacture and distribution of consumer products including "Aji-no-moto", flavour seasoning "Tumix", menu seasoning "Seri Aji" and other seasonings. Industrial business segment consists of manufacture and distribution of monosodium glutamate for industry-use, industrial seasonings and related products.

	Consumer business segment RM	Industrial business segment RM	Total RM
<b>At 31 March 2018</b>			
<b>Revenue</b>	313,382,167	122,904,153	436,286,320
<b>Results</b>			
Segment profit	31,591,053	25,523,183	57,114,236
Interest income			3,255,804
Distribution from investment securities			6,647,610
Gain on disposal of property, plant and equipment			50,514
Profit before tax			67,068,164
Income tax expense			(10,806,069)
Profit, net of tax			56,262,095



# Notes to the Financial Statements

For the financial year ended 31 March 2018 (cont'd.)

## 31. SEGMENTAL INFORMATION (CONT'D.)

### (a) Business segment (cont'd.)

	Consumer business segment RM	Industrial business segment RM	Total RM
<b>At 31 March 2017</b>			
<b>Revenue</b>	305,337,316	114,579,763	419,917,079
<b>Results</b>			
Segment profit	34,864,058	26,186,921	61,050,979
Interest income			5,499,629
Gain on disposal of property, plant and equipment			121,319,793
Distribution from investment securities			55,696
Other income received from compensation on compulsory acquisition			23,542,893
Profit before tax			211,468,990
Income tax expense			(24,006,710)
Profit, net of tax			187,462,280
<b>At 31 March 2018</b>			
<b>Assets</b>			
Segment assets	352,438,184	134,153,605	486,591,789
Total assets			486,591,789
<b>Liabilities</b>			
Segment liabilities	27,366,846	20,648,794	48,015,640
Current tax payable			469,792
Deferred tax liabilities			977,252
Total liabilities			49,462,684
<b>Other segment information</b>			
Capital expenditure	4,034,828	4,304,471	8,339,299
Depreciation	6,333,095	6,756,329	13,089,424

# Notes to the Financial Statements

## For the financial year ended 31 March 2018 (cont'd.)

### 31. SEGMENTAL INFORMATION (CONT'D.)

#### (a) Business segment (cont'd.)

	Consumer business segment RM	Industrial business segment RM	Total RM
<b>At 31 March 2017</b>			
<b>Assets</b>			
Segment assets	347,496,594	184,941,257	532,437,851
Total assets			532,437,851
<b>Liabilities</b>			
Segment liabilities	29,579,962	19,248,581	48,828,543
Current tax payable			6,095,751
Deferred tax liabilities			2,876,021
Total liabilities			57,800,315
<b>Other segment information</b>			
Capital expenditure	8,599,834	9,174,553	17,774,387
Depreciation	5,711,336	6,093,017	11,804,353

#### (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
<b>Revenue</b>					
2018	261,689,199	59,842,995	109,298,508	5,455,618	436,286,320
2017	251,567,524	59,044,743	104,248,672	5,056,140	419,917,079

### 32. SIGNIFICANT EVENT

On 12 February 2018, the Company entered into a Sale and Purchase Agreement (the "SPA") with Lembaga Tabung Haji and THP Enstek Development Sdn. Bhd. (the "Vendor") for the proposed acquisition of a piece of freehold land (the "Property") measuring approximately 2,030,116.58 square feet (188,604.18 square meters) located in Techpark@Enstek, Bandar Baru Enstek, Daerah Seremban, Negeri Sembilan. The total purchase consideration for the Property is RM81,204,663 (excluding 6% GST).

As at 31 March 2018, the Company has paid up to 10% of deposit amounting to RM8,120,466 (excluding 6% GST).

The sale and purchase is subject to the Vendor fulfilling various responsibilities and conditions precedent stated in the SPA.

## LIST OF PROPERTIES

### AS AT 31 MARCH 2018

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)	42 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)	53 years	16,622,945
Land and buildings Lot 5710, Jalan Kuchai Lama, Petaling, Kuala Lumpur	Office, warehouse and factory complex	172,640 sq. ft.	Leasehold expiring on 5.7.2067	1984 (Revaluation)	48 years	7,435,156
Land and buildings Lot 5710, Jalan Kuchai Lama, Petaling, Kuala Lumpur	Mining pool	304,920 sq. ft.	Leasehold expiring on 2062	1984 (Revaluation)	53 years	1,888,859
Land and buildings Lot 5710, Jalan Kuchai Lama, Petaling, Kuala Lumpur	Factory complex	85,568 sq. ft.	Leasehold expiring on 15.3.2073	1992	26 years	2,020,779
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	26 years	180,409
Land and buildings Lot 47088, Jalan Kuchai Lama, Petaling, Kuala Lumpur	Industrial land and store	5,653 sq. mtr.	Leasehold expiring on 20.1.2074	2003	13 years	2,577,385

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Fifty-Seventh (“57<sup>th</sup>”) 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, 27 August 2018 at 10:00 a.m. for the following purposes:-

### AGENDA

- |    |  |   |
|----|--|---|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 March 2018 together with the Reports of the Directors and the Auditors thereon.                                | (Please refer to the Notes to the Notice of 57 <sup>th</sup> AGM No. 7) |
| 2. | To declare a first and final single-tier dividend of 46.5 sen per ordinary share for the financial year ended 31 March 2018.   | (Resolution 1)  |
| 3. | To approve the payment of Directors’ fees for the financial year ended 31 March 2018.  | (Resolution 2)  |
| 4. | To approve the payment of Directors’ benefits up to an amount of RM650,000 from 28 August 2018 until the next AGM of the Company.  | (Resolution 3)  |
| 5. | To re-elect Mr. Miki Moriyama who is retiring in accordance with Article 120 of the Company’s Articles of Association and being eligible, had offered himself for re-election.             | (Resolution 4)  |
| 6. | To re-elect the following Directors who are retiring in accordance with Article 114 of the Company’s Articles of Association and being eligible, have offered themselves for re-election:- |   |
|    | (a) Encik Kamarudin bin Rasid;   | (Resolution 5)  |
|    | (b) Ms. Yukiko Nishioka; and   | (Resolution 6)  |
|    | (c) Dato’ Setia Ramli bin Mahmud.  | (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. | <b>ORDINARY RESOLUTION NO. 1:<br/>- AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016</b> | (Resolution 9) |
|----|--|----------------|

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

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

## Notice of Annual General Meeting (cont'd.)

**9. ORDINARY RESOLUTION NO. 2:** (Resolution 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 27 July 2018, provided that such transactions are:-

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

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

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

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

**10. ORDINARY RESOLUTION NO. 3** (Resolution 11)  
**- RETENTION OF GENERAL TAN SRI (DR.) DATO’ PADUKA MOHAMED HASHIM BIN MOHD. ALI (RTD) AS AN INDEPENDENT DIRECTOR**

“**THAT** General Tan Sri (Dr.) Dato’ Paduka Mohamed Hashim bin Mohd. Ali (Rtd) who has served the Board as an Independent Director of the Company for a cumulative term of more than twelve (12) years since 5 September 1995 be and is hereby retained as an Independent Director of the Company.”

**11. ORDINARY RESOLUTION NO. 4** (Resolution 12)  
**- RETENTION OF TAN SRI DATO’ (DR.) TEO CHIANG LIANG AS AN 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 twelve (12) years since 28 June 2001 be and is hereby retained as an Independent Director of the Company.”

**12. ORDINARY RESOLUTION NO. 5** (Resolution 13)  
**- RETENTION OF MR. KOAY KAH EE AS AN INDEPENDENT DIRECTOR**

“**THAT** Mr. Koay Kah Ee who has served the Board as an Independent Director of the Company for a cumulative term of more than nine (9) years since 15 November 2007 be and is hereby retained as an Independent Director of the Company.”

## Notice of Annual General Meeting (cont'd.)

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

### NOTICE OF BOOK CLOSURE

**NOTICE IS ALSO HEREBY GIVEN** that a first and final single-tier dividend of 46.5 sen per ordinary share for the financial year ended 31 March 2018 will be payable on 21 September 2018 to depositors whose names appear in the Record of Depositors at the close of business on 3 September 2018 if approved by the members at the 57th AGM.

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

- (a) Shares transferred to the Depositor's Securities Account before 4.00 p.m. on 3 September 2018 in respect of ordinary transfers; and
- (b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order of the Board

**CHUA SIEW CHUAN (MAICSA 0777689)**

**YEOW SZE MIN (MAICSA 7065735)**

Company Secretaries

Kuala Lumpur

Dated : 27 July 2018

### Explanatory Notes to Special Business: -

#### 1. AUTHORITY PURSUANT TO THE COMPANIES ACT 2016

The Company had been granted a general mandate on the authority to issue shares pursuant to the Companies Act 2016 by its shareholders at the Fifty-Sixth Annual General Meeting of the Company held on 28 August 2017 (hereinafter referred to as the "**Previous Mandate**"). The Company wishes to renew the said mandate at the Fifty-Seventh Annual General Meeting of the Company (hereinafter referred to as the "**New Mandate**").

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

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

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

The Proposal will enable the Company and its affiliated companies to enter into any of the recurrent related party transactions of a revenue or trading nature which are necessary for the Company's day-to-day operations, subject to the transactions being in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

Please refer to the Circular to Shareholders dated 27 July 2018 for more information.

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

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

## Notice of Annual General Meeting (cont'd.)

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

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

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

- (a) Tan Sri Teo has fulfilled the definition of an independent director as set out under Paragraph 1.01 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements
- is not an executive director of the Company or any related corporation of the Company (each corporation is referred to as “said **Corporation**”);
  - has not been within the last 2 years and is not an officer (except as a non-executive director) of the said Corporation [“**officer**” includes a director, secretary, employee, receiver who is also a manager not appointed by the Court, and liquidator not appointed by the Court or creditors];
  - is not a major shareholder of the said Corporation;
  - is not a family member of any executive director, officer or major shareholder of the said Corporation;
  - is not acting as a nominee or representative of any executive director or major shareholder of the said Corporation;
  - has not been engaged as an adviser by the said Corporation under such circumstances as prescribed by the Exchange or is not presently a partner, director (except as an independent director) or major shareholder, as the case may be, of a firm or corporation which provides professional advisory services to the said Corporation under such circumstances as prescribed by the Exchange; or
  - has not engaged in any transaction with the said Corporation under such circumstances as prescribed by the Exchange or is not presently a partner, director or major shareholder, as the case may be, of a firm or corporation (other than subsidiaries of the Company) which has engaged in any transaction with the said Corporation under such circumstances as prescribed by the Exchange;

## Notice of Annual General Meeting (cont'd.)

- (b) Tan Sri Teo has not been involved in any business or other relationship which could hinder the exercise of independent judgement, objectivity or his ability to act in the best interests of the Company;
- (c) Tan Sri Teo has no potential conflict of interest, whether business or non-business related with the Company;
- (d) Tan Sri Teo has not established or maintained any significant personal or social relationship, whether direct or indirect, with the Managing Director/Chief Executive Officer and Executive Directors, major shareholders or management of the Company (including their family members) other than normal engagements and interactions on a professional level consistent with his duties and expected of him to carry out his duties as an independent director; and
- (e) Tan Sri Teo does not derive any remuneration and other benefits apart from Directors' fees that are approved by shareholders.

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

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

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



## Notice of Annual General Meeting (cont'd.)

### Notes to the Notice of the 57<sup>th</sup> AGM:-

1. In respect of deposited securities, only members/shareholders whose names appear in the Record of Depositors on 20 August 2018 shall be eligible to attend the Meeting.
2. A member of the Company shall be entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote at a meeting of members of the Company. There shall be no restriction as to the qualification of the proxy.
3. In the case of a Company having a share capital, a member may appoint up to two (2) proxies for the Meeting, provided that the member specifies the proportion of the member's shareholdings to be represented by each proxy.
4. The instrument appointing proxy shall be in print or writing under the hand of the member/shareholder or his duly constituted attorney, or in the case of a corporate member/shareholder, under its common seal or under the hand of its officer or attorney duly authorised. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
5. Where a member/shareholder is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at Securities Services (Holdings) Sdn. Bhd. of Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than 48 hours before the time for holding the Meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for taking of the poll, and in default the instrument of proxy shall not be treated as valid.
7. This Agenda item is meant for discussion only, as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

# SUSTAINABILITY STATEMENT 2018



## CHAIRMAN STATEMENT



### DEAR STAKEHOLDERS,

I am pleased to present Ajinomoto (Malaysia) Berhad's ("AMB") second annual sustainability statement. Building on our Ajinomoto Group Creating Shared Value ("ASV"), this statement is a balanced and transparent disclosure that captures the economic, environmental and social aspects of our business operation.

ASV's fundamental ethos are to recognise the unique values we share with society while creating economic value. In order to integrate ASV into the Group's value chain and ensure global consistency, we adopted the recently modernised Ajinomoto Group Global Brand Logo ("AGB") in October 2017. This was introduced by our parent company to enhance its corporate brand and become a Global Top 10 Class Food Company by financial year ending ("FY") 31 March 2021, which was set forth in our FY 31 March 2018 - 31 March 2020 Medium-Term Management Plan.

Through the creation of shared value, we work towards continuously improving our business operation and making it sustainable. *Health and Well-Being, Food Resources* and *Global Sustainability* are the three areas that drive AMB in promoting a positive impact on society at large. By investing our resources and through technology innovation, we strive to preserve and enhance the quality of living for the community and society at large.

AMB aims to create a better life by promoting healthy lifestyle to the community through effective engagement activities and education programmes. The target groups for these programmes include the elderly, school students and homemakers, for whom access to knowledge on food nutrition is crucial. In line with our Group's corporate message 'Eat Well, Live Well.', we plan on enhancing our promotional programmes to encourage Malaysians and our customers to prepare delicious balanced diet in an easy and convenient way.

On the environmental front, AMB has initiated activities to protect and preserve the environment. As a result, we have shown notable progress in the reduction of energy use, water consumption, greenhouse gas emissions and waste production.

AMB's continuing efforts to carry out its social and environmental responsibilities has laid the foundation and set the direction of the Company towards sustainability. Moving forward, we aspire to improve our year-on-year sustainability performance and reassure our stakeholders of our commitment to economic and environmental sustainability.

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

## 1. ABOUT THIS STATEMENT

In Ajinomoto (Malaysia) Berhad's ("AMB" or "the Company") journey towards building a sustainable impact on the economy, environment and surrounding community, the Company is pleased to present its second Sustainability Statement ("the Statement"). The Global Reporting Initiative (GRI) G4 Guidelines have been used as the basis for the preparation of the Company's economic, environmental and social (EES) disclosures that are highlighted throughout the Statement. The Statement is balanced and meaningful, demonstrating the Company's commitment to sustainable development. The Statement, which showcases its sustainability progress for the period from 1st April 2017 to 31<sup>st</sup> March 2018 (FY 31 March 2018) complies with the Listing Requirements of Bursa Malaysia Securities Berhad.

Unless stated otherwise, the Statement covers AMB's operations in Malaysia, which is the manufacturing and marketing of food seasoning products.



## 2. PROMOTING SUSTAINABLE GROWTH

On 2nd of October 2017, Ajinomoto Co., Inc. (“Ajinomoto Co.”) introduced the modernised Ajinomoto Group Global Brand Logo (“AGB”) for use throughout the Ajinomoto Group to better reflect its status as a global company and the Group’s acknowledgement of the importance of sustainability. The new logo ensures global consistency and sets a unified management system to integrate the Ajinomoto Group Creating Shared Value (“ASV”) policy in the Group’s business activities. The launch of AGB’s new logo aims to enhance Ajinomoto Corporate Brand Value towards the goal of becoming a global top 10 food company by FY 31 March 2021. As the Malaysian subsidiary of Ajinomoto Co., AMB has adopted the new logo to achieve the same goal.



### The combination of infinity symbol with letter “A”

The meaning of “Ajinomoto” is the “Essence of Umami”, which has evolved from its literal meaning “Essence of Taste”. The infinity symbol combined with the letter “A” incorporates three ambitions: the investigation, mastery and spread of “taste (Aji)”, the evolution and development of the value of “Amino acids” closely aligned with leading-edge bioscience and fine chemical technologies, and the promotion of global sustainability.

### The line that flows from “A” to “j”

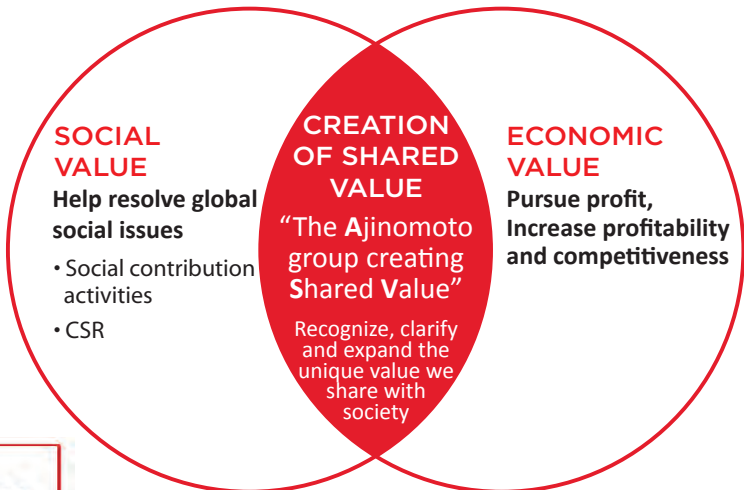
The “j” depicts a person, suggesting people joining together and sharing Joy in cooking, eating and the comfortable lifestyle provided by “taste (Aji)” and Amino acids.

### The tail from “j” is extended upward to the right

This line evokes the future growth and development of the Ajinomoto Group.

### The Ajinomoto Group Creating Shared Value (ASV)

The Company places ASV at the heart of its operational activities. ASV shows AMB’s unwavering commitment towards solving social issues while creating positive economic value, and has guided AMB’s efforts towards building a better society.



Creating Social Value through Solving Issues Faced by Society		
<p><b>HEALTH AND WELL-BEING</b> To build a healthier society by helping people to eat well</p>	<p><b>FOOD RESOURCES</b> To reduce food resource consumption through resource saving technologies and develop food processing technologies that can utilise food resources more effectively</p>	<p><b>GLOBAL SUSTAINABILITY</b> To reduce the impact on the natural environment and strive for ecosystem conservation</p>

AMB continuously contributes to the society, which links to the creation of economic value and growth by contributing to healthy living, global sustainability and food resources.

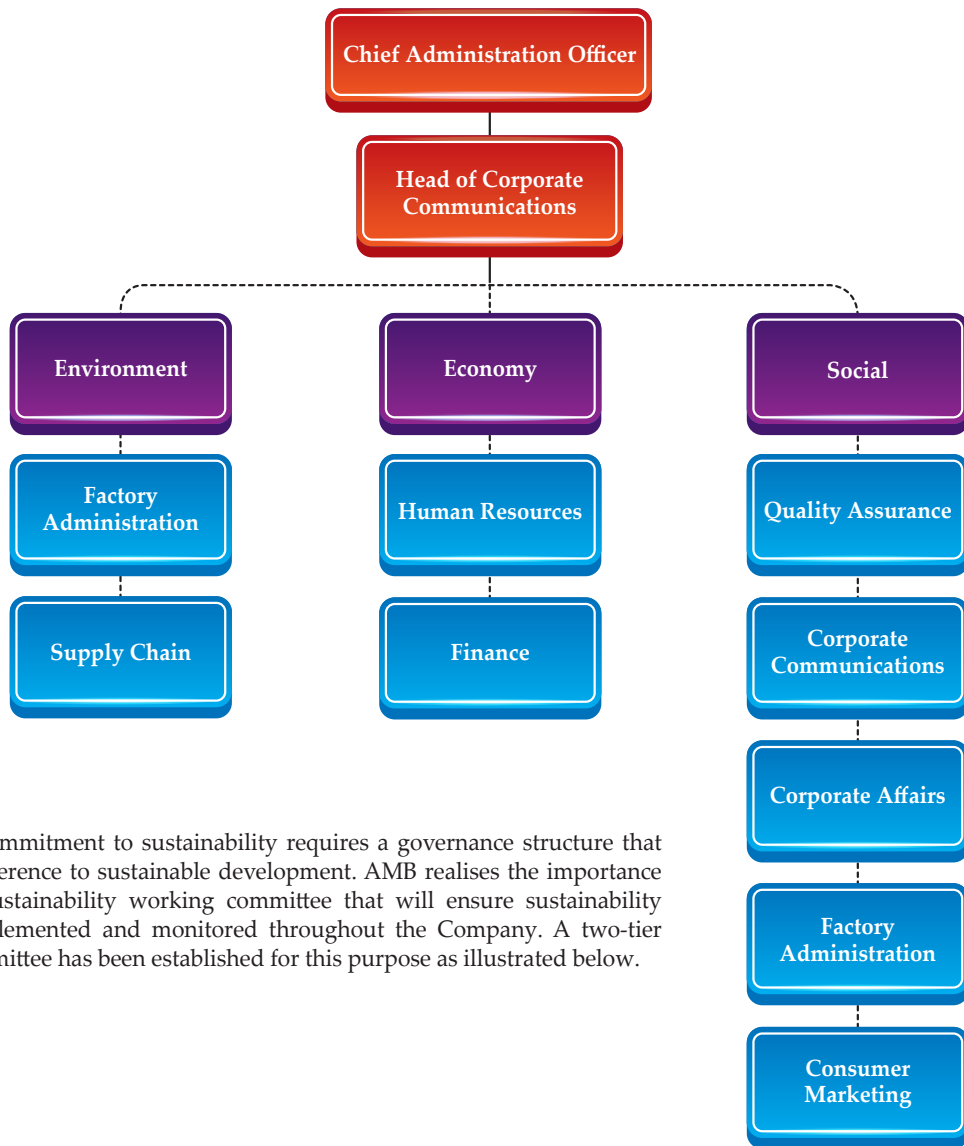
## 2. PROMOTING SUSTAINABLE GROWTH (cont'd.)

### United Nations' Sustainable Development Goals (UNSDGs)

In September 2015, the United Nations' 17 Sustainable Development Goals ("SDGs") were unveiled and affirmed by 193 member states including Malaysia. The 17 SDGs, as listed and illustrated here, lay the foundation for the achievement of the targets presented in the 2030 Agenda for Sustainable Development. As AMB endeavours to contribute to solve sustainability issues through ASV, it is the Company's aim to focus on contributing to healthy living by aligning itself with the aspirations of the United Nations' SDGs. Out of the 17 SDGs, 6 SDGs, namely *Good Health and Well-Being (SDG 3)*, *Clean Water and Sanitation (SDG 6)*, *Decent Work and Economic Growth (SDG 8)*, *Responsible Consumption and Production (SDG 12)*, *Climate Action (SDG 13)* and *Peace, Justice and Strong Institution (SDG 16)* are relevant to AMB's operations.



### 3. SUSTAINABILITY GOVERNANCE STRUCTURE



The Company’s commitment to sustainability requires a governance structure that will ensure its adherence to sustainable development. AMB realises the importance for a dedicated sustainability working committee that will ensure sustainability initiatives are implemented and monitored throughout the Company. A two-tier sustainability committee has been established for this purpose as illustrated below.

Led by the Head of Corporate Communications, the Sustainability Committee contributes to the implementation of sustainability initiatives. Further details on the roles and responsibilities of the Chief Administration Officer and the Sustainability Committee are listed below.

#### ROLES AND RESPONSIBILITIES

**Chief Administration Officer**

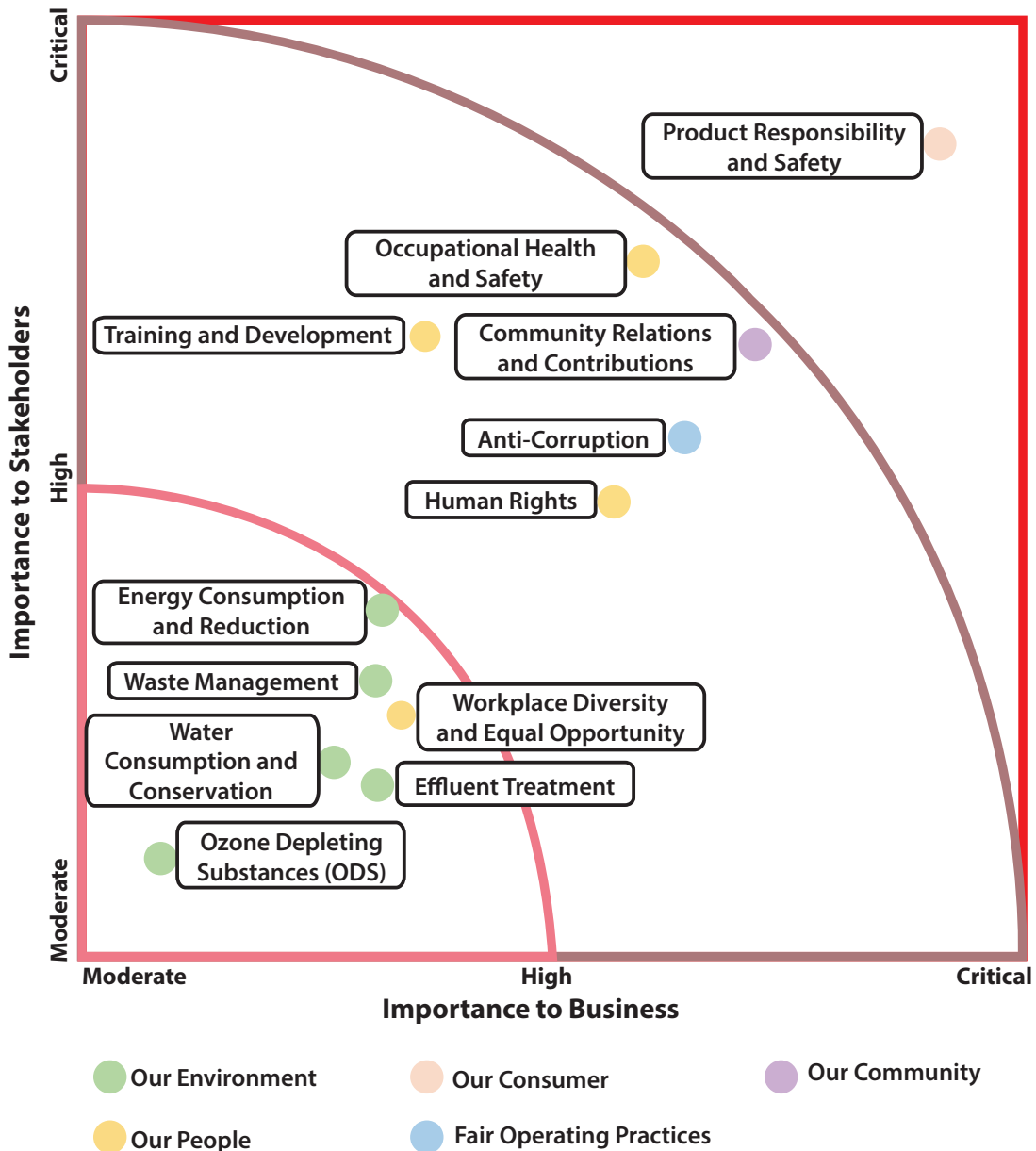
- Oversees the Group’s sustainability initiatives
- Reviews and ensures the implementation of sustainability strategies, policies and initiatives
- Endorses the proposed sustainability initiatives and material sustainability matters which are related to the Group

**Sustainability Committee**

- Reports to the Chief Administration Officer on the proposed sustainability initiatives
- Presents the annual sustainability statement for approval of the Chief Administration Officer
- Identifies the material sustainability matters relevant to the Group
- Implements sustainability initiatives approved by the Chief Administration Officer across the Group
- Collects data and reports the progress of the Group’s efforts on sustainability issues

## 4. MATERIALITY ASSESSMENT

The identification and prioritisation of sustainability material matters helps AMB to manage its sustainability risks better, ultimately to operate sustainably and enhance the Company’s business value. The materiality matrix was generated by AMB’s internal stakeholders based on the importance of material sustainability issues to the stakeholders and to the business operation. The matrix has been presented and approved by the Board of Directors. The 12 sustainability issues identified and ranked are categorised to the following focus areas, namely Our Environment, Our People, Our Consumer, Fair Operating Practices and Our Community as presented below.





## 5. STAKEHOLDER ENGAGEMENT

AMB's stakeholders have a significant influence in the Company's business sustainability. The Company strongly believes in engaging stakeholder groups that have the potential to affect operational and sustainability performance. Creating the right communication platform is important to the Company. AMB also understands that different stakeholder groups have their own respective areas of interest and the Company continues to maintain an open channel of communication to ensure that their concerns are addressed. The table below shows each stakeholder's areas of interest and the forms of engagement to understand and address their concerns.

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

## 6. FAIR OPERATING PRACTICES

AMB respects and recognises international standards of conduct, and adheres to laws and regulations and implement them through sound policies. The Company conducts transparent and fair corporate activities with a strong commitment to ethical behaviour by implementing relevant policies within the Company, and extending these to its vendors and suppliers.

### 6.1 Anti-Corruption

AMB is committed to uphold the highest level of ethics and integrity. The commitment from the top is a key part of fraud prevention and detection strategy. The Fraud Prevention Policy is an effective way of demonstrating the Company's commitment to combating fraud and corruption. The policy sets out AMB's standards and procedures against fraud and various forms of corruption, together with the action to be taken in the event such an incident is discovered. Fraud Prevention Training & Communication programmes have been provided for the Company's employees to communicate the corporate ethical stand, minimise incidences of fraud, and provide guidance on the proper approaches for handling misconducts and wrongdoings.

AMB has enforced the Whistleblowing Policy to provide a platform for all employees, external parties and other stakeholders to raise concerns on suspected misconduct or illegal act within the Company. This helps to develop a culture of accountability and integrity within the Company.



## 7. OUR PEOPLE

The Company is committed to engaging and nurturing its people towards business excellence. To this end, AMB has developed people-centric policies and practices, so as to create a safe, healthy and productive workplace to allow them to grow and excel in the Company.

### 7.1 Human Rights

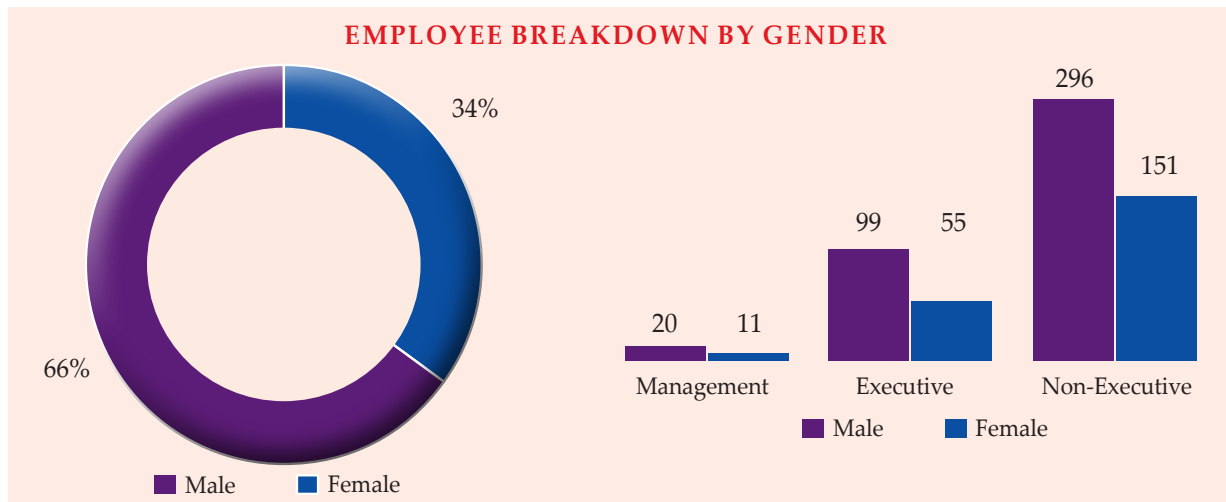
The Ajinomoto Group supports international standards for human rights. Based on the United Nations Guiding Principles on Business and Human Rights, the Ajinomoto Group Shared Policy on Human Rights has been established. The policy aims to ensure that, as a corporate group that conducts business globally, all companies within the Ajinomoto Group including their officers and employees respect internationally recognised human rights, and comply with international human rights obligations as well as the related laws and regulations of the countries where they conduct business.

AMB as part of the Ajinomoto Group fully adheres to the Group Shared Policy on Human Rights. The Company strictly complies with the requirements of the Employment Act 1955 and prohibits child labour and forced labour. Furthermore, non-executive level employees are protected by collective bargaining agreements between the Company and the Food Industry Employee Union (FIEU).

### 7.2 Workplace Safety and Equal Opportunity

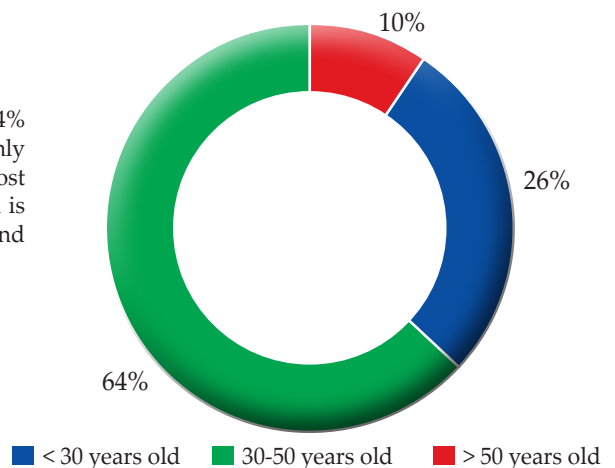
The Company treats its employees with respect and dignity regardless of age, race, religion and gender. AMB hires all employees based on merit and does not discriminate in the recruitment process. Those who possess the ability to perform the work are given equal opportunity to work and grow with the Company, leading to the creation of an efficient and highly skilled workforce.

AMB has a total of 632 employees up to March 2018. Male employees constitute 66% of AMB’s total workforce as the Company is manufacturing-based.



26% of the AMB workforce are less than 30 years old while 64% of the employees are in the age group of 30 to 50 years old. Only 10% of the Company’s employees are more than 50 years old. Most of the Company’s employees are young and energetic, which is parallel with the Company’s direction to develop potential and new talent.

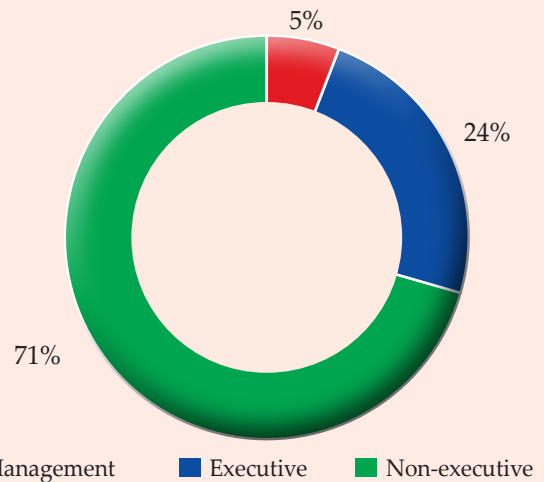
**EMPLOYEE BREAKDOWN BY AGE**



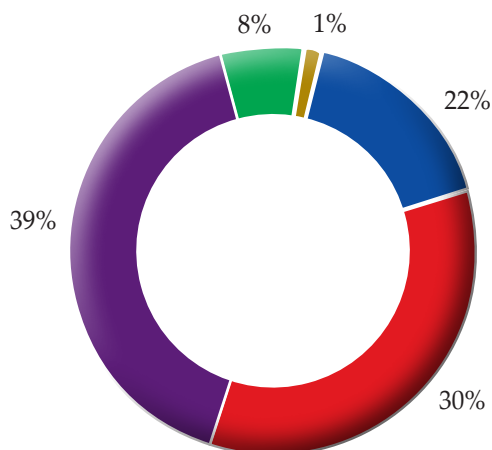
## 7. OUR PEOPLE (cont'd.)

### EMPLOYEE BREAKDOWN BY CATEGORY

Majority of the AMB employees are non-executives as most of them are employed at the manufacturing facility. This group makes up 71% of the total workforce with the remaining 24% and 5% represented by the executive and management level employees respectively.



### DISTRIBUTION OF FOREIGN WORKERS HIRED



AMB has a total number of 122 foreign workers for FY 31 March 2018. Majority of them are Nepalese and Indonesian, which constitute 39% and 30% respectively of the foreign workforce. 22% are Bangladeshi, 8% are Filipino and the remaining 1% is Sri Lankan. The foreign workers hired are all under the non-executive category.

■ Bangladeshi ■ Indonesian ■ Nepalese  
■ Filipino ■ Sri Lanka

The AMB employee turnover rate <sup>1</sup> is 6.95%, which is significantly lower compared to the average in the manufacturing industry (13.0%). The relatively low rate is the result of the Company’s initiatives to build a sustainable workforce for long-term success of the Company.

### 7.3 Training and Development

AMB acknowledges that its employees are its largest and most valuable asset. Thus, the Company prioritises on enhancing their skillsets and knowledge to perform their tasks efficiently while focusing on career growth. AMB invests in both internal and external training and development programmes to remain competitive in today’s market. The training programmes given mainly focus on awareness and compliance, competency skills, and leadership development.

<sup>1</sup> AMB turnover rate only includes permanent employees in AMB

## 7. OUR PEOPLE (cont'd.)

Awareness and compliance based trainings are given to strengthen employees' commitment towards the ASV and provide necessary knowledge on Food Hygiene Regulation training to meet the high certification standards of HALAL (AMB was awarded 'White List'<sup>2</sup> by JAKIM on 16 October 2017) and other food legislations. Competency skills and training focus on meeting the Company's daily operation such as effluent and waste management, food microbiology analysis, etc. AMB also emphasises on succession planning. The Company therefore provides various leadership development programmes to suitable and eligible candidates to create future generation leaders.

### 7.4 Occupational Health and Safety

AMB's Safety & Health Committee has been set up to review and evaluate Health and Safety related issues. It ensures its Occupational Health & Safety Management System ("OHSMS") is implemented and maintained effectively besides promoting the continual improvement activities. Safety patrols and audits are conducted at the manufacturing facility periodically to assess the effectiveness of OHSMS implementation. The Company's OHSMS has been established and implemented in accordance with the requirements of OHSAS 18001 International Standards and the requirements of the Ajinomoto Group.

Monthly divisional Safety and Health meetings are held to ensure each division not only fulfils the requirements of the OHSMS, but also complies with the applicable Occupational Safety and Health laws and regulations and the general safety requirements prescribed in the AMB Safety Handbook.



For FY 31 March 2016, the Company recorded a total of 5 accidents, whereas in FY 31 March 2017 and FY 31 March 2018, the number of cases reported was 4 for each year. Root cause analysis and the necessary corrective actions were carried out as efforts to reduce the number of accidents from FY 31 March 2016. As required by the Occupational Safety and Health Act, 1994, AMB has submitted the required mandatory reports to the Department of Occupational Safety and Health. The Company will continue to work towards achieving zero accident rate at its manufacturing facility.

<sup>2</sup> "White List" is the recognition award from JAKIM for companies which comply with the Halal certification procedure and have excellent track record and high commitment towards Halal obligation.

## 8. OUR ENVIRONMENT

AMB regards environmental issues as one of its priority areas and is committed to reducing the environmental footprint in its manufacturing operations. The AMB Environment Policy has been put in place as evidence of the Company's commitment towards environmental stewardship. The policy was revised on 1st June 2017 to ensure it remains consistent with changes in legislation and to capture the latest in best industry practices. Within the Company, there is a strong commitment from the top management to prevent pollution, to continuously enhance the Company's environmental performance, and to effectively implement the ISO 14001 Environmental Management System ("EMS").

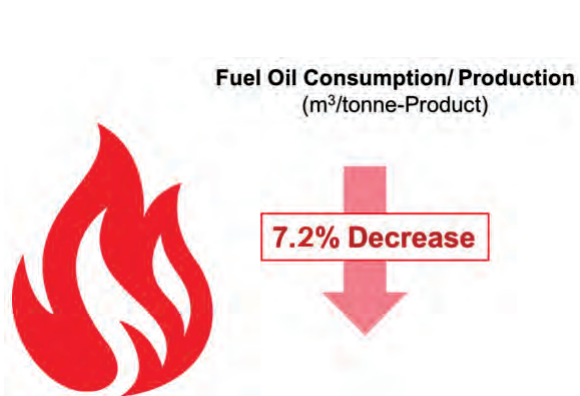
The EMS Policy, Environment Manual and Risk Assessment Procedures were revised to address the requirement of ISO 14001:2015. The Company has incorporated the findings of the environmental impact analysis, as well as integrated risk assessment and the results of a periodical legal compliance evaluation into the organisation budget planning for long-term (8 years), mid-term (3 years) and annual (yearly) business planning and organisational KPI setting according to department. The Company constantly raises its employees' environmental awareness through continuous education and training.

Ajinomoto Group Zero Emissions Plan ("AGZEP") 2017-2019 has led the Company to achieve its set targets based on the Ajinomoto Group Mid-Term Environmental Plan. The newly introduced AGZEP is in line with the Company's group ASV.

### 8.1 Energy Consumption and Reduction

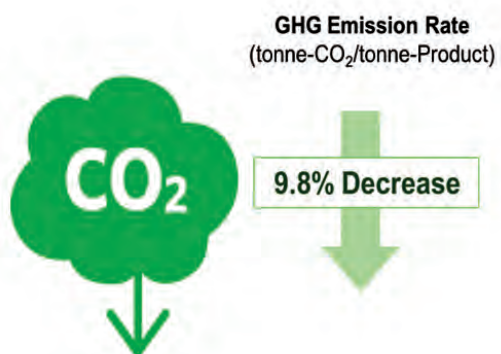
Greenhouse gases, the most significant driver of climate change, is released primarily from the burning of fossil fuel for energy. AMB is committed to reduce the Company's greenhouse gas emissions by increasing energy efficiency at the manufacturing plant. The two main sources of energy at the plant are fuel oil and electricity.

AMB takes an active approach to reducing energy consumption through the implementation of various energy saving initiatives. The Company has been and still is exploring new measures to increase energy efficiency throughout the manufacturing operations.



With the abovementioned energy-reduction initiatives, the Company has successfully reduced its fuel oil consumption by 7.2%, which in turn reduces the greenhouse gases produced from the combustion of fuel oil. The Company is pleased to report the achievement of a 9.8% reduction in the greenhouse gas emission rate where the emission was reduced from 0.51 tonne of CO<sub>2</sub> in FY 31 March 2017 to 0.46 tonne of CO<sub>2</sub> per tonne of product in FY 31 March 2018.

Fuel oil consumption by production in FY 31 March 2018 is 0.181 m<sup>3</sup> per tonne of product compared to 0.195 m<sup>3</sup> per tonne of product in FY 31 March 2017. The Company's recently implemented steam saving project aims to reduce fuel oil consumption at the MSG production line at AMB manufacturing facility. This project improves the overall process efficiency especially at the heat exchanger and heating process. Initiatives carried out under the steam saving project include constant monitoring and repairing of sources of steam leakage and providing proper insulation for steam pipes to reduce heat loss. The heat exchanger tubes are regularly cleaned to ensure high heat transfer efficiency which will reduce fuel oil consumption.



The Company also installed timers on the larger air-conditioning units at the manufacturing facility to fix the operating hours of these units from 6 a.m. to 12 a.m. daily. This reduces the unnecessary operation of the air-conditioning units leading to a reduction in electricity consumption. Overall, AMB's electricity consumption has increased slightly by 2.01% due to the drop of the efficiency of the compressor caused by coil leakage. In mitigation, the necessary corrective measures are being put in place to arrest the leakage.

## 8. OUR ENVIRONMENT (cont'd.)

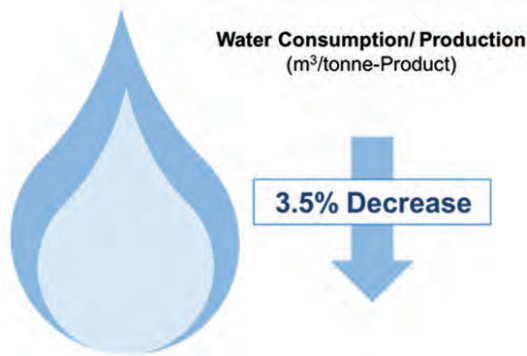
### 8.2 Ozone Depleting Substances (ODS)

It is the Company’s policy to ban the use of ODS within its operations. ODS depletes the earth’s ozone layer resulting in harmful rays entering the Earth’s environment. The depletion of the ozone layer has been identified as the cause for global warming, human health (skin cancer for instance) and adverse impacts on aquatic biota, amongst others.

In line with the requirement of the AGZEP 2017-2019, AMB strictly does not use ODS such as Chlorofluorocarbons (CFCs), Hydrochlorofluorocarbons (HCFCs) and Hydrofluorocarbons (HFCs).

### 8.3 Water Consumption and Conservation

At AMB, water conservation is the most cost-effective and environmentally sound way to reduce demand and dependence on water. Therefore, the Company is conscious with its water usage and proactively reducing its water consumption. The use of less water in the manufacturing process also results in the generation of less effluent that requires treatment thereby putting less pressure on the effluent treatment plant, and reducing the energy required to heat water in the process.

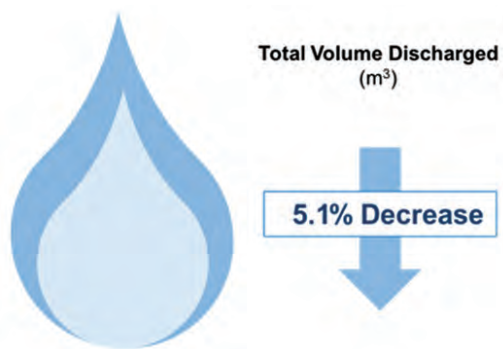


AMB has achieved water savings of 0.3 m3 per tonne of product for FY 31 March 2018, which translates to a 3.5 % decrease in water consumption compared to the previous financial year. This is mainly due to the water conservation activities at the manufacturing plant that involves the improved washing method and the reduced frequency for the filter-press operation. To achieve further reduction, the seal water from the pump cooling process is reused to wash the filter press and to dissolve glutamic acid during the manufacturing process. The Company has continuously put in efforts to implement feasible solutions to further decrease its water consumption.

### 8.4 Effluent Treatment

AMB is fully committed to environmental protection and preservation. The Company is the first in Malaysia to construct a highly advanced effluent treatment plant (“ETP”) that fully complies with the Environmental Quality (Industrial Effluent) Regulations, 2009 to treat process effluent and to reduce the key effluent quality parameters such as Chemical Oxygen Demand (“COD”), Biological Oxygen Demand (“BOD”) and Total Nitrogen (“TN”), before the effluent is discharged into the receiving watercourse.

Due to the decreased water consumption in the manufacturing process, the ETP treats less effluent, therefore reducing the volume of discharged treated effluent from the ETP. AMB’s water recycling efforts have also improved the manufacturing plant’s water usage efficiency in which water is maintained in a closed loop system. This in turn further reduces the volume of effluent discharged. AMB is proud to have successfully reduced the quantity of effluent discharged from the ETP by 161,519 m3 in FY 31 March 2018 compared to 170,263 m3 in FY 31 March 2017.



## 8. OUR ENVIRONMENT (cont'd.)

In FY 31 March 2018, the BOD and TN discharges of AMB were less than 10 mg/L and 5 mg/L respectively, which were significantly lower than the industry standard as stipulated under the Environmental Quality (Industrial Effluent) Regulations, 2009 enforced by the Department of Environment (DOE). COD concentration in the discharge effluent was less than 50mg/L on average per month. The Company operates beyond compliance to showcase its environmental stewardship. Daily and monthly monitoring on ETP final discharge are carried out to ensure continuous compliance with the internal standard. The data is based on the monitoring programme carried out by a third party certified laboratory. The respective Standard B limits for these parameters, which are stipulated under the regulations, are also presented.

### 8.5 Waste Management


Solid waste is currently one of the most critical environmental issues faced by Malaysia. The lack of secure landfills for safe disposal of waste and the rising cost of disposal have encouraged industries to explore ways to minimise their waste generation.

The 4R Concept and Practice (Reduce, Reuse, Recycle and Recovery) is extensively promoted in all levels of the Company to minimise waste generation. Solid waste such as metal, plastic, aluminium cans, paper, dry sludge from effluent treatment, etc. are segregated and recycled as part of the Company's contribution to reduce the impact on the environment. Recycle bins are located around premises of AMB to encourage staff to recycle waste. The Company has also increased the subsidy for the collection of recyclable waste.

AMB is proud to recycle 68.4% of generated waste and managed to reduce its waste that will end up in landfill in FY 31 March 2018. It is a very significant improvement for AMB as compared to 32% of waste recycled from the preceding year, which translates to an impressive improvement of 113.8%.



The process of recycling paper requires energy and usually bleaching agents. Both bleach and energy production generally harm the environment. Therefore, the Company prefers to tackle the problem at the source by implementing initiatives to reduce paper usage from its office and manufacturing facility.



### Paper-less Initiatives to Reduce Paper Waste

<div style="text-align: center; font-size: 2em; font-weight: bold; margin-bottom: 5px;">1</div> <p><b>Sales Handy Terminal System</b> Instant access to sales information anytime &amp; anywhere without using a single sheet of paper</p>	<div style="text-align: center; font-size: 2em; font-weight: bold; margin-bottom: 5px;">3</div> <p><b>Finger Print Attendance System</b> Replacement of the punch card system to reduce paper usage</p>
<div style="text-align: center; font-size: 2em; font-weight: bold; margin-bottom: 5px;">2</div> <p><b>E-kiosk Portal</b> Use of the portal eliminates the need to print pay slips and leave application forms</p>	<div style="text-align: center; font-size: 2em; font-weight: bold; margin-bottom: 5px;">4</div> <p><b>Canteen Touch Card System</b> Elimination on the use of paper cards as canteen coupons</p>



## 9. OUR CONSUMER

The Company assures that all its products are at its finest quality. It is important for AMB to ensure delivery of safe and quality products to customers as a trusted Company. AMB practices good values in its business chain and maintains high quality performance through strict compliances with international and local regulatory requirements. AMB is committed to enhance quality of life globally by contributing to significant advances in food and health.

### 9.1 Product Responsibility and Safety

Food quality in AMB is assured through the Ajinomoto System of Quality Assurance and the International Organisation for Standardisation (“ISO”) seeking continual improvement and setting measurable objectives. As part of the Company’s Quality and Food Safety Policy, AMB has set up a Food Defence Programme to produce high quality and safe products without intentional adulteration.

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

AMB is mindful of its obligation to the country and its consumers and is committed to comply with the Halal requirement set by the Department of Islamic Development Malaysia (JAKIM) and to fulfil the consumers’ needs. In recognition of our excellent track record, we have been awarded as a ‘White List’<sup>2</sup> company since 16th October 2017.

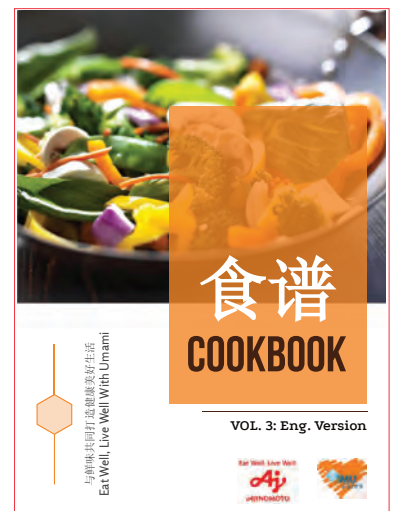
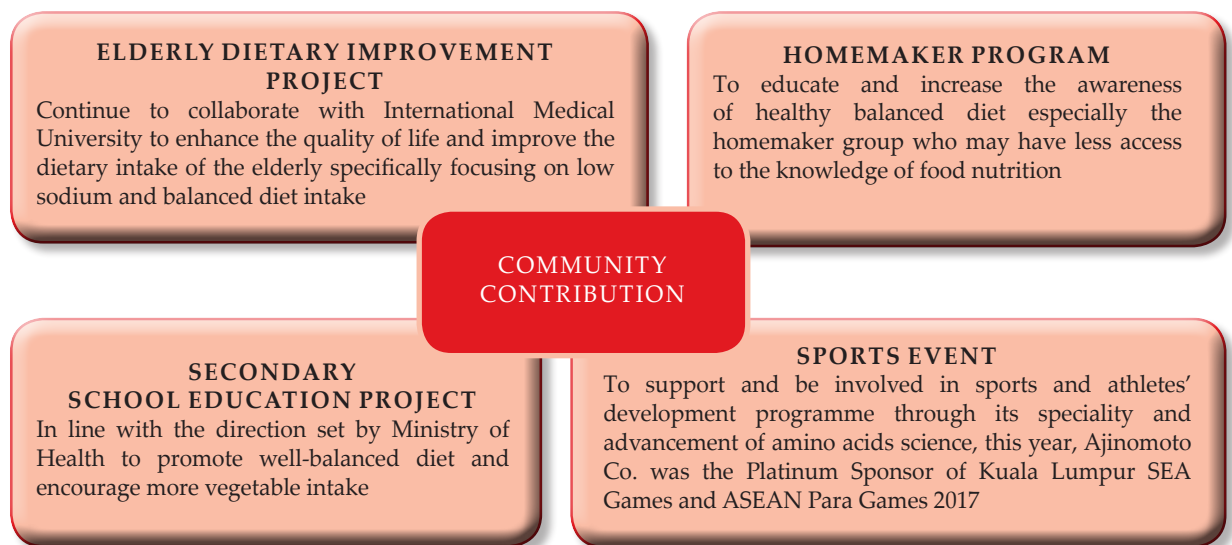
<sup>2</sup> “White List” is the recognition award from JAKIM for companies which comply with the Halal certification procedure and have excellent track record and high commitment towards Halal obligation.

## 10. OUR COMMUNITY

In cooperation with the Company's diverse stakeholders, AMB carried out food and nutrition centred initiatives throughout the country to contribute to the well-being of the society. The Company believes it is its duty as a responsible corporate citizen to help in developing local communities and building a healthier society. With that in mind, AMB proactively plays its role to promote healthy living through the enjoyment of deliciousness by organising educational campaign relating to healthy diet.

### 10.1 Community Relations and Contribution

AMB contributes to the community by promoting healthy lifestyle to the local community through various engagement activities and education programmes. The Company's target groups for community engagement are the elderly, school students and homemaker groups of whom knowledge of food nutrition is important for them.



In 2017, AMB continues collaboration with International Medical University (IMU), which started in 2015, to organise a Corporate Social Responsibility Award winning project – “Eat Well, Live Well Together with Umami” for the elderly home. This project promotes a better quality of life and improved health standards of golden aged population specifically focusing on low sodium and well-balanced diet for a healthier lifestyle.

## 10. OUR COMMUNITY (cont'd.)



For this year’s secondary school educational project theme ‘Delicious Healthy Living’, AMB has actively educated Malaysia’s young generation on the importance of well-balanced diet and vegetable intake through a 2½-month programme in Penang. This was introduced from February to April 2018. The ‘Healthy Plate’ (Suku-suku Separuh) concept launched by the Ministry of Health and Sayur Campur Berkuah (“SCK”) created by AMB were introduced to the students during the programme. The project for this round managed to educate a total of 14,000 students through 70 events.



Ajinomoto Co. was the Platinum Sponsor of the 29th SEA Games and the 9th ASEAN Para Games (“Kuala Lumpur 2017”) held in Malaysia from August to September 2017. These two sponsorships provided Ajinomoto Co. the opportunity to provide various supports through its subsidiaries in the ASEAN region based on a wealth of knowhow on nutritional support for athletes, which the Company has accumulated in Japan. During the Kuala Lumpur 2017 event, AMB launched a series of sports promotions through online, print and in-store channels. In addition, the Company also participated in the Torch Run prior to the games and exhibition booth at the Bukit Jalil sports arena. More than 400 people joined the Torch Run with 36 news coverage. At the exhibition booth at the sports arena, more than 3,400 people attended the sharing session on the Company and product information.



For the Homemaker program, since its commencement in 2012, this campaign is in its 6th year, targeting residential areas throughout Malaysia. This year, the roadshow route mainly covered the small towns in Johor and Pahang. The roadshows were a successful collaboration between AMB and the local community. Adhering to the ASV initiatives that promote healthy living, the Company promoted the importance of balanced diet and tackled the issue of poor vegetable intake among Malaysians by introducing the SCK menu. Throughout the 20 events, 1,800 participants learnt about healthy and balanced diet through knowledge sharing sessions and live cooking demonstrations.

# Form Of Proxy

Eat Well. Live Well.



CDS Account No.

Number of ordinary shares held

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

\*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-Seventh 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, 27 August 2018 at 10:00 a.m. and at any adjournment thereof.

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

No.	Agenda	Resolution	For	Against
1.	To receive the Audited Financial Statements for the financial year ended 31 March 2018 together with the Reports of the Directors and the Auditors thereon.			
2.	To declare a first and final single-tier dividend of 46.5 sen per ordinary share for the financial year ended 31 March 2018.	1		
3.	To approve the payment of Directors' fees for the financial year ended 31 March 2018.	2		
4.	To approve the payment of Directors' benefits up to an amount of RM650,000 from 28 August 2018 until the next Annual General Meeting of the Company.	3		
5.	To re-elect Mr. Miki Moriyama who is retiring in accordance with Article 120 of the Company's Articles of Association and being eligible, had offered himself for re-election.	4		
6.	To re-elect Encik Kamarudin bin Rasid 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 Ms. Yukiko Nishioka who is retiring in accordance with Article 114 of the Company's Articles of Association and being eligible, has offered herself for re-election.	6		
8.	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.	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.	<b>Ordinary Resolution No. 1:</b> Authority to Issue Shares pursuant to the Companies Act 2016	9		
11.	<b>Ordinary Resolution No. 2:</b> Proposed Renewal of Existing Shareholder Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature	10		
12.	<b>Ordinary Resolution No. 3:</b> Retention of General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd. Ali (Rtd) as an Independent Director	11		
13.	<b>Ordinary Resolution No. 4:</b> Retention of Tan Sri Dato' (Dr.) Teo Chiang Liang as an Independent Director	12		
14.	<b>Ordinary Resolution No. 5:</b> Retention of Mr. Koay Kah Ee as an Independent Director	13		

As witness my/our hand(s) this day \_\_\_\_\_ of \_\_\_\_\_ 2018.

\* Strike out whichever not applicable

\*Signature/Common Seal of Shareholder

Notes :-

1. In respect of deposited securities, only members/shareholders whose names appear in the Record of Depositors on 20 August 2018 (“**General Meeting Record of Depositors**”) shall be eligible to attend the Meeting.
2. A member of the Company shall be entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote at a meeting of members of the Company. There shall be no restriction as to the qualification of the proxy.
3. In the case of a Company having a share capital, a member may appoint up to two (2) proxies for the Meeting, provided that the member specifies the proportion of the member’s shareholdings to be represented by each proxy.
4. The instrument appointing proxy shall be in print or writing under the hand of the member/shareholder or his duly constituted attorney, or in the case of a corporate member/shareholder, under its common seal or under the hand of its officer or attorney duly authorised. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
5. Where a member/shareholder is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“**omnibus account**”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at Securities Services (Holdings) Sdn. Bhd. of Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than 48 hours before the time for holding the Meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for taking of the poll, and in default the instrument of proxy shall not be treated as valid.

Fold Here

Eat Well, Live Well.



## Form Of Proxy

Stamp

The Company Secretaries  
**AJINOMOTO (MALAYSIA) BERHAD** (4295-W)  
c/o Securities Services (Holdings) Sdn. Bhd.  
Level 7, Menara Milenium, Jalan Damanlela,  
Pusat Bandar Damansara, Damansara Heights,  
50490, Kuala Lumpur, Wilayah Persekutuan

Fold Here

Eat Well, Live Well.

**Aji**  
AJINOMOTO.



The Essence of *Umami*  
**AJI-NO-MOTO**  
PENAMBAH PERISA

**Campur,  
Campur  
Siap!**

**AJI-NO-MOTO**  
menjadikan sayur goreng  
lebih mantap!



YouTube MY AJINOMOTO

Sila layari YouTube untuk video memasak dan resepi-resepi lain

Sedapedia

[www.ajinomoto.com.my](http://www.ajinomoto.com.my)

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

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

Tel : 603 7980 6958 Fax : 603 7981 1731

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