



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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 MARCH 2012

A EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT - FRS 134

A1 Basis of preparation

The interim financial statements are unaudited and has been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2011. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 March 2011.

A2 Changes in Accounting Policies

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with the most recent annual audited financial statements for the year ended 31 March 2011 except for the adoption of the following new and revised FRSs, IC Interpretations and Amendments:-

FRSs, Amendments to FRSs and IC Interpretations	Effective date
FRS 1, First-time Adoption of Financial Reporting Standards (revised)	1 July 2010
FRS 3, Business Combinations (revised)	1 July 2010
FRS 127, Consolidated and Separate Financial Statements (revised)	1 July 2010
Amendments to FRS 1, First-time Adoption of Financial Reporting Standards	1 January 2011
- Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	
- Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 2, Share-based Payment	1 July 2010
Amendments to FRS 2, Group Cash-settled Share-based Payment	1 January 2011
Amendments to FRS 5, Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 7, Financial Instruments: Disclosures	1 January 2011
- Improving Disclosures about Financial Instruments	
Amendments to FRS 138, Intangible Assets	1 July 2010
IC Interpretation 4, Determining whether an Arrangement contains a Lease	1 January 2011
IC Interpretation 12, Service Concession Agreements	1 July 2010
IC Interpretation 16, Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17, Distribution of Non-cash Assets to Owners	1 July 2010
IC Interpretation 18, Transfers of Assets from Customers	1 January 2011
Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives	1 July 2010
Improvements to FRSs (2010)	1 January 2011

The application of the above FRSs, amendments to FRSs and IC Interpretations are expected to have no significant financial impact on the financial statements of the Group and the Company.

A3 Audit report of preceding annual financial statements

The audit report of the Group's annual financial statements for the year ended 31 March 2011 was not subject to any qualification.

A4 Seasonal or cyclical factors

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

A5 Unusual items due to their Nature, Size or Incidence

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.

A6 Material changes in accounting estimates

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

A7 Issuance or repayment of debts and equity securities

53,600 and 518,800 ordinary shares were issued pursuant to the Employee Share Option Scheme during the financial quarter and financial year to date. Subsequent to the financial quarter ended 31 March 2012, 87,800 ordinary shares were issued pursuant to the Employee Share Option Scheme.

96,900 ordinary shares of Asia File Corporation Bhd was purchased and retained as treasury shares pursuant to the Shares Buy Back Scheme for the financial year to date. Accordingly, a total of 399,600 shares was retained as treasury shares as at 31 March 2012.

There was no shares purchased and retained as treasury shares subsequent to the financial quarter ended 31 March 2012.

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 financial quarter and financial year to date.

A8 Dividend Paid**(a) In respect of the financial year ended 31 March 2012**

A single tier interim dividend of 8% on 115,626,130 ordinary shares of RM1 each totalling RM9,250,090 for the financial year ended 31 March 2012 was paid on 29 May 2012.

(b) In respect of the financial year ended 31 March 2011

An interim dividend of 4.8% less 25% tax and 5.5% tax exempt on 115,346,630 ordinary shares of RM1 each totalling RM10,496,543 for the financial year ended 31 March 2011 was paid on 27 May 2011.

A final dividend of 12.5% on 115,572,530 ordinary shares of RM1 each totalling RM 14,446,566 for the financial year ended 31 March 2011 was paid on 27 December 2011.

A9 Segment information**Business segment**

The Group is principally involved in the manufacture and trading of stationery and paper 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.

A10 Valuations of property, plant and equipment

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

A11 Material events subsequent to the end of the quarter

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

A12 Changes in composition of the Group

There were no changes in the composition of the Group for the financial year-to-date except for the following :-

On 9 September 2011, the Group acquired a shelf company in United Kingdom, namely Higher Kings Mill Limited (previously known as Trissi Brissi Limited) to become its wholly owned subsidiary for a purchase consideration of GBP 1 (equivalent to approximately RM 5).

A13 Changes in contingent liabilities/assets

The total contingent liabilities as at 31 March 2012 for the Company are corporate guarantees for banking facilities granted to subsidiaries of RM 76.45 million (31 March 2011: RM 96.45 million) and also corporate guarantee of RM 9.8 million provided to a supplier of the subsidiary in UK.

A14 Capital commitments approved and contracted for

	31-Mar-2012
	RM'000
Land & Building	<u>4,140</u>
Machinery	<u>280</u>

Lease commitments

The Group's subsidiaries have entered into the following lease commitment:-

	31-Mar-2012
	RM'000
Less Than one year	1,616
One to five years	3,548

A15 Net assets per share (sen)

	31-Mar-2012	31-Mar-2011
Shareholders' Fund (RM'000)	371,008	345,895
Share Capital (000) *	116,026	115,507
Treasury Shares (000)	(400)	(272)
	<u>115,626</u>	<u>115,235</u>
Net assets per share (sen)	320.87	300.16

B Additional information required by the Bursa Malaysia Securities Berhad's Listing Requirements**B1 Review of performance**

For the final quarter ended 31 March 2012, the Group's turnover increased from RM 65.5 million to RM 86.1 million when compared to the corresponding quarter in the preceding year. The significant jump in turnover is due to improvement in sales to its existing U.K market and also contribution of sales from its newly acquired overseas subsidiary.

During the quarter, the Group registered a pre tax profit (exclude profit contribution from associate Company) of RM 13.4 million (March 2011: 13.6 million). The lower profit margin achieved for the quarter is mainly due to lower margin from the sales by its newly acquired subsidiary in UK.

B2 Comparison of profit before taxation with preceding quarter

Profit before tax (excluding share of profit from associate company) for the current quarter is 6.5% higher than the preceding quarter based on a higher turnover during the quarter.

B3 Current year prospects

With the ground work well established following the acquisition of two businesses in UK which are synergistic to the Group's current operations, the Group is well poised to face the challenges in years ahead.

The Board of Directors is confident of a positive future performance for the Group.

B4 Profit forecast or profit guarantee

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

B5 Tax expense

	Year ended	
	31-Mar	
	2012	2011
	RM'000	RM'000
Current year tax expense		
- Based on results for the year	8,967	6,528
- (Over)/under provision in respect of prior year	222	(742)
	<u>9,189</u>	<u>5,786</u>
Deferred tax expense		
- Current year	(709)	2,070
	<u>8,480</u>	<u>7,856</u>

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

B6 Disclosure of Realised and Unrealised Profit/ Losses

The retained profit as at 31 March 2012 is analysed as follows:

	Current	Preceding
	Quarter Ended	Quarter Ended
	31-Mar-2012	31-Dec-2011
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	207,349	196,924
- Unrealised	(8,055)	(8,355)
	<u>199,294</u>	<u>188,569</u>
Total share of retained profit from associates:		
- Realised	22,822	24,033
- Unrealised	2,537	1,157
	<u>25,359</u>	<u>25,190</u>
Add: Consolidation adjustment	15,492	15,471
Total Group retained profit as per consolidated accounts	<u>240,145</u>	<u>229,230</u>

B7 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.

B8 Purchase or disposal of quoted securities

(a) There were no purchase or disposal of quoted securities for the current quarter and financial year-to-date.

(b) Investment in quoted securities:

	As at
	31-Mar-2012
	RM'000
At cost	46,603
At book value	46,603
At market value	<u>56,925</u>

B9 Status of corporate proposal announced

No corporate proposal was announced by the Group.

B10 Group borrowings and debt securities

Group borrowings relate to bank overdraft, foreign currency loan, term loan and hire purchase which are denominated in Ringgit Malaysia, USD, EURO and HKD.

	As at
	31-Mar-2012
	RM('000)
a) Bank borrowing - Non current	
Term Loan	<u>2,258</u>
b) Bank borrowing - current	
Bank overdraft	96
Foreign currency loan	16,442
Portion of term loan due within one year	4,360
Portion of finance lease due within one year	<u>120</u>
	<u>21,018</u>

B11 Financial instruments

There were no financial instruments for the financial period ended 31 March 2012.

B12 Changes in material litigation

On 23 July 2010, Asia File Products Sdn Bhd ("AFP"), a wholly owned subsidiary of Asia File Corporation Bhd was served with a Writ of Seizure and Sale by Mr Kalidason A/L Ramoo ("Plaintiff") in relation to his claims of losses and damages amounting to RM 217.7 million in respect of a piece of property purchased by AFP for a total purchase consideration of RM 4.6 million.

On 8 September 2010, AFP has been successful in both applications to strike out the Writ of Seizure and Sale and to set aside the judgment in default of appearance.

The Plaintiff has subsequently filed a notice of appeal to the Court of Appeal on 30 September 2010.

The case was called for hearing on 23 April 2012 whereupon the appellant withdraw the appeal with costs of RM5,000 awarded to AFP. The Court deposit is also to be refunded to AFP as further costs for the withdrawal of the appeal.

B13 Dividends Proposed

After taking into consideration the net cash position for the current financial year ended 31 March 2012, the Board of Directors decided to recommend a final single tier dividend of 13.5% (2011: 12.5%) subject to approval by shareholders. The payment date for the recommended final dividend shall be determined by the Directors and to be announced at a later date.

B14 Earnings per share

	Current Quarter ended 31-Mar-2012	Current Year to Date 31-Mar-2012
Basic earnings per share		
Net profit for the period (RM'000)	10,907	48,643
Weighted average number of ordinary shares ('000)	115,511	115,508
Basic earnings per share (sen)	<u>9.44</u>	<u>42.11</u>

	Current Quarter ended 31-Mar-12	Current Year to Date 31-Mar-12
Diluted earnings per share		
Net profit for the period (RM'000)	10,907	48,643
Weighted average number of ordinary shares ('000)	115,511	115,508
Adjustment for share options ('000)	<u>765</u>	<u>934</u>
Weighted average number of ordinary shares for diluted earnings per share ('000)	<u>116,276</u>	<u>116,442</u>
Diluted earnings per share (sen)	<u>9.38</u>	<u>41.77</u>

B15 The condensed consolidated interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 31 May 2012.

By Order of The Board

Tai Yit Chan (MAICSA 7009143)

Ong Tze-En (MAICSA 7026537)

Joint Company Secretaries

31 May 2012
