



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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2018

	As at end of Current Quarter 30/09/2018 (unaudited) RM'000	As at Preceding Financial Year End 31/03/2018 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	101,871	104,470
Prepaid lease payments	1,426	1,445
Investment properties	1,325	1,346
Investment in associate	154,111	148,901
Intangible assets	30,945	31,114
Deferred tax assets	11	7
	<u>289,689</u>	<u>287,283</u>
Current Assets		
Trade and other receivables	70,120	71,341
Contract Assets	7,592	-
Derivative financial assets	-	12
Inventories	116,379	114,672
Current tax assets	380	796
Other Investments	86,408	84,558
Cash and cash equivalents	121,627	116,587
	<u>402,506</u>	<u>387,966</u>
TOTAL ASSETS	<u>692,195</u>	<u>675,249</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	202,331	202,331
Treasury shares	(2)	(2)
Reserves	393,261	383,185
	<u>595,590</u>	<u>585,514</u>
Non-controlling interests	539	500
Total Equity	<u>596,129</u>	<u>586,014</u>
Non-Current Liabilities		
Deferred tax liabilities	10,840	10,351
	<u>10,840</u>	<u>10,351</u>
Current Liabilities		
Trade and other payables	31,084	37,974
Bank borrowings	33,742	30,118
Current tax liabilities	4,819	3,002
Dividend payable	15,581	7,790
	<u>85,226</u>	<u>78,884</u>
Total Liabilities	<u>96,066</u>	<u>89,235</u>
TOTAL EQUITY AND LIABILITIES	<u>692,195</u>	<u>675,249</u>
	-	
Net Assets Per Share (sen) (refer Note A16)	305.81	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 SIX MONTHS PERIOD ENDED 30 SEPTEMBER 2018

	Individual Quarter			Cumulative Quarter		
	Current Quarter 30/09/2018 RM'000	Preceding year Corresponding Quarter 30/09/2017 RM'000	Changes %	Current Year to Date 30/09/2018 RM'000	Preceding year Corresponding Period 30/09/2017 RM'000	Changes %
Revenue	83,508	87,687	(4.77)	167,642	178,602	(6.14)
Operating Expenses	(67,930)	(70,867)	(4.14)	(144,135)	(146,709)	(1.75)
Other Operating Income	650	153	324.84	821	297	176.43
Profit from Operations	16,228	16,973	(4.39)	24,328	32,190	(24.42)
Finance cost	(249)	(136)	83.09	(450)	(259)	73.75
Investing Results	(1,158)	1,684	(168.76)	(1,020)	3,657	(127.89)
Shares of profit of associate	5,111	235	2,074.89	7,552	1,177	541.63
Profit before tax	19,932	18,756	6.27	30,410	36,765	(17.29)
Taxation	(4,138)	(3,800)	8.89	(6,645)	(7,614)	(12.73)
Profit for the period	15,794	14,956	5.60	23,765	29,151	(18.48)
Other comprehensive income/(expense), net of tax						
Items that may be reclassified subsequently to profit or loss						
Foreign currency translation differences for foreign operations	2,431	2,531		763	6,447	
	2,431	2,531		763	6,447	
Items that will not be reclassified subsequently to profit or loss						
Share of other comprehensive income of equity-accounted associates	274	(737)		405	(482)	
Other Comprehensive income/(expense) for the period, net of tax	2,705	1,794		1,168	5,965	
Total comprehensive income/(loss) for the period	18,499	16,750		24,933	35,116	

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

	Individual Quarter			Cumulative Quarter		
	Current Quarter 30/09/2018 RM'000	Preceding year Corresponding Quarter 30/09/2017 RM'000	Changes %	Current Year to Date 30/09/2018 RM'000	Preceding year Corresponding Period 30/09/2017 RM'000	Changes %
Profit attributable to:						
Equity holders of the Company	15,767	14,930	5.61	23,723	29,114	(18.52)
Non-controlling interests	27	26	3.85	42	37	13.51
Profit for the period	<u>15,794</u>	<u>14,956</u>	5.60	<u>23,765</u>	<u>29,151</u>	(18.48)
Total comprehensive income / (loss) attributable to:						
Equity holders of the Company	18,461	16,712	10.47	24,894	35,060	(29.00)
Non-controlling interests	38	38	-	39	56	(30.36)
Total comprehensive income / (loss) for the period	<u>18,499</u>	<u>16,750</u>	10.44	<u>24,933</u>	<u>35,116</u>	(29.00)
Earnings per share attributable to equity holders of the Company:	8.10	7.67		12.18	14.95	

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 SIX MONTHS PERIOD ENDED 30 SEPTEMBER 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	Non-distributable Share Option Reserve RM'000	Translation Reserve RM'000	→ Distributable Retained Earnings RM'000			
Quarter ended 30 September 2018								
At 1 April 2018,	202,331	(2)	-	13,799	369,386	585,514	500	586,014
Profit for the period	-	-	-	-	23,723	23,723	42	23,765
Other comprehensive income/(loss) for the period	-	-	-	1,171	-	1,171	(3)	1,168
Total comprehensive income/(loss) for the period	-	-	-	1,171	23,723	24,894	39	24,933
Effect of adopting MFRS 15	-	-	-	-	1,373	1,373	-	1,373
Effect of adopting MFRS 9 by Associate	-	-	-	-	(610)	(610)	-	(610)
Dividend	-	-	-	-	(15,581)	(15,581)	-	(15,581)
At 30 Sept 2018	202,331	(2)	-	14,970	378,291	595,590	539	596,129
Quarter ended 30 September 2017								
At 1 April 2017,	199,334	(2)	862	16,064	341,285	557,543	365	557,908
Profit for the period	-	-	-	-	29,114	29,114	37	29,151
Other comprehensive income/(loss) for the period	-	-	-	5,946	-	5,946	19	5,965
Total comprehensive income/(loss) for the period	-	-	-	5,946	29,114	35,060	56	35,116
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)
Dividend	-	-	-	-	(17,529)	(17,529)	-	(17,529)
At 30 Sept 2017	202,331	(2)	-	22,010	352,953	577,292	421	577,713



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

	30-Sep-18	30-Sep-17
	RM'000	RM'000
Profit before tax	30,410	36,765
Adjustment for:		
Non-cash items	(3,048)	3,914
Non-operating items	1,470	(3,421)
Operating profit before changes in working capital	28,832	37,258
Changes in working capital		
Net Change in current assets	(6,258)	(7,999)
Net Change in current liabilities	(11,040)	(4,927)
Net cash flows from operating activities	11,534	24,332
Investing activities		
Equity Investments	2,138	1,833
Other investments	(4,211)	39,578
	(2,073)	41,411
Financing activities		
Dividend paid	(7,790)	(7,790)
Proceed from issue of shares	-	2,249
Bank borrowings, net	3,624	4,452
Interest paid	(450)	(259)
	(4,616)	(1,348)
Net Change in Cash & Cash Equivalents	4,845	64,395
Cash & Cash Equivalents at beginning of year	116,587	72,438
Effects of exchange rates on Cash & Cash Equivalents	195	2,324
Cash & Cash Equivalent at end of period	121,627	139,157

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	121,627	139,157
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ASIA FILE CORPORATION BHD. (313192-P)
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NOTES TO THE INTERIM FINANCIAL REPORT FOR SIX MONTHS PERIOD ENDED 30 SEPTEMBER 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 1 April 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



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NOTES TO THE INTERIM FINANCIAL REPORT FOR SIX MONTHS PERIOD ENDED 30 SEPTEMBER 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 September 2018.

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

A final single tier dividend of RM0.08 per share on 194,759,060 ordinary shares of RM1 each totalling RM 15,580,724.80 for the financial year ended 31 March 2018 was paid on 1 November 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 September 2018 for the Company are corporate guarantees for banking facilities granted to subsidiaries of RM 141.76 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.



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NOTES TO THE INTERIM FINANCIAL REPORT FOR SIX MONTHS PERIOD ENDED 30 SEPTEMBER 2018

A14 Lease commitments

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

	30-Sep-2018
	RM'000
Less than one year	1,427
One to five years	832

A15 Intangible assets

	30-Sep-2018	31-Mar-2018
	RM'000	RM'000
Goodwill	30,235	30,235
Other intangible assets with finite life *	710	879
	30,945	31,114

* 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-Sep-2018	31-Mar-2018
Shareholders' Fund (RM'000)	595,590	585,514
Share Capital (Unit 000)	194,760	194,760
Net assets per share (sen)	305.81	300.63

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

B1 Review of performance

Current Quarter

Sales revenue dropped by 4.8% from RM 87.7 million to RM 83.5 million during the quarter. The drop was mainly due to the softer sales recorded by the UK paper mill. In addition, GBP and EURO which are the two major currencies in export sales have weakened by 4.6% and 3.2% respectively against Ringgit Malaysia when compared to the corresponding period last year.

Despite the drop in sales revenue, pre tax profit improved by 6.3% from RM 18.8 million to RM 19.9 million. By gradually passing through the increased cost to its customers as well as effective cost control, the Group has managed to weather through the recent challenges of increased raw material cost. This was evidenced by the consistency in its operating margin achieved this quarter when compared to the corresponding quarter last year (Sept 2018 - 19.43%, Sept 2017 – 19.36%). During the quarter, the share of profit of associate has also increased substantially from RM 235k to RM 5.1 million.

Year To Date

On the year to date basis, profit before tax decreased from RM 36.8 million to RM 30.4 million on the back of a weaker sales. In addition, the unfavorable exchange rates has also contributed to the drop in the bottom line. A total foreign exchange loss of RM 1.4 million was recorded during the current six-month period as compared to the foreign exchange gain of RM 3.3 million recorded in the corresponding period last year.

B2 Comparison of profit before taxation with preceding quarter

	Current Quarter	Preceding Quarter	Changes
	30-Sep-2018	30-Jun-2018	%
	RM'000	RM'000	
Revenue	83,508	84,134	-0.74
Profit Before Tax	19,932	10,478	90.23

Despite a slight drop in sales revenue, pre tax profit improved by 90% when compared with the preceding quarter. During the quarter, most of the price increases in material cost have been successfully passed down to the customers. Coupled with a more favourable exchange factor, this has further strengthened the operating margin for the quarter to 19.4% as compared to 9.6% achieved in the preceding quarter.

In addition, profit contribution from associate rose significantly from RM 2.4 million in the preceding quarter to RM 5.1 million during the quarter.



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NOTES TO THE INTERIM FINANCIAL REPORT FOR SIX MONTHS PERIOD ENDED 30 SEPTEMBER 2018

B3 Current year prospects

Despite the various challenges faced, the Group is confident that its filing business will continue to yield positive result. It will continue to focus on its main market in the United Kingdom and Europe. With its established distribution network and strong business relationship with its customers, the Group will continue to explore new product categories within the filing industry. As for the food ware, the Group has scored major success in its ability to sell at competitive prices and gained gradual penetration into the market. Although the contribution from this new business segment will not be significant for the current financial year, the Group is confident that it will improve gradually over the years.

B4 Profit forecast or profit guarantee

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

B5 Tax expense

	Year to date 30-Sep	
	2018 RM'000	2017 RM'000
Current year tax expense		
- Based on results for the year	6,169	7,179
- (Over)/under provision in respect of prior year	25	71
	6,194	7,250
Withholding tax	-	1
Deferred tax expense		
- Current year	451	363
	6,645	7,614

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 30-Sept-18		As at 31-Mar-18	
	USD'000	RM'000	USD'000	RM'000
Unsecured Current Borrowing	8,150	33,742	7,803	30,118
	8,150 33,742		7,803 30,118	

B9 Other Investments

	As at 30-Sep-18 RM'000	As at 31-Mar-18 RM'000
	Available-for-sale financial assets:	
Short term funds	2	2
Fair value through profit or loss:		
Investment in dual currency structured products	60,981	52,332
Equity-Linked Investment	25,425	32,224
	86,408	84,558

B10 Changes in material litigation

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

B11 Dividends Proposed

After taking into consideration its financial position, the Group proposed to recommend an interim single tier dividend of RM0.03 per share for the quarter under review and financial year to date. The payment date for the recommended interim dividend shall be determined by the Directors and to be announced at a later date.



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

B12 Earnings per share

	Current Quarter Ended 30-Sep-2018	Current Year To Date 30-Sep-2018
Profit attributable to equity holders of the Company (RM'000)	15,767	23,723
Weighted average number of ordinary shares (Unit 000)	194,760	194,760
Earnings per share (sen)	8.10	12.18

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	
30 September 2018				
<u>Financial assets</u>				
Available-for-sale financial assets	-	2	-	2
Financial assets at fair value through profit or loss	-	86,406	-	86,406
	-	86,408	-	86,408

	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-Sep-18 RM'000	Current Year To Date 30-Sep-18 RM'000
a) interest income	1,678	3,391
b) other income / (expenses) including investment income	(2,187)	(3,590)
c) interest expense	(249)	(450)
d) depreciation and amortisation	(2,274)	(4,493)
e) reversal of impairment loss on trade receivables	14	26
f) foreign exchange gains/(loss)	999	(1,376)

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