



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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 MARCH 2013

A EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT - MFRS 134

A1 Basis of preparation

This condensed consolidated interim financial statements (Condensed Report) has been prepared in accordance with MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. This Condensed Reports also complies with IAS 34: Interim Financial Reporting issued by the International Accounting Standards Board (IASB). For the periods up to and including the year ended 31 Mar 2012, the Company prepared its financial statements in accordance with Financial Reporting Standards ("FRSs").

This Condensed Report is the Company's first MFRS compliant Condensed Report and hence MFRS 1: First time adoption of Malaysian Financial Reporting Standards ("MFRS 1") has been applied.

In preparing its opening MFRS Statement of Financial Position as at 1 April 2011 (which is also date of transition), the Company has adjusted the amounts previously reported in financial statements prepared in accordance with FRS. An explanation of how the transition from FRS to MFRS has affected the Company's financial position is as set out below. These notes include reconciliations of equity for the comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS. The transition from FRS to MFRS has not had a material impact on the statement of cash flows.

(a) Foreign currency translation reserve

Under FRS, the Group recognized translation differences on foreign operations as a separate component of equity. At the date of transition to MFRs, cumulative foreign currency translation differences for all foreign operations are deemed to be nil and reclassified to retained earnings.

Accordingly, at the date of transition to MFRS, the cumulative foreign currency translation differences of RM 5,186,267 as at 1 April 2011 were adjusted to retained earnings.

(b) Prepaid land lease payments

In accordance with MFRS 117 leases, prepaid land lease payments of an associate company were restated to its original cost. This will result in a reduced amortisation which has an impact of approximately RM 3,000 per quarter in the Group's income statement.

(c) Early adoption of amendment to MFRS 119: Employee benefits

During the financial year, the Group's associate company has early adopted Amendment to MFRS 119 "Employee Benefits" (effective from 1 January 2013) and has applied this standard in financial period beginning 1 January 2012.

The impact arising from the above on the statement of financial position are summarised as follows:-

Reconciliation of equity as at 1 April 2011

	FRSs as at 1-Apr-11 RM'000	Effect of adopting MFRSs RM'000	MFRSs as at 1-Apr-11 RM'000
<u>Equity</u>			
Exchange fluctuation reserve	(5,186)	5,186	-
Retained earnings	215,165	(7,315)	207,850
<u>Non-current assets</u>			
Investment in associate	110,448	(2,129)	108,319

Reconciliation of equity as at 31 March 2012

	FRSs as at 31-Mar-12 RM'000	Effect of adopting MFRSs RM'000	MFRSs as at 31-Mar-12 RM'000
<u>Equity</u>			
Exchange fluctuation reserve	(7,556)	5,186	(2,370)
Retained earnings	240,144	(7,234)	232,910
<u>Non-current assets</u>			
Investment in associate	118,358	(2,048)	116,310

A2 Audit report of preceding annual financial statements

The audit report of the Group's annual financial statements for the year ended 31 March 2012 was not subject to any qualification.

A3 Seasonal or cyclical factors

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

A4 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.

A5 Material changes in accounting estimates

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

A6 Issuance or repayment of debts and equity securities

44,400 and 221,100 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 2013, 3,000 ordinary shares were issued pursuant to the Employee Share Option Scheme.

200 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 399,800 shares was retained as treasury shares as at 31 March 2013.

There was no shares purchased and retained as treasury shares subsequent to the financial quarter ended 31 March 2013.

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.

A7 Dividend Paid

An interim single-tier dividend of 8% on 115,847,030 ordinary shares of RM1 each totalling RM9,267,762 in respect of the financial year ended 31 March 2013 was paid on 28 May 2013.

A final dividend of 13.5% on 115,802,730 ordinary shares of RM1 each totalling RM 15,633,369 in respect of the financial year ended 31 March 2012 was paid on 27 December 2012.

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

A8 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.

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 quarter.

A12 Changes in contingent liabilities/assets

The total contingent liabilities as at 31 March 2013 for the Company are corporate guarantees for banking facilities granted to subsidiaries of RM 76.45 million (31 March 2012: RM 76.45 million) and also corporate guarantee of RM 9.8 million provided to a supplier of the subsidiary in UK.

A13 Lease commitments

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

	31-Mar-2013
	RM'000
Less Than one year	1,170
One to five years	1,871

A14 Net assets per share (sen)

	31-Mar-2013	31-Mar-2012	1-Apr-2011
Shareholders' Fund (RM'000)	385,137	368,958	343,767
Share Capital (000) *	116,247	116,026	115,507
Treasury Shares (000)	(400)	(400)	(303)
	<u>115,847</u>	<u>115,626</u>	<u>115,204</u>
Net assets per share (sen)	332.45	319.10	298.40

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

Turnover for the final quarter ended 31 March 2013 dropped by 5.2% to RM 81.7 million in view of the general weakness in global economy especially in Europe and USA.

Increased in operating costs coupled with the drop in turnover has resulted in a lower operating profit (exclude share of profit of associate) of RM 11.1 million for the quarter (2012: RM 13.5 million).

B2 Comparison of profit before taxation with preceding quarter

Profit was slightly lower at RM 11.1 million as compared to RM 11.7 million in preceding quarter due to increase in operating costs during the quarter.

B3 Current year prospects

For the full year ended 31 March 2013, a total sale of RM 323 million was generated. This represented an increase of 17% when compared to the yearly sales achieved in the preceding year of RM 276 million.

The increased turnover has improved the Group's operating profit (excluding shares of profit of associate) from RM 48.1 million to RM 52.2 million for the year ended 31 March 2013.

Although the expansion of the Group's operation base in Europe will have an impact on its operating costs, it will nevertheless provide a synergetic platform for the Group to strengthen its position globally. The Group is confident that its operating margin will continue to remain positive.

B4 Profit forecast or profit guarantee

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

B5 Tax expense

	Year ended	
	31-Mar	
	2013	2012
	RM'000	RM'000
Current year tax expense		
- Based on results for the year	13,672	8,765
- (Over)/under provision in respect of prior year	(737)	222
	12,935	8,987
Deferred tax expense		
- Current year	(49)	(445)
- (Over)/under provision in respect of prior year	-	(61)
	<u>12,886</u>	<u>8,481</u>

B6 Disclosure of Realised and Unrealised Profit/ Losses

The retained profits as at 31 March 2013 is analysed as follows:

	Current Quarter Ended 31-Mar-2013 RM'000	Preceding Quarter Ended 31-Dec-2012 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	222,099	212,005
- Unrealised	(9,811)	(7,778)
	<u>212,288</u>	<u>204,227</u>
Total share of retained profits from associates:		
- Realised	26,139	26,242
- Unrealised	1,722	1,908
	<u>27,861</u>	<u>28,150</u>
Add: Consolidation adjustment	10,089	10,460
	<u>10,089</u>	<u>10,460</u>
Total Group retained profits as per consolidated accounts	<u><u>250,238</u></u>	<u><u>242,837</u></u>

B7 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 Status of corporate proposal announced

No corporate proposal was announced by the Group.

B9 Group borrowings and debt securities

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

	As at 31-Mar-2013 RM('000)
Bank borrowing - current	
Bank overdraft	100
Foreign currency loan	15,717
Portion of term loan due within one year	<u>2,250</u>
	<u><u>18,067</u></u>

B10 Financial instruments

There were no financial instruments for the financial period ended 31 March 2013.

B11 Changes in material litigation

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

B12 Dividends Proposed

After taking into consideration of the net cash position for the current financial year ended 31 March 2013, the Group decided to recommend a final single-tier dividend of 12.5% (2012: 13.5%) 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.

B13 Earnings per share

	Current Quarter ended 31-Mar-2013	Current Year to Date 31-Mar-2013
Basic earnings per share		
Profit attributable to equity holders of the Company	8,188	42,891
Weighted average number of ordinary shares ('000)	115,757	115,753
Basic earnings per share (sen)	<u>7.07</u>	<u>37.05</u>

	Current Quarter ended 31-Mar-13	Current Year to Date 31-Mar-13
Diluted earnings per share		
Profit attributable to equity holders of the Company	8,188	42,891
Weighted average number of ordinary shares ('000)	115,757	115,753
Adjustment for share options ('000)	418	625
Weighted average number of ordinary shares for diluted earnings per share ('000)	<u>116,175</u>	<u>116,378</u>
Diluted earnings per share (sen)	<u>7.05</u>	<u>36.85</u>

B14 Notes to the Condensed Consolidated Statement of Comprehensive Income

Profit before tax is arrived at after (charging) / crediting the following items:

	Current Quarter Ended 31-Mar-13 RM'000	Cumulative Year To Date 31-Mar-13 RM'000
a) interest income	68	497
b) other income including investment income	106	431
c) interest expense	(84)	(407)
d) depreciation and amortisation	(2,800)	(10,942)
e) provision for and write off of receivables	(1)	(151)
f) provision for and write off of inventories	-	-
g) gain or (loss) on disposal of quoted or unquoted investments or properties	(70)	(10)
h) impairment of assets	-	-
i) foreign exchange gains	(2,581)	(2,189)
j) gain or (loss) on derivatives	(5)	-
k) exceptional items	-	-

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 30 May 2013.

By Order of The Board

Tai Yit Chan (MAICSA 7009143)

Ong Tze-En (MAICSA 7026537)

Joint Company Secretaries

31 May 2013
