



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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	As at end of Current Quarter 30/06/2018 (unaudited) RM'000	As at Preceding Financial Year End 31/03/2018 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	102,321	104,470
Prepaid lease payments	1,435	1,445
Investment properties	1,336	1,346
Investment in associate	150,864	148,901
Intangible assets	31,021	31,114
Deferred tax assets	14	7
	<u>286,991</u>	<u>287,283</u>
Current Assets		
Trade receivables	61,746	63,801
Other receivables	9,327	7,540
Contract Assets	5,608	-
Derivative financial assets	-	12
Inventories	111,403	114,672
Current tax assets	748	796
Other Investments	94,874	84,558
Cash and cash equivalents	106,704	116,587
	<u>390,410</u>	<u>387,966</u>
	<u>677,401</u>	<u>675,249</u>
TOTAL ASSETS		
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	202,331	202,331
Treasury shares	(2)	(2)
Reserves	390,381	383,185
	<u>592,710</u>	<u>585,514</u>
Non-controlling interests	501	500
Total Equity	<u>593,211</u>	<u>586,014</u>
Non-Current Liabilities		
Deferred tax liabilities	9,957	10,351
	<u>9,957</u>	<u>10,351</u>
Current Liabilities		
Trade and other payables	38,631	37,974
Bank borrowings	32,766	30,118
Current tax liabilities	2,836	3,002
Dividend payable	-	7,790
	<u>74,233</u>	<u>78,884</u>
Total Liabilities	<u>84,190</u>	<u>89,235</u>
	<u>677,401</u>	<u>675,249</u>
TOTAL EQUITY AND LIABILITIES		
Net Assets Per Share (sen) (refer Note A16)	304.33	300.63

The condensed financial statement should be read in conjunction with the most recent audited financial statements for the financial year ended 31 March 2018.



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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THREE MONTHS PERIOD ENDED 30 JUNE 2018

	Individual Quarter			Cumulative Quarter		
	Current Quarter 30/06/2018 RM'000	Preceding year Corresponding Quarter 30/06/2017 RM'000	Changes %	Current Year to Date 30/06/2018 RM'000	Preceding year Corresponding Period 30/06/2017 RM'000	Changes %
Revenue	84,134	90,915	(7.46)	84,134	90,915	(7.46)
Operating Expenses	(76,205)	(75,842)	0.48	(76,205)	(75,842)	0.48
Other Operating Income	171	144	18.75	171	144	18.75
Profit from Operations	8,100	15,217	(46.77)	8,100	15,217	(46.77)
Finance cost	(201)	(123)	63.41	(201)	(123)	63.41
Investing Results	138	1,973	(93.01)	138	1,973	(93.01)
Shares of profit of associate	2,441	942	159.13	2,441	942	159.13
Profit before tax	10,478	18,009	(41.82)	10,478	18,009	(41.82)
Taxation	(2,507)	(3,814)	(34.27)	(2,507)	(3,814)	(34.27)
Profit for the period	7,971	14,195	(43.85)	7,971	14,195	(43.85)
Other comprehensive income/(expense), net of tax						
Items that may be reclassified subsequently to profit or loss						
Foreign currency translation differences for foreign operations	(1,668)	3,916		(1,668)	3,916	
Fair value of available-for-sale financial assets	-	-		-	-	
	(1,668)	3,916		(1,668)	3,916	
Items that will not be reclassified subsequently to profit or loss						
Share of other comprehensive income of equity-accounted associates	131	(255)		131	(255)	
Other Comprehensive income/(expense) for the period, net of tax	(1,537)	3,661		(1,537)	3,661	
Total comprehensive income/(loss) for the period	6,434	17,856		6,434	17,856	

The condensed financial statement should be read in conjunction with the most recent audited financial statements for the financial year ended 31 March 2018.



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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)
FOR THREE MONTHS PERIOD ENDED 30 JUNE 2018

	Individual Quarter		Cumulative Quarter	
	Current Quarter 30/06/2018 RM'000	Preceding year Corresponding Quarter 30/06/2017 RM'000	Current Year to Date 30/06/2018 RM'000	Preceding year Corresponding Period 30/06/2017 RM'000
Profit attributable to:				
Equity holders of the Company	7,956	14,184	7,956	14,184
Non-controlling interests	15	11	15	11
Profit for the period	7,971	14,195	7,971	14,195
Total comprehensive income / (loss) attributable to:				
Equity holders of the Company	6,433	17,838	6,433	17,838
Non-controlling interests	1	18	1	18
Total comprehensive income / (loss) for the period	6,434	17,856	6,434	17,856
Earnings per share attributable to equity holders of the Company:				
	4.09	7.28	4.09	7.28

The condensed financial statement should be read in conjunction with the most recent audited financial statements for the financial year ended 31 March 2018.



ASIA FILE CORPORATION BHD. (313192-P)
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS PERIOD ENDED 30 JUNE 2018

	← Attributable to owners of the Company →						Total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000	
	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Non-distributable Share Option Reserve RM'000	Translation Reserve RM'000	Fair Value Reserve RM'000				Distributable Retained Earnings RM'000
Quarter ended 30 June 2018										
At 1 April 2018,	202,331	(2)	-	-	13,799	-	369,386	585,514	500	586,014
Profit for the period	-	-	-	-	-	-	7,956	7,956	15	7,971
Other comprehensive income/(loss) for the period	-	-	-	-	(1,523)	-	-	(1,523)	(14)	(1,537)
Total comprehensive income/(loss) for the period	-	-	-	-	(1,523)	-	7,956	6,433	1	6,434
Effect of adopting MFRS 15	-	-	-	-	-	-	1,373	1,373	-	1,373
Effect of adopting MFRS 9 by Associate	-	-	-	-	-	-	(610)	(610)	-	(610)
At 30 June 2018	202,331	(2)	-	-	12,276	-	378,105	592,710	501	593,211
Quarter ended 30 June 2017										
At 1 April 2017,	199,334	(2)	-	862	16,064	-	341,285	557,543	365	557,908
Profit for the period	-	-	-	-	-	-	14,184	14,184	11	14,195
Other comprehensive income/(loss) for the period	-	-	-	-	3,654	-	-	3,654	7	3,661
Total comprehensive income/(loss) for the period	-	-	-	-	3,654	-	14,184	17,838	18	17,856
Transfer from share option reserve for option lapsed	-	-	-	(114)	-	-	114	-	-	-
Issue of shares pursuant to ESOS	2,997	-	-	(748)	-	-	-	2,249	-	2,249
Bonus Issue to NCI of Associate's subsidiary	-	-	-	-	-	-	(31)	(31)	-	(31)
At 30 June 2017	202,331	(2)	-	-	19,718	-	355,552	577,599	383	577,982



ASIA FILE CORPORATION BHD. (313192-P)
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THREE MONTHS PERIOD ENDED 30 JUNE 2018

	30-Jun-18 RM'000	30-Jun-17 RM'000
Profit before tax	10,478	18,009
Adjustment for:		
Non-cash items	(210)	1,471
Non-operating items	63	(1,862)
Operating profit before changes in working capital	10,331	17,618
Changes in working capital		
Net Change in current assets	(2,145)	(13,093)
Net Change in current liabilities	(1,661)	(4,046)
Net cash flows from operating activities	6,525	479
Investing activities		
Equity Investments	-	-
Other investments	(10,624)	39,262
	(10,624)	39,262
Financing activities		
Dividend paid	(7,790)	(7,791)
Proceed from issue of shares	-	2,249
Bank borrowings, net	2,649	513
Interest paid	(201)	(123)
	(5,342)	(5,152)
Net Change in Cash & Cash Equivalents	(9,441)	34,589
Cash & Cash Equivalents at beginning of year	116,587	72,438
Effects of exchange rates on Cash & Cash Equivalents	(442)	1,472
Cash & Cash Equivalent at end of period	106,704	108,499

Note

Cash and cash equivalents

Cash and cash equivalents included in the condensed consolidated cash flow statements comprise the following condensed consolidated balance sheets amounts:

Cash and bank balances	106,704	108,499
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ASIA FILE CORPORATION BHD. (313192-P)
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NOTES TO THE INTERIM FINANCIAL REPORT FOR THREE MONTHS PERIOD ENDED 30 JUNE 2018

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).

The Condensed Report should be read in conjunction with the audited financial statements for the year ended 31 March 2018. The explanatory notes attached to these Condensed Report 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 2018.

The accounting policies and methods of computation adopted by the Group in this Condensed Report are consistent with the most recent annual audited financial statements for the year ended 31 March 2018 except for the followings:

- 1) *MFRS 9 Financial Instruments*
- 2) *MFRS 15 Revenue from Contracts with Customers*

MFRS 9 Financial Instruments

The Group has undertaken an evaluation of the above standard and based on the assessment, the initial application of MFRS 9 does not have significant financial impact on its consolidated financial statements except for the impact arising from adjustment made by its associate as showed below:

	Opening Balance as at 1-Apr-18 under MFRS 139 RM'000	Changes RM'000	Opening Balance as at 1-Apr-18 under MFRS 9 RM'000
Retained Earnings	96,398	(610)	95,788

MFRS 15 Revenue from Contracts with Customers

The group has assessed the impact from the first adoption of MFRS 15 to the opening balance of its consolidated financial statement as at 30 June 2018 as follows:-

Group	Opening Balance as at 1-Apr-18 under previous revenue guidance RM'000	Changes RM'000	Opening Balance as at 1-Apr-18 under MFRS 15 RM'000
Inventories	114,672	(4,820)	109,852
Contract Assets	-	6,193	6,193
Retained Earnings	369,386	1,373	370,759

A2 Significant Accounting Policies

At the date of authorisation of there Condensed Report, the following MFRSs, Amendment to MFRSs and IC Interpretation have been issued but are not yet effective and have not been adopted by the Group.

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

MFRS 16, Leases

IC Interpretation 23, Uncertainty Over Income Tax Treatments

Amendments to MFRS 3, Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)

Amendments to MFRS 9, Prepayment Features with Negative Compensation

Amendments to MFRS 11, Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)

Amendments to MFRS 112, Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)

Amendments to MFRS 119, Employee Benefits - Plan Amendment, Curtailment or settlement

Amendments to MFRS 123, Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)

Amendments to MFRS 128, Investment in Associates and Joint Vetur - Long Term Interest in Associates and Joint Ventures



ASIA FILE CORPORATION BHD. (313192-P)
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NOTES TO THE INTERIM FINANCIAL REPORT FOR THREE MONTHS PERIOD ENDED 30 JUNE 2018

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 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

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

MFRS 17, Insurance Contracts

A3 Audit report of preceding annual financial statements

The audit report of the Group's annual financial statements for the year ended 31 March 2018 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

No ordinary shares of Asia File Corporation Bhd was issued or purchased and retained as treasury shares pursuant to the Shares Buy Back Scheme during the financial quarter. A total of 500 shares were retained as treasury shares as at 30 June 2018.

There was no shares purchased and retained as treasury shares subsequent to the financial quarter ended 30 June 2018.

A8 Dividends Paid

A second interim single-tier dividend of RM0.04 per share on 194,759,060 ordinary shares totalling RM 7,790,362.40 for the financial year ended 31 March 2018 was paid on 24 May 2018.

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 quarter.

A13 Changes in contingent liabilities/assets

The total contingent liabilities as at 30 June 2018 for the Company are corporate guarantees for banking facilities granted to subsidiaries of RM 120.16 million (31 March 2018: RM 118.54 million). There was also a corporate guarantee of RM 10.68 million provided to a supplier of a subsidiary in UK.

A14 Lease commitments

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

	30-Jun-2018 RM'000
Less than one year	1,408
One to five years	1,174



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THREE MONTHS PERIOD ENDED 30 JUNE 2018

A15 Intangible assets

	30-Jun-2018	31-Mar-2018
	RM'000	RM'000
Goodwill	30,235	30,235
Other intangible assets with finite life *	786	879
	<u>31,021</u>	<u>31,114</u>

* This was in relation to securing of manufacturing contract from customer. Amortisation will be charged to profit or loss over the contract period.

A16 Net assets per share (sen)

	30-Jun-2018	31-Mar-2018
Shareholders' Fund (RM'000)	592,710	585,514
Share Capital (Unit 000)	194,760	194,760
Net assets per share (sen)	304.33	300.63

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

B1 Review of performance

Current Quarter

Revenue for the quarter dropped to RM 84.1 million from RM 90.9 million recorded in June quarter last year. The drop was mainly attributable to:-

- (a) weaker GBP and EURO against our local currency;
- (b) softer sales registered by our UK paper mill as well as the Germany subsidiary which specializes in manufacturing of dividers and indexes.

Despite successfully increased its selling prices, the Group continues to face headwind in terms of escalating raw material costs which has dented the product margin achieved by the Group during the quarter. Coupled with the unfavorable exchange rates where a foreign exchange loss of RM 2.4 million was incurred during the quarter as compared to exchange gain of RM 1.45 million recorded in June 2017 (which resulted in net negative impact of RM 3.85 million), the operating profit was dragged down to RM 8.1 million as compared to RM 15.2 million achieved in the corresponding quarter last year.

During the quarter, investing result dropped significantly due to mark to market of certain financial investments. After taking into consideration share of profits of associate, total pretax profit achieved for the quarter amounted to RM 10.5 million (June 2017: RM 18 million).

B2 Comparison of profit before taxation with preceding quarter

	Current Quarter	Preceding Quarter	Changes
	30-Jun-2018	31-Mar-2018	%
	RM'000	RM'000	
Revenue	84,134	83,836	0.36
Profit Before Tax	10,478	14,408	-27.28

The rising cost of raw material and the foreign exchange loss of RM 2.4 million suffered during the current quarter (Mar'18 Quarter: Foreign exchange gain of RM 1.25 million) resulted in a lower pretax profit of RM10.5 million as compared to RM 14.4 million recorded in the preceding quarter.

In addition, share of result of associate for the quarter has dropped to RM 2.4 million from RM 3.2 million achieved in the preceding quarter.

B3 Current year prospects

The Group will continue to strive for improved efficiency across the many facets of its operations as well as exploring new business opportunities be it within or outside the filing industry. As a reputable manufacturer of filing products, the Group enjoys continued loyalty and trust from its customers. This is evidenced by the repeat orders or new orders received from its existing customers, ex customers or new customers. Despite the challenges faced, the Group is confident that its future financial performance will remain positive.

B4 Profit forecast or profit guarantee

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



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THREE MONTHS PERIOD ENDED 30 JUNE 2018

B5 Tax expense

	Year Ended 30-Jun	
	2018 RM'000	2017 RM'000
Current year tax expense		
- Based on results for the year	2,845	3,635
- (Over)/under provision in respect of prior year	26	66
	2,871	3,701
Withholding tax	-	1
Deferred tax expense		
- Current year	(364)	112
	<u>2,507</u>	<u>3,814</u>

B6 Sale of unquoted investments and properties

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

B7 Status of corporate proposal announced

No corporate proposal was announced by the Group.

B8 Group borrowings and debt securities

Group borrowings denominated in foreign currency:

	As at 31-Jun-18		As at 31-Mar-18	
	USD'000	RM'000	USD'000	RM'000
Unsecured Current Borrowing	8,110	32,766	7,803	30,118

B9 Other Investments

	As at 30-Jun-18	As at 31-Mar-18
	RM'000	RM'000
Available-for-sale financial assets:		
Short term funds	2	2
Fair value through profit or loss:		
Investment in dual currency structured products	52,247	52,332
Equity-Linked Investment	42,625	32,224
	<u>94,874</u>	<u>84,558</u>

B10 Changes in material litigation

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

B11 Dividends Proposed

For the financial year ended 31 March 2018, the Board of Directors has recommended a final single tier dividend of RM0.08 per share (2018: RM0.09) subject to obtaining the approval from the shareholders. The dividend will be paid on 1 November 2018.

B12 Earnings per share

	Current Quarter Ended 30-Jun-2018	Current Year Ended 30-Jun-2018
Profit attributable to equity holders of the Company (RM'000)	7,956	7,956
Weighted average number of ordinary shares (Unit 000)	194,760	194,760
Earnings per share (sen)	<u>4.09</u>	<u>4.09</u>



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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THREE MONTHS PERIOD ENDED 30 JUNE 2018

B13 Fair value of financial instruments

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

The table below analyses financial instruments carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position. The different levels have been defined as follows:

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

The table below presents the financial instruments of the Group, which are measured at fair value, classified by level of the fair value hierarchy.

	Fair value hierarchy			Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
31 June 2018				
<u>Financial assets</u>				
Available-for-sale financial assets	-	2	-	2
Financial assets at fair value through profit or loss	-	94,872	-	94,872
	-	94,874	-	94,874

	Fair value hierarchy			Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
31 March 2018				
<u>Financial assets</u>				
Available-for-sale financial assets	-	2	-	2
Financial assets at fair value through profit or loss	-	84,556	-	84,556
	-	84,558	-	84,558

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 30-Jun-18 RM'000	Current Year Ended 30-Jun-18 RM'000
a) interest income	1,713	1,713
b) other income / (expenses) including investment income	(1,403)	(1,403)
c) interest expense	(201)	(201)
d) depreciation and amortisation	(2,219)	(2,219)
e) reversal of impairment loss on trade receivables	12	12
f) foreign exchange gains/(loss)	(2,375)	(2,375)

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