



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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

| | 31.12.19 | 31.03.19 |
|--|------------------|-----------------|
| | RM'000 | RM'000 |
| ASSETS | | |
| Non-Current Assets | | |
| Property, plant and equipment | 101,139 | 101,465 |
| Right-of-use assets - Prepaid lease payments | 1,377 | 1,406 |
| Right-of-use assets | 6,275 | - |
| Right-of-use assets - Investment properties | 1,274 | 1,305 |
| Intangible assets | 30,489 | 30,743 |
| Investment in an associate | 164,791 | 162,201 |
| Other investments | - | 5,803 |
| | 305,345 | 302,923 |
| Current Assets | | |
| Inventories | 91,472 | 109,427 |
| Other investments | 87,630 | 18,679 |
| Trade and other receivables | 57,441 | 68,692 |
| Current tax assets | 393 | 1,411 |
| Cash and cash equivalents | 134,766 | 177,296 |
| | 371,702 | 375,505 |
| TOTAL ASSETS | 677,047 | 678,428 |
| EQUITY AND LIABILITIES | | |
| Equity attributable to equity holders of the parent | | |
| Share capital | 202,331 | 202,331 |
| Treasury shares | (2) | (2) |
| Reserves | 411,555 | 396,591 |
| | 613,884 | 598,920 |
| Non-controlling interests | 516 | 557 |
| Total Equity | 614,400 | 599,477 |
| Non-Current Liabilities | | |
| Lease liabilities | 5,727 | - |
| Deferred tax liabilities | 12,213 | 10,272 |
| | 17,940 | 10,272 |
| Current Liabilities | | |
| Bank borrowings | 21,191 | 27,553 |
| Trade and other payables | 21,698 | 32,676 |
| Lease liabilities | 525 | - |
| Current tax liabilities | 1,293 | 660 |
| Dividend payable | - | 7,790 |
| | 44,707 | 68,679 |
| Total Liabilities | 62,647 | 78,951 |
| TOTAL EQUITY AND LIABILITIES | 677,047 | 678,428 |
| Net assets per share (sen) | (Refer Note A16) | 315.20 |
| | | 307.52 |

The condensed financial statement should be read in conjunction with the audited financial statements for the financial year ended 31 March 2019.



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

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE NINE MONTHS PERIOD ENDED 31 DECEMBER 2019**

| | 3 Months Ended | | 9 Months Ended | |
|--|--------------------|--------------------|--------------------|--------------------|
| | 31.12.19 RM'000 | 31.12.18 RM'000 | 31.12.19 RM'000 | 31.12.18 RM'000 |
| Revenue | 71,792 | 79,488 | 222,695 | 247,130 |
| Operating expenses | (63,040) | (77,600) | (200,693) | (221,735) |
| Other operating income | 115 | 297 | 2,368 | 1,118 |
| Profit from operations | 8,867 | 2,185 | 24,370 | 26,513 |
| Finance cost | (206) | (246) | (688) | (696) |
| Investing results | 3,432 | 1,229 | 5,727 | 209 |
| Share of profit of an associate | 1,709 | 5,875 | 5,371 | 13,427 |
| Profit before tax | 13,802 | 9,043 | 34,780 | 39,453 |
| Taxation | (2,401) | 1,659 | (6,554) | (4,986) |
| Profit for the period | 11,401 | 10,702 | 28,226 | 34,467 |
| Other comprehensive income/(expense), net of tax | | | | |
| Items that may be reclassified subsequently to profit or loss | | | | |
| Foreign currency translation differences for foreign operations | 2,597 | (3,056) | 428 | (2,293) |
| Items that will not be reclassified subsequently to profit or loss | | | | |
| Share of other comprehensive (expenses)/income of equity-accounted associate | 74 | (243) | (32) | 162 |
| Other comprehensive income/(expense) for the period, net of tax | 2,671 | (3,299) | 396 | (2,131) |
| Total comprehensive income for the period | 14,072 | 7,403 | 28,622 | 32,336 |



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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE NINE MONTHS PERIOD ENDED 31 DECEMBER 2019

| | 3 Months Ended | | 9 Months Ended | |
|--|----------------|---------------|----------------|---------------|
| | 31.12.19 | 31.12.18 | 31.12.19 | 31.12.18 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Profit attributable to: | | | | |
| Equity holders of the Company | 11,399 | 10,675 | 28,206 | 34,398 |
| Non-controlling interests | 2 | 27 | 20 | 69 |
| Profit for the period | 11,401 | 10,702 | 28,226 | 34,467 |
| Total comprehensive income attributable to: | | | | |
| Equity holders of the Company | 14,034 | 7,399 | 28,597 | 32,293 |
| Non-controlling interests | 38 | 4 | 25 | 43 |
| Total comprehensive income for the period | 14,072 | 7,403 | 28,622 | 32,336 |
| Earning per share attributable to equity holders of the Company | 5.85 | 5.48 | 14.48 | 17.66 |

The condensed financial statement should be read in conjunction with the audited financial statements for the financial year ended 31 March 2019.



ASIA FILE CORPORATION BHD. (313192-P)
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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR NINE MONTHS ENDED 31 DECEMBER 2019

| | ← Attributable to owners of the Company → | | | Distributable Retained Earnings RM'000 | Total RM'000 | Non-Controlling Interests RM'000 | Total Equity RM'000 |
|---|---|---------------------------|----------------------------------|---|-----------------|--|------------------------|
| | Share Capital RM'000 | Treasury Shares RM'000 | Translation Reserve RM'000 | | | | |
| <u>Period ended 31 December 2019</u> | | | | | | | |
| At 1 April 2019 | 202,331 | (2) | 9,261 | 387,330 | 598,920 | 557 | 599,477 |
| Profit for the period | - | - | - | 28,206 | 28,206 | 20 | 28,226 |
| Other comprehensive income for the period | - | - | 391 | - | 391 | 5 | 396 |
| Total comprehensive income for the period | - | - | 391 | 28,206 | 28,597 | 25 | 28,622 |
| Dividend | - | - | - | (13,633) | (13,633) | (66) | (13,699) |
| At 31 December 2019 | 202,331 | (2) | 9,652 | 401,903 | 613,884 | 516 | 614,400 |
| <u>Year ended 31 March 2019</u> | | | | | | | |
| At 1 April 2018 | 202,331 | (2) | 13,799 | 369,386 | 585,514 | 500 | 586,014 |
| Adjustment on initial application of MFRS 9, net of tax | - | - | - | (607) | (607) | - | (607) |
| At 1 April 2018, restated | 202,331 | (2) | 13,799 | 368,779 | 584,907 | 500 | 585,407 |
| Profit for the period | - | - | - | 47,765 | 47,765 | 71 | 47,836 |
| Other comprehensive income for the period | - | - | (4,538) | - | (4,538) | (14) | (4,552) |
| Total comprehensive income for the period | - | - | (4,538) | 47,765 | 43,227 | 57 | 43,284 |
| Dividend | - | - | - | (29,214) | (29,214) | - | (29,214) |
| At 31 December 2019 | 202,331 | (2) | 9,261 | 387,330 | 598,920 | 557 | 599,477 |

The condensed financial statement should be read in conjunction with the audited financial statements for the financial year ended 31 March 2019.



ASIA FILE CORPORATION BHD. (313192-P)
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE NINE MONTHS PERIOD ENDED
31 DECEMBER 2019**

| | 31.12.19 | 31.12.18 |
|--|-----------------|-----------------|
| | RM'000 | RM'000 |
| Profit before tax | 34,780 | 39,453 |
| Adjustments for: | | |
| Non-cash items | 2,003 | (6,659) |
| Non-operating items | (2,130) | 304 |
| Operating profit before changes in working capital | 34,653 | 33,098 |
| Changes in working capital | | |
| Net change in current assets | 29,534 | 1,636 |
| Net change in current liabilities | (14,041) | (11,294) |
| Net cash from operating activities | 50,146 | 23,440 |
| Investing activities | | |
| Equity investments | 2,749 | 2,138 |
| Other investments | (66,523) | 3,257 |
| Net cash (used in)/from investing activities | (63,774) | 5,395 |
| Financing activities | | |
| Dividend paid | (21,489) | (23,371) |
| Bank borrowings, net | (5,974) | 2,924 |
| Interest paid | (688) | (696) |
| Repayment of lease liabilities | (905) | - |
| | (29,056) | (21,143) |
| Net change in cash & cash equivalents | (42,684) | 7,692 |
| Cash & cash equivalents at beginning of period | 177,296 | 116,587 |
| Effects of exchange rates on cash & cash equivalents | 154 | (563) |
| Cash & cash equivalents at end of period | 134,766 | 123,716 |

Note

Cash and cash equivalents

Cash and cash equivalents included in the condensed consolidated cash flow statements comprise the following condensed consolidated balance sheet amount:

| | 31.12.19 | 31.12.18 |
|------------------------|-----------------|-----------------|
| | RM'000 | RM'000 |
| Cash and bank balances | 134,766 | 123,716 |

The condensed financial statement should be read in conjunction with the audited financial statements for the financial year ended 31 March 2019.



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE NINE MONTHS PERIOD ENDED 31 DECEMBER 2019

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.

The Condensed Report should be read in conjunction with the audited financial statements for the year ended 31 March 2019 and the accompanying explanatory notes are an integral part of this Condensed Report.

A2 Significant Accounting Policies

The accounting policies adopted by the Group in this Condensed Report are consistent with those adopted in the audited financial statements for the year ended 31 March 2019, except for the adoption of new MFRSs, Amendments to MFRSs and IC Interpretations that are effective for annual periods beginning on or after 1 January 2019, as disclosed below:

MFRS 16, *Leases*

IC Interpretations 23, *Uncertainty Over Income Tax Treatments*

Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*

Amendments to MFRS 119, *Employee Benefits – Plan Amendment, Curtailment or Settlement*

Amendments to MFRS 128, *Investment in Associates and Joint Ventures – Long Term Interests in Associates and Joint Ventures*

Annual Improvements to MFRS Standards 2015 – 2017 Cycle

i) Amendments to MFRS 3, *Business Combinations*

ii) Amendments to MFRS 11, *Joint Arrangements*

iii) Amendments to MFRS 112, *Income Taxes*

iv) Amendments to MFRS 123, *Borrowing Costs*

The adoption of the above pronouncements does not have any significant impact to the Group except for the following:

The Group has adopted MFRS 16 from 1 April 2019 with any cumulative effect of initial adoption recognized at that date without restating the comparative information presented under MFRS 117. The impact of the initial application of MFRS 16 on the statement of financial position is shown below:

| | Note | Effect of MFRS 16 adoption to opening balance as at 1 April 2019 RM'000 |
|---|-------------|--|
| Statement of financial position | | |
| Increase in right-of-use assets | (a) | 7,010 |
| Increase in non-current lease liabilities | (b) | 5,824 |
| Increase in current lease liabilities | (b) | 1,186 |



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Notes:

- (a) The right-of-use assets are measured at cost less accumulated depreciation and impairment losses if any, and adjusted for any re-measurement of the lease liabilities.
- (b) The lease liabilities are measured at present value of the lease payments that are not paid as at 1 April 2019 using its incremental borrowing rate. Subsequently, the lease liabilities are adjusted for interest and lease payments, as well as the impact of lease modification, if any.

The following are Standards of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group:

| Title | Effective Date |
|---|-----------------------|
| Amendments to MFRS 3, <i>Business Combinations – Definition of a Business</i> | 1 Jan 2020 |
| Amendments to MFRS 9, MFRS 139 and MFRS 7 – <i>Interest Rate Benchmark Reform</i> | 1 Jan 2020 |
| Amendments to MFRS 101 and MFRS 108 – <i>Definition of Material</i> | 1 Jan 2020 |
| MFRS 17, <i>Insurance Contracts</i> | 1 Jan 2021 |
| Amendments to MFRS 10 and MFRS 128 – <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> | Deferred |

A3 Audit Report

There was no qualification on the audited financial statements of the Group for the financial year ended 31 March 2019.

A4 Seasonal or Cyclical Factors

The operation of the Group is no subject to any major effects of seasonality or cyclicity.

A5 Material Unusual Items

There were no unusual items that have a material effect on the assets, liabilities, equity, net income or cash flows of the Group during the current quarter and financial year under review.

A6 Material Changes in Accounting Estimates

There were no changes in accounting estimates that have a material effect in the current quarter and financial year under review.

A7 Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current quarter and financial year under review. A total of 500 shares were retained as treasury shares as at 31 December 2019.

A8 Dividends Paid

A second interim single-tier dividend of RM0.04 per ordinary share amounting to RM7,790,362.40 for the financial year ended 31 March 2019 was paid on 16 May 2019.

A final single-tier dividend of RM0.07 per ordinary share amounting to RM13,633,134.20 for the financial year ended 31 March 2019 was paid on 31 October 2019.



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A9 Segmental Reporting

The Group is principally involved in the manufacture and trading of stationery, paper products and recyclable food wares. Business segmental information has therefore not been prepared as the Group's revenue, operating profit, assets and liabilities are mainly confined to a single operating segment.

A10 Valuations of Property, Plant and Equipment

The valuations of land and buildings have been brought forward without amendment from the previous audited financial statements.

A11 Material Events Subsequent to the end of the Quarter

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

A12 Changes in Composition of the Group

There were no changes in the composition of the Group for the quarter and financial year under review.

A13 Contingent Liabilities and Contingent Assets

Contingent liabilities as at 31 December 2019 for the Company are corporate guarantees for banking facilities granted to subsidiaries of RM141.20mil (31 March 2019: RM140.92mil) and a corporate guarantee of RM10.74mil provided to a supplier of a subsidiary in UK.

A14 Capital Commitments

Save as disclosed below, the Group does not have any material capital commitments.

| | 31.12.19 |
|-------------------------------------|-----------------|
| | RM'000 |
| Approved and contracted for: | |
| Machinery and Equipment | <u>3,163</u> |

A15 Intangible Assets

| | 31.12.19 | 31.03.19 |
|---|-----------------|-----------------|
| | RM'000 | RM'000 |
| Goodwill | 30,235 | 30,235 |
| Other Intangible Assets with Finite Life* | 254 | 508 |
| | <u>30,489</u> | <u>30,743</u> |

* This is 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)

| | 31.12.19 | 31.03.19 |
|------------------------------|-----------------|-----------------|
| Shareholders' Fund (RM '000) | 613,884 | 598,920 |
| Share Capital (Unit '000) | 194,759 | 194,759 |
| Net Assets per Share (sen) | <u>315.20</u> | <u>307.52</u> |



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B ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B1 Review of Performance

Current Quarter

The Group recorded revenue of RM71.79mil for the current quarter as compared to RM79.49mil recorded in Q3 FY2019. The lower revenue was due to slower sales recorded for its filing products in overseas markets.

Despite achieving lower revenue for the current quarter, profit before tax (excluding shares of profits from an associate) has improved from RM3.17mil to RM12.09mil when compared to the corresponding quarter last year. Lower profit before tax recorded in the previous year's quarter was due to machine downtime experienced at one of its plants which resulted in additional production cost.

During the quarter, share of profit from an associate has dropped from RM5.88mil in the corresponding quarter last year to RM1.71mil. Taking into consideration the above share of profit, the Group's overall profit before tax stands at RM 13.80 mil as compared to RM 9.04mil recorded last year.

Year To Date

Profit before tax decreased from RM39.45mil to RM34.78mil on the back of weaker sales. Furthermore, lower profit sharing from investment in an associate of RM5.37mil as compared to RM13.43mil in the previous corresponding period has contributed to the drop in the overall bottom line.

B2 Comparison with Preceding Quarter

| | 31.12.19 | 30.09.19 |
|-------------------|-----------------|-----------------|
| | RM'000 | RM'000 |
| Revenue | 71,792 | 73,304 |
| Profit Before Tax | 13,802 | 8,842 |

Profit before tax has improved from RM8.84mil in the preceding quarter to RM13.80mil in the current quarter. A more favourable exchange rate of GBP against USD has placed the Group in a better position during the quarter.

B3 Current Year Prospects

The Group anticipates that the overall business conditions will continue to remain challenging amidst global uncertainties. With a healthy balance sheet and strong net cash position, the Group is well placed to capitalize on opportunities to diversify its business and drive better margins and revenue. The Group expects its operations to remain stable for the current financial year.

B4 Profit Forecast or Profit Guarantee

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



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B5 Tax Expense

| | 9 Mths Ended | |
|----------------------|--------------|----------|
| | 31.12.19 | 31.12.18 |
| | RM'000 | RM'000 |
| Current Tax Expense | | |
| - Current Year | 4,622 | 7,751 |
| - Prior Year | (6) | (2,396) |
| | 4,616 | 5,355 |
| Deferred Tax Expense | | |
| - Current Year | 1,938 | (369) |
| | 6,554 | 4,986 |

B6 Sale of Unquoted Investments and Properties

There were no sales of unquoted investments and properties for the quarter and the financial year under review.

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 are as follows:

| | 31.12.19 | | 31.03.19 | |
|------------------------------|----------|---------|----------|---------|
| | USD '000 | RM '000 | USD '000 | RM '000 |
| Unsecured Current Borrowings | 5,169 | 21,191 | 6,753 | 27,553 |

B9 Other Investments

| | 31.12.19 | 31.03.19 |
|---|----------|----------|
| | RM'000 | RM'000 |
| Non-Current Assets | | |
| Investment in Quoted Shares | - | 5,803 |
| Current Assets | | |
| Fair Value through Profit or Loss: | | |
| Investment in Dual Currency Structured Products | 66,646 | - |
| Equity-Linked Investments | 11,788 | 9,943 |
| Short Term Funds | 9,196 | 8,736 |
| | 87,630 | 18,679 |

B10 Changes in Material Litigation

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

B11 Dividends Proposed

The Board does not recommend any dividend during the current quarter.



ASIA FILE CORPORATION BHD. (313192-P)
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B12 Earnings per Share

| | 3 Mths Ended 31.12.19 | 9 Mths Ended 31.12.19 |
|---|----------------------------------|----------------------------------|
| Profit Attributable to Equity Holdres of the Company (RM'000) | 11,399 | 28,206 |
| Weighted Average Number of Ordinary Shares (Unit '000) | 194,759 | 194,759 |
| Earnings per Share (sen) | <u>5.85</u> | <u>14.48</u> |

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 consolidated statement of financial position. The difference levels have been defined as follows:

Level 1: Quoted prices (adjusted) in active markets for identical assets or liabilities

Level 2: 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 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

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 → | | | |
|---|---------------------------|---------------------------|---------------------------|---------------------------------------|
| | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Carrying Amount RM'000 |
| As at 31 December 2019 | | | | |
| <u>Financial Assets</u> | | | | |
| Financial Assets at Fair Value Through Profit or Loss | - | 87,630 | - | <u>87,630</u> |
| As at 31 March 2019 | | | | |
| <u>Financial Assets</u> | | | | |
| Investment in Quoted Shares | 5,803 | - | - | 5,803 |
| Financial Assets at Fair Value Through Profit or Loss | - | 18,679 | - | <u>18,679</u> |
| | <u>5,803</u> | <u>18,679</u> | <u>-</u> | <u>24,482</u> |



ASIA FILE CORPORATION BHD. (313192-P)
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B14 Profit Before Tax

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

| | 3 Mths Ended | 9 Mths Ended |
|--|---------------------|---------------------|
| | 31.12.19 | 31.12.19 |
| | RM'000 | RM'000 |
| Interest Income | 878 | 2,779 |
| Other Income including Investment Income | 2,670 | 5,316 |
| Interest Expense | (206) | (688) |
| Depreciation and Amortisation | (2,619) | (7,762) |
| Reversal of Provision for Doubtful Debts | 81 | 57 |
| Foreign Exchange Gain | 4,490 | 1,030 |

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