



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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 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).

The Condensed Report should be read in conjunction with the audited financial statements for the year ended 31 March 2013. 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 2013.

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 2013 except for the adoption of the following new and revised MFRSs.

Adoption of MFRS, Amendments to MFRS and IC Interpretation

MFRS 10, Consolidated Financial Statements
MFRS 11, Joint Arrangements
MFRS 12, Disclosure of Interests in Other Entities
MFRS 13, Fair Value Measurement
MFRS 119, Employee Benefits (2011)
MFRS 127, Separate Financial Statements (2011)
MFRS 128, Investments in Associates and Joint Ventures (2011)
IC Interpretation 20, Stripping Costs in the Production Phase of a Surface Mine
Amendments to MFRS 7, Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards - Government Loans
Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 101, Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 116, Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 132, Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 134, Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 10, Consolidation Financial Statements: Transition Guidance
Amendments to MFRS 11, Joint Arrangements: Transition Guidance
Amendments to MFRS 12, Disclosure of Interests in Other Entities: Transition Guidance

The adoption of the above standards and amendments are not expected to have any impact on the financial statements of the Group.

MFRS, and Amendments to MFRS Issued but not yet effective

Amendments effective for annual periods beginning on or after 1 January 2014

Amendments to MFRS 10, Consolidated Financial Statements: Investment Entities
Amendments to MFRS 12, Disclosure of Interests in Other Entities: Investment Entities
Amendments to MFRS 127, Separate Financial Statements (2011): Investment Entities
Amendments to MFRS 132, Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities

MFRS and Amendments effective for annual periods beginning on or after 1 January 2015

MFRS 9, Financial Instruments (2009)
MFRS 9, Financial Instruments (2010)
Amendments to MFRS 7, Financial Instruments: Disclosures - Mandatory Effective Date of MFRS 9 and Transition Disclosures

The Group will adopt the above standards or amendments when they become effective in the respective financial periods. These standards or amendments are not expected to have any material financial impacts to the financial statements of the Group and of the Company upon their first adoption.

A2 Audit report of preceding annual financial statements

The audit report of the Group's annual financial statements for the year ended 31 March 2013 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

3,000 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 30 June 2013, 18,000 ordinary shares were issued pursuant to the Employee Share Option Scheme.

100 ordinary shares of Asia File Corporation Bhd was purchased and retained as treasury shares pursuant to the Shares Buy Back Scheme for the financial quarter and financial year to date. Accordingly, a total of 399,900 shares was retained as treasury shares as at 30 June 2013.

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

No dividend was declared during the current financial quarter and financial year to date.

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.

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 30 June 2013 for the Company are corporate guarantees for banking facilities granted to subsidiaries of RM 76.45 million (31 March 2013: 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:-

	30-Jun-2013
	RM'000
Less Than one year	1,267
One to five years	1,609

A14 Net assets per share (sen)

	30-Jun-2013	31-Mar-2013
Shareholders' Fund (RM'000)	405,224	385,138
Share Capital (000) *	116,250	116,247
Treasury Shares (000)	(400)	(400)
	<u>115,850</u>	<u>115,847</u>
Net assets per share (sen)	349.78	332.45

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

During the quarter under review, a total group revenue of RM 83.1 million was recorded which reflected a minor contraction of 3.6% when compared to the figure achieved in the corresponding period in 2012 of RM 86.2 million. During the period, a lower sales was recorded in the US market due to the overall sluggish economy in the country.

Despite a slight drop in its sales revenue, the Group registered an improvement of 5.8% in profit before tax. As a result, its pre tax margin increased by 9.8% to 24.7% compared to 22.5% for the corresponding period in 2012. The main factors contributed to the above improvement were the higher profit contribution from its associate and also higher efficiency achieved in some of its operations.

B2 Comparison of profit before taxation with preceding quarter

Profit before tax improved significantly from RM 11.8 million in the preceding quarter to RM 20.5 million in the current quarter. This represented an increase of 74.1 %.

The major contributing factors for the increase were improvement in operating margin and also higher contribution of profits from its associate .

B3 Current year prospects

The Group will continue to focus on its various strategic markets while exploring other potential markets going forward.

Despite the current challenging business sentiments prevailing in the global market, the Group is confident of sustaining its profitability for the financial ending 31 March 2014.

B4 Profit forecast or profit guarantee

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

B5 Tax expense

	3 months ended	
	30-Jun	
	2013	2012
	RM'000	RM'000
Current year tax expense		
- Based on results for the year	2,943	4,346
- (Over)/under provision in respect of prior year	-	-
	2,943	4,346
Deferred tax expense		
- Current year	888	252
	<u>3,831</u>	<u>4,598</u>

B6 Disclosure of Realised and Unrealised Profit/ Losses

The retained profits as at 30 June 2013 is analysed as follows:

	As at	As at
	30-Jun-2013	31-Mar-2013
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	230,921	226,428
- Unrealised	(6,066)	(10,252)
	<u>224,855</u>	<u>216,176</u>
Total share of retained profits from associates:		
- Realised	26,255	26,139
- Unrealised	1,792	1,722
	<u>28,047</u>	<u>27,861</u>
Add: Consolidation adjustment	17,846	10,089
Total Group retained profits as per consolidated accounts	<u>270,748</u>	<u>254,126</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 and HKD.

	As at 30-Jun-2013 RM('000)
Bank borrowing - current	
Bank overdraft	97
Foreign currency loan	15,254
Portion of term loan due within one year	1,500
	<u>16,851</u>

B10 Financial instruments

Details of outstanding derivative financial instruments as at 30 June 2013:-

Forward foreign exchange contracts:

	Contract Value RM'000	Fair Value RM'000	Gain / (Loss) RM'000
Within 1 year	6,171	6,076	95

Forward foreign exchange contracts are entered into with licensed banks to hedge part of the Group's sales from exchange rate movements. As the exchange rates are pre-determined under such contracts, the Group is not exposed to any market risk. Given that the contracts are entered into with licensed banks, we are of the view that credit risk is minimal.

B11 Changes in material litigation

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

B12 Dividends Proposed

After taking into consideration the net cash position for the 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 date shareholders. The payment 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 30-Jun-2013	Current Year to Date 30-Jun-2013
Basic earnings per share		
Profit attributable to equity holders of the Company	16,590	16,590
Weighted average number of ordinary shares ('000)	115,849	115,849
Basic earnings per share (sen)	<u>14.32</u>	<u>14.32</u>
	Current Quarter ended 30-Jun-13	Current Year to Date 30-Jun-13
Diluted earnings per share		
Profit attributable to equity holders of the Company	16,590	16,590
Weighted average number of ordinary shares ('000)	115,849	115,849
Adjustment for share options ('000)	388	388
Weighted average number of ordinary shares for diluted earnings per share ('000)	<u>116,237</u>	<u>116,237</u>
Diluted earnings per share (sen)	<u>14.27</u>	<u>14.27</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 30-Jun-13 RM'000	Cumulative Year To Date 30-Jun-13 RM'000
a) interest income	67	67
b) other income including investment income	88	88
c) interest expense	(62)	(62)
d) depreciation and amortisation	(2,575)	(2,575)
e) provision for and write off of receivables	(48)	(48)
f) provision for and write off of inventories	-	-
g) gain or (loss) on disposal of quoted or unquoted investments or properties	8	8
h) impairment of assets	-	-
i) foreign exchange gains	2,064	2,064
j) gain or (loss) on derivatives	95	95
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 August 2013.

By Order of The Board

Tai Yit Chan (MAICSA 7009143)

Ong Tze-En (MAICSA 7026537)

Joint Company Secretaries

30 August 2013
