



ASIA FILE CORPORATION BHD. (313192-P)  
(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2005**

**A EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT - FRS 134**

**A1 Basis of preparation**

The interim financial report is unaudited and has been prepared in compliance with FRS 134 "Interim Financial Reporting" and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 March 2005.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the annual financial statements for the year ended 31 March 2005.

**A2 Audit report of preceding annual financial statements**

The audit report of the Group's annual financial statements for the year ended 31 March 2005 was not subject to any qualification.

**A3 Seasonal or cyclical factors**

The operation of the Group is not subject to any effects of seasonality or cyclicity.

**A4 Unusual items**

There were no unusual items that have a material effect on the assets, liabilities, equity, net income or cash flow reported in the interim financial report.

**A5 Material changes in accounting estimates**

There were no changes in accounting estimates of amounts reported in prior financial years.

**A6 Issuance or repayment of debts and equity securities**

10,000 ordinary shares were issued pursuant to the Employee Share Option Scheme during the quarter and financial year to date. Subsequent to the financial period ended 30 June 2005, 4,400 ordinary shares were issued pursuant to the Employee Share Option Scheme.

There was no share purchased pursuant to the Share Buy Back Scheme during the financial quarter ended 30 June 2005. A total of 595,700 shares was retained as treasury shares as at 30 June 2005.

Subsequent to the financial period ended 30 June 2005, a total of 100 shares of Asia File Corporation Bhd was purchased and retained as treasury shares pursuant to the Shares Buy Back scheme. Accordingly, a total of 595,800 shares was retained as treasury shares subsequent to quarter ended 30 June 2005.

Other than the above, there were no issuances or repayment of debts and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current quarter and financial year to date.

**A7 Dividend Paid**

**(a) In respect of the financial year ending 31 March 2006**

No dividend was declared during the current financial quarter and financial year to date.

**(b) In respect of the financial year ended 31 March 2005**

An interim dividend of 10% less 28% tax on 69,862,100 ordinary shares of RM 1 each totalling RM 5,030,071 for the financial year ended 31 March 2005 was paid on 27 May 2005.

**A8 Segment information**

**Business segment**

The Group is principally involved in the manufacture and trading of stationery products. Business segmental information has therefore not been prepared as the Group's revenue, operating profit, assets employed, liabilities, capital expenditure, depreciation and amortization as well as non-cash expenses are mainly confined to one business segment.

**A9 Valuations of property, plant and equipment**

The valuations of land and buildings have been brought forward without amendment from the previous annual report.

**A10 Material events subsequent to the end of the quarter**

There were no material events subsequent to the end of the quarter.

**A11 Changes in composition of the Group**

There were no changes in the composition of the Group for the current financial year to date.

**A12 Changes in contingent liabilities/assets**

Since the last audited financial statements as at 31 March 2005, the Group does not have any contingent liabilities/assets.

**A13 Capital commitments**

	<b>30-Jun-2005</b>
	<b>RM'000</b>
Machinery	
Approved and contracted for	<u>2,673</u>
Building	
Approved and contracted for	<u>373</u>

One of its subsidiaries has entered into a rental lease commitment as follows :-

	<b>30-Jun-2005</b>
	<b>RM'000</b>
Less Than one year	720
One to two years	720
Above two years	6,543

**A14 Net tangible assets per share (sen)**

	<b>30-Jun-05</b>	<b>31-Mar-05</b>
Shareholders' Fund (RM'000)	163,145	155,093
Share Capital (000)	70,468	70,458
Treasury Shares (000)	<u>(596)</u>	<u>(596)</u>
	<u>69,872</u>	<u>69,862</u>

Net tangible assets per share (sen) 233.49 222.00

**B Additional information required by the Bursa Malaysia Securities Berhad's Listing Requirements**

**B1 Review of performance**

The current quarter's sales and pre-tax profit increased by 7.35% and 8.05% respectively when compared with the corresponding quarter in preceding year. Export sector make up a total of 71% of total sales. Major market segments that enjoyed robust sales growth during the quarter are U.S.A. and Japan.

**B2 Comparison of profit before taxation with preceding quarter**

Pre-tax profit showed a drop of 10.3% when compared with the preceding quarter ended 31 Mar 2005. This is due to the higher forex gain recorded in the preceding quarter as compared to the current quarter. The pre tax figure will show only a drop of less than 1% if the forex gain/loss factor was excluded.

**B3 Current year prospects**

Based on the orders confirmed by its overseas customers, the Group is confident to surpass its existing financial results.

**B4 Profit forecast or profit guarantee**

No profit forecast or profit guarantee was published by the Group.

**B5 Tax expense**

	Quarter ended	
	30-Jun	
	2005	2004
	RM'000	RM'000
Current year tax expense		
- Based on results for the year	2,436	2,047
Deferred tax expense		
- Current year	(289)	(317)
	2,147	1,730

The lower tax rate in relation to the results of the Group for the financial year to date is mainly due to availability of certain tax incentive.

**B6 Profit/loss on sale of unquoted investments and properties**

There were no sales of unquoted investments and properties for the current quarter and financial year-to-date.

**B7 Purchase or disposal of quoted securities**

(a) Purchase and disposal of quoted securities were as follows:

	Period ended
	30.6.2005
	RM'000
Purchase of quoted securities	6,103
Disposal of quoted securities	
Sales proceeds	7,697
Cost of investments	7,547
Gain on disposal	150

(b) Investment in quoted securities:

	<b>As at 30.06.2005 RM'000</b>
At cost	12,124
At book value	12,124
At market value	<u>11,747</u>

**B8 Status of corporate proposal announced**

No corporate proposal was announced by the Group.

**B9 Group borrowings and debt securities**

Group borrowings relate to short term banker acceptance, bank overdraft and foreign currency loan which are denominated in Ringgit Malaysia and USD respectively.

	<b>As at 30.06.2005</b>	
	<b>USD('000)</b>	<b>RM('000)</b>
Foreign currency loan	63	239
Bank overdraft	-	299
	<u>63</u>	<u>538</u>

**B10 Off balance sheet financial instruments**

During the period under review, the Group has not entered into any contract involving off balance sheet financial instruments except for the following foreign currency contracts which will be used to hedge the Group's committed sales in foreign currency :-

<b>Currency</b>	<b>Contract Amount ( '000)</b>	<b>Equivalent in RM ( '000)</b>	<b>Contract Due in</b>
USD	614	2,331	Aug-05
USD	1,915	7,213	Sep-05
USD	750	2,837	Oct-05

Forward foreign exchange contracts are entered into with licensed banks to hedge part of the Group's sales from exchange rate movements. As the exchange rates are pre-determined under such contracts, the Group is not exposed to any market risk. Given that the contracts are entered into with licensed banks, we are of the view that credit risk is minimal.

As at balance sheet date, no adjustment has been made for the above forward contracts to account for the difference between the contracted rate and the prevailing market rate as the amount is immaterial.

**B11 Changes in material litigation**

There was no material litigation against the Group as at to date.

**B12 Dividends Proposed**

A final dividend of 18% less 28% tax has been proposed by the Group in respect of the financial year ended 31 March 2005, subject to the approval of shareholders' at the forthcoming Annual General Meeting.

**B13 Earnings per share**

	<b>Current Quarter ended 30-Jun-05</b>	<b>Current Year to Date 30-Jun-05</b>
<b>Basic earnings per share</b>		
Net profit for the period (RM'000)	7,943	7,943
Weighted average number of ordinary shares ('000)	69,869	69,869
Basic earnings per share (sen)	<u>11.37</u>	<u>11.37</u>

	<b>Current Quarter ended 30-Jun-05</b>	<b>Current Year to Date 30-Jun-05</b>
<b>Diluted earnings per share</b>		
Net profit for the period (RM'000)	7,943	7,943
Weighted average number of ordinary shares ('000)	69,869	69,869
Adjustment for share options ('000)	<u>100</u>	<u>100</u>
Weighted average number of ordinary shares for diluted earnings per share ('000)	<u>69,969</u>	<u>69,969</u>
Diluted earnings per share (sen)	<u>11.35</u>	<u>11.35</u>

By Order of The Board  
Lam Voon Kean (Company Secretary)

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