

Asia File Corporation Bhd.

(Company No. 313192 P)

(Incorporated in Malaysia)

and its subsidiaries

**Financial statements for the year
ended 31 March 2015**

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Directors' report for the year ended 31 March 2015

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2015.

Principal activities

The principal activities of the Company are that of investment holding, commission agent and provision of management services. The principal activities of the subsidiaries are as stated in Note 6 to the financial statements.

There has been no significant change in the nature of these activities during the financial year.

Results

	Group RM	Company RM
Profit for the year attributable to:		
Owners of the Company	50,170,864	24,412,111
Non-controlling interests	36,441	-
	<u>50,207,305</u>	<u>24,412,111</u>

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year except as disclosed in the financial statements.

Dividends

Since the end of the previous financial year, the Company paid :

- i) an interim single-tier dividend of 9% on 117,453,800 ordinary shares of RM1 each totalling RM10,570,842 in respect of the financial year ended 31 March 2014 on 23 May 2014;

Dividends (continued)

- ii) a final single-tier dividend of 13.5% on 118,295,800 ordinary shares of RM1 each totalling RM15,969,933 in respect of the financial year ended 31 March 2014 on 26 December 2014; and
- iii) an interim single-tier dividend of 6% on 190,594,300 ordinary shares of RM1 each totalling RM11,435,658 in respect of the financial year ended 31 March 2015 on 27 May 2015.

A final single-tier dividend of 9% has been recommended by the Directors in respect of the financial year ended 31 March 2015, subject to the approval of the members at the forthcoming Annual General Meeting.

Directors of the Company

Directors who served since the date of the last report are :

Dato' Lim Soon Huat
 Lim Soon Wah
 Nurjannah Binti Ali
 Ng Chin Nam
 Lam Voon Kean
 Lim Soon Hee (Alternate to Mr. Lim Soon Wah)

Directors' interests in shares

The interests and deemed interests in the shares and options over shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouse and/or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows :

	Number of ordinary shares of RM1 each							
	Balance at 1.4.2014	ESOS exercised	(Sold)	Balance before bonus issue	Bonus issue	Balance after bonus issue	Bought	Balance at 31.3.2015
Interest in the Company :								
Dato' Lim Soon Huat								
- own	1,029,191	505,000	-	1,534,191	920,514	2,454,705	-	2,454,705
- others*	2,656,600	30,000	(54,000)	2,632,600	1,579,560	4,212,160	-	4,212,160
Lim Soon Wah								
- own	2,489,825	-	-	2,489,825	1,493,895	3,983,720	-	3,983,720
- others*	152,320	-	-	152,320	91,392	243,712	-	243,712

Directors' interests in shares (continued)

	Balance at 1.4.2014		Number of ordinary shares of RM1 each			Balance at 31.3.2015	
	Bought	(Sold)	Balance before bonus issue	Bonus issue	Balance after bonus issue	Bought	
Interest in the Company :							
<i>Lim Soon Hee</i>							
- own	-	-	-	-	-	4,117,996	4,117,996
Deemed interest in the Company :							
<i>Dato' Lim Soon Huat</i>							
- own	52,336,837	-	52,336,837	31,402,114	83,738,951	-	83,738,951

	Balance at 1.4.2014		Number of options over ordinary shares of RM1 each		Balance at 31.3.2015	
	(Exercised)	Balance before bonus issue	Bonus issue	Balance after bonus issue	Bought	
Interest in the Company :						
<i>Dato' Lim Soon Huat</i>						
- own	725,000	(505,000)	220,000	132,000		352,000
- others*	225,000	(30,000)	195,000	117,000		312,000
<i>Lim Soon Wah</i>						
- own	609,000	-	609,000	365,400		974,400
<i>Nurjannah Binti Ali</i>						
- own	40,000	-	40,000	24,000		64,000

* These are shares/options held in the name of the spouse and/or children and are treated as interests of the Director in accordance with Section 134(12)(c) of the Companies Act, 1965.

By virtue of his interests in the shares of the Company, Dato' Lim Soon Huat is also deemed to have interest in the shares of all the subsidiaries during the financial year to the extent the Company has an interest.

Other than as disclosed above, none of the other Directors holding office at 31 March 2015 had any interest in the ordinary shares and options over the shares of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements of the Company and its related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 27 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate other than those arising from the share options granted under the Employees' Share Option Scheme ("ESOS") of the Company.

Issue of shares and debentures

During the financial year, the issued and paid-up share capital of the Company was increased from RM116,732,830 to RM189,990,240 through the issuance of 2,011,070 new ordinary shares of RM1.00 each for cash from the exercise of ESOS and 71,246,340 new ordinary shares of RM1.00 each from bonus issue, capitalised from share premium and retained earnings at RM25,923,149 and RM45,323,191 respectively as follows :

	Exercise price RM	Number of ordinary shares of RM1.00 each issued
Exercise of options under ESOS	3.14	654,170
Exercise of options under ESOS	4.11	445,000
Exercise of options under ESOS	3.10	878,900
Exercise of options under ESOS	3.90	33,000
Bonus issue of three (3) ordinary shares for every five (5) existing ordinary shares	-	71,246,340

There were no other changes in the authorised, issued and paid-up capital of the Company and no debentures were issued by the Company during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issuance of options pursuant to the ESOS.

Employees' share option scheme

The Company's Employees' Share Option Scheme ("the Scheme") was approved by the shareholders at an Extraordinary General Meeting ("EGM") held on 20 April 2007.

The main features of the Scheme are as follows :

- i) The total number of shares to be offered under the Scheme shall not exceed 15% of the issued and paid-up share capital of the Company or such maximum percentage as allowable by the relevant authorities at any point in time during the existence of the Scheme. In the event the maximum number of shares offered exceeds 15% of the issued and paid-up share capital or such maximum percentage as allowable by the relevant authorities as a result of the Company purchasing its own shares and thereby diminishing its issued and paid-up share capital, then the options granted prior to the adjustment of the issued and paid-up share capital of the Company shall remain valid and exercisable but there shall not be any further offer;
- ii) The Scheme shall be in force for a period of five years commencing from 23 April 2007 being the last date on which the Company obtained all relevant approvals required for the Scheme. The Scheme, which had expired on 22 April 2012, has been extended for another five years until 21 April 2017;
- iii) The option is personal to the grantee and is not assignable, transferable, disposable or changeable except for certain conditions provided for in the By-Laws;
- iv) Eligible persons are employees and Executive Directors, who are involved in the day-to-day management and on the payroll of the Group who have been confirmed in the employment of the Group and have been in the employment of the Group for a continuous period of at least six (6) months immediately preceding the date of offer, the date when an offer is made in writing to an employee to participate in the Scheme;
- v) No options shall be granted for less than one hundred (100) shares nor :
 - (a) not more than fifty percent (50%) of the total number of shares to be issued under the Scheme shall be allotted in aggregate to Directors and Senior Management of the Group; and
 - (b) not more than ten percent (10%) of the total number of shares to be issued under the Scheme shall be allotted to any Eligible Director or Employee of the Group who either singly or collectively through persons connected with the Director or Employee, holds twenty percent (20%) or more of the issued and paid-up ordinary share capital of the Company.

The maximum allowable allotment does not include additional shares which arisen pursuant to event stipulated in (viii);

Employees' share option scheme (continued)

- vi) The exercise price for each ordinary share shall be set at a discount of not more than 10%, if deemed appropriate, or such lower or higher limit as approved by the relevant authorities, from the weighted average of the market price of the shares as shown in the Daily Official List issued by Bursa Malaysia Securities Berhad for the five (5) market days preceding the date of offer or at par value of the shares, whichever is higher;
- vii) The options granted do not confer any dividend or other distribution declared to the shareholders as at a date which precedes the date of exercise of the option and will be subject to all the provisions of the Articles of Association of the Company; and
- viii) In the event of any alteration in the capital structure of the Company during the option period, whether by way of capitalisation of profits or reserves, rights issues, reduction of capital, subdivision, consolidation of shares or otherwise (excluding the purchase by the Company of its own shares) howsoever taking places, such corresponding alterations (if any) shall be made in the number of shares relating to the unexercised options and option price.

The options offered to take up unissued ordinary shares of RM1 each and the exercise price are as follows :

Date of offer	Exercise price	Number of options over ordinary shares of RM1 each					
		Balance at 1.4.2014	Exercised	Lapsed due to resignation	Balance before bonus issue	Bonus issue	Balance at 31.3.2015
27.4.2007	3.14/1.96*	1,385,220	(654,170)	(59,850)	671,200	402,720	1,073,920
20.4.2009	4.11/2.57*	760,000	(445,000)	-	315,000	189,000	504,000
3.10.2011	3.10/1.94*	3,028,450	(878,900)	(65,850)	2,083,700	1,250,220	3,333,920
27.3.2014	3.90/2.44*	487,000	(33,000)	(40,800)	413,200	247,920	661,120
		<u>5,660,670</u>	<u>(2,011,070)</u>	<u>(166,500)</u>	<u>3,483,100</u>	<u>2,089,860</u>	<u>5,572,960</u>

* After adjustment for bonus issue of three (3) ordinary shares for every five (5) ordinary shares of RM1 each

Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that :

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

Other statutory information (continued)

At the date of this report, the Directors are not aware of any circumstances :

- i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist :

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 March 2015 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Auditors

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors :

.....
Dato' Lim Soon Huat

.....
Lim Soon Wah

Penang,

Date : 27 July 2015

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Consolidated statement of financial position as at 31 March 2015

	Note	2015 RM	2014 RM
Assets			
Property, plant and equipment	3	104,445,871	110,872,970
Prepaid lease payments	4	1,561,827	1,600,702
Investment properties	5	1,470,135	1,511,467
Investment in an associate	7	129,210,810	125,969,425
Intangible assets	8	32,098,265	33,283,242
Total non-current assets		<u>268,786,908</u>	<u>273,237,806</u>
Trade and other receivables	9	75,664,296	80,764,272
Inventories	10	103,800,751	103,998,503
Current tax assets		84,495	246,842
Derivative financial asset	11	201,863	163,261
Cash and cash equivalents	12	116,128,736	78,154,943
Total current assets		<u>295,880,141</u>	<u>263,327,821</u>
Total assets		<u>564,667,049</u>	<u>536,565,627</u>
Equity			
Share capital	13	189,990,240	116,732,830
Treasury shares	14	-	(1,844,658)
Reserves	15	272,325,042	320,894,809
Total equity attributable to owners of the Company		<u>462,315,282</u>	<u>435,782,981</u>
Non-controlling interests		72,571	30,722
Total equity		<u>462,387,853</u>	<u>435,813,703</u>

Consolidated statement of financial position as at 31 March 2015 (continued)

	Note	2015 RM	2014 RM
Liabilities			
Deferred tax liabilities	16	8,294,301	8,583,782
Bank borrowings	18	3,015,000	4,714,500
Total non-current liabilities		11,309,301	13,298,282
Trade and other payables	17	47,173,650	52,993,041
Bank borrowings	18	27,824,154	19,089,138
Current tax payables		4,536,433	4,800,621
Dividend payable		11,435,658	10,570,842
Total current liabilities		90,969,895	87,453,642
Total liabilities		102,279,196	100,751,924
Total equity and liabilities		564,667,049	536,565,627

The notes on pages 24 to 93 are an integral part of these financial statements.

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Consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2015

	Note	2015 RM	2014 RM
Revenue	20	387,416,143	365,879,239
Cost of sales		(240,355,099)	(227,404,523)
Gross profit		<u>147,061,044</u>	<u>138,474,716</u>
Distribution costs		(16,658,284)	(16,117,408)
Administrative expenses		(69,379,578)	(63,958,398)
Other operating expenses		(4,753,559)	(659,261)
Other operating income		4,492,851	9,959,951
		<u>(86,298,570)</u>	<u>(70,775,116)</u>
Results from operating activities		<u>60,762,474</u>	<u>67,699,600</u>
Share of profits of equity-accounted associate, net of tax		4,160,031	9,128,272
Interest expense		(307,510)	(247,274)
Profit before tax	21	<u>64,614,995</u>	<u>76,580,598</u>
Income tax expense	24	(14,407,690)	(16,030,054)
Profit for the year		<u>50,207,305</u>	<u>60,550,544</u>

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2015 (continued)

	Note	2015 RM	2014 RM
Other comprehensive (expense)/income, net of tax			
Item that may be reclassified subsequently to profit or loss			
Foreign exchange translation differences for foreign operations		(6,921,472)	12,065,061
Item that will not be reclassified subsequently to profit or loss			
Share of other comprehensive income of equity-accounted associate		917,979	653,752
Other comprehensive (expense)/income for the year, net of tax		(6,003,493)	12,718,813
Total comprehensive income for the year		44,203,812	73,269,357
Profit attributable to:			
Owners of the Company		50,170,864	60,527,155
Non-controlling interests		36,441	23,389
Profit for the year		50,207,305	60,550,544
Total comprehensive income/(expenses) attributable to :			
Owners of the Company		44,161,963	73,288,334
Non-controlling interests		41,849	(18,977)
Total comprehensive income for the year		44,203,812	73,269,357
Basic earnings per ordinary share (sen)	25	26.50	32.58*
Diluted earnings per ordinary share (sen)	25	26.10	32.36*

* Restated to take into consideration the effect of bonus issue of three (3) ordinary shares for every five (5) ordinary shares of RM1 each.

The notes on pages 24 to 93 are an integral part of these financial statements.

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Consolidated statement of changes in equity for the year ended 31 March 2015

	Attributable to owners of the Company					Retained earnings RM	Total RM	Non- controlling interests RM	Total equity RM
	Share capital RM	Treasury shares RM	Share premium RM	Share option reserve RM	Translation reserve RM				
At 1 April 2013	116,246,830	(1,843,820)	18,332,233	2,843,535	(4,657,468)	254,126,202	385,047,512	90,461	385,137,973
Foreign exchange translation differences for foreign operations	-	-	-	-	12,107,427	-	12,107,427	(42,366)	12,065,061
Share of other comprehensive income of equity-accounted associates	-	-	-	-	277,752	376,000	653,752	-	653,752
Total other comprehensive income for the year	-	-	-	-	12,385,179	376,000	12,761,179	(42,366)	12,718,813
Profit for the year	-	-	-	-	-	60,527,155	60,527,155	23,389	60,550,544
Total comprehensive income for the year	-	-	-	-	12,385,179	60,903,155	73,288,334	(18,977)	73,269,357
Treasury shares acquired	-	(838)	-	-	-	-	(838)	-	(838)
Share-based payments (Note 19)	-	-	-	1,064,298	-	-	1,064,298	-	1,064,298
Issue of shares pursuant to ESOS	486,000	-	1,026,454	-	-	-	1,512,454	-	1,512,454
Dividends (Note 26)	-	-	-	-	-	(25,084,346)	(25,084,346)	-	(25,084,346)
Total contribution from/(distribution to) owners	486,000	(838)	1,026,454	1,064,298	-	(25,084,346)	(22,508,432)	-	(22,508,432)
Effect arising from changes in composition - associate	-	-	-	-	-	(90,000)	(90,000)	-	(90,000)
Post-acquisition reserves - associate	-	-	36,445	(31,640)	-	-	4,805	-	4,805
Transfer to share premium for share options exercised	-	-	327,263	(327,263)	-	-	-	-	-
Transfer from share option reserve for options lapsed	-	-	-	(70,869)	-	70,869	-	-	-
Change in ownership interest in subsidiary	-	-	-	-	(240,673)	281,435	40,762	(40,762)	-
At 31 March 2014	116,732,830	(1,844,658)	19,722,395	3,478,061	7,487,038	290,207,315	435,782,981	30,722	435,813,703

Consolidated statement of changes in equity for the year ended 31 March 2015 (continued)

	← Attributable to owners of the Company →					Retained earnings RM	Total RM	Non- controlling interests RM	Total equity RM
	← Non-distributable →			Distributable					
	Share capital RM	Treasury shares RM	Share premium RM	Share option reserve RM	Translation reserve RM				
At 1 April 2014	116,732,830	(1,844,658)	19,722,395	3,478,061	7,487,038	290,207,315	435,782,981	30,722	435,813,703
Foreign exchange translation differences for foreign operations	-	-	-	-	(6,926,880)	-	(6,926,880)	5,408	(6,921,472)
Share of other comprehensive income of equity-accounted associates	-	-	-	-	454,979	463,000	917,979	-	917,979
Total other comprehensive (expense)/ income for the year	-	-	-	-	(6,471,901)	463,000	(6,008,901)	5,408	(6,003,493)
Profit for the year	-	-	-	-	-	50,170,864	50,170,864	36,441	50,207,305
Total comprehensive (expense)/ income for the year	-	-	-	-	(6,471,901)	50,633,864	44,161,963	41,849	44,203,812
Treasury shares acquired	-	(1,429)	-	-	-	-	(1,429)	-	(1,429)
Sale of treasury shares	-	1,846,087	559,199	-	-	-	2,405,286	-	2,405,286
Share-based payments (Note 19)	-	-	-	700,651	-	-	700,651	-	700,651
Issue of shares pursuant to ESOS	2,011,070	-	4,725,264	-	-	-	6,736,334	-	6,736,334
Issue of shares pursuant to bonus issue	71,246,340	-	(25,923,149)	-	-	(45,323,191)	-	-	-
Bonus issue expenses	-	-	(60,913)	-	-	-	(60,913)	-	(60,913)
Dividends (Note 26)	-	-	-	-	-	(27,405,591)	(27,405,591)	-	(27,405,591)
Total contribution from/(distribution to) owners	73,257,410	1,844,658	(20,699,599)	700,651	-	(72,728,782)	(17,625,662)	-	(17,625,662)
Effect arising from changes in composition - associate	-	-	-	-	-	(4,000)	(4,000)	-	(4,000)
Transfer to share premium for share options exercised	-	-	1,329,182	(1,329,182)	-	-	-	-	-
Transfer from share option reserve for options lapsed	-	-	-	(105,998)	-	105,998	-	-	-
At 31 March 2015	189,990,240	-	351,978	2,743,532	1,015,137	268,214,395	462,315,282	72,571	462,387,853

The notes on pages 24 to 93 are an integral part of these financial statements.

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Consolidated statement of cash flows for the year ended 31 March 2015

	Note	2015 RM	2014 RM
Cash flows from operating activities			
Profit before tax		64,614,995	76,580,598
Adjustments for :			
Depreciation			
- Property, plant and equipment	3	11,016,168	11,020,447
- Investment properties	5	41,332	41,332
Amortisation of prepaid lease payments	4	38,875	38,875
Amortisation of intangible assets	8	357,681	235,075
Gain on disposals of			
- Property, plant and equipment		(661,232)	(268,770)
- Investment properties		-	(348,331)
Intangible assets written off		526,962	-
Interest expense		307,510	247,274
Interest income		(953,388)	(524,537)
Share of profit of equity-accounted associate, net of tax		(4,160,031)	(9,128,272)
Share-based payments	19	700,651	1,064,298
Derivative financial asset		(38,602)	(163,261)
Plant and equipment written off		431	-
Operating profit before changes in working capital		71,791,352	78,794,728
Changes in working capital :			
Inventories		(1,753,135)	4,836,886
Trade and other receivables		2,743,887	(12,608,315)
Trade and other payables		(4,379,503)	8,317,064
Cash generated from operations		68,402,601	79,340,363
Income tax paid		(14,525,494)	(14,782,443)
Net cash from operating activities		53,877,107	64,557,920

Consolidated statement of cash flows for the year ended 31 March 2015 (continued)

	Note	2015 RM	2014 RM
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(7,995,344)	(14,880,250)
Purchase of intangible assets	8	-	(3,283,312)
Proceeds from disposals of			
- Property, plant and equipment		828,609	767,139
- Investment properties		-	654,102
Acquisition of investment in an associate		-	(118,245)
Dividend received from associate		1,832,625	1,828,095
Interest received		953,388	524,537
Net cash used in investing activities		(4,380,722)	(14,507,934)
Cash flows from financing activities			
Bonus issue expenses		(60,913)	-
Drawdown of short term borrowings, net		8,908,970	1,991,419
(Repayment)/Drawdown of term loans, net		(1,206,000)	3,811,500
Proceeds from sale of treasury shares		2,405,286	-
Proceeds from shares issued under ESOS		6,736,334	1,512,454
Repurchase of treasury shares	14	(1,429)	(838)
Dividends paid		(26,540,775)	(23,781,266)
Interest paid		(307,510)	(220,808)
Net cash used in financing activities		(10,066,037)	(16,687,539)
Net increase in cash and cash equivalents		39,430,348	33,362,447
Cash and cash equivalents at 1 April		78,121,989	42,248,773
Effect of exchange rate fluctuations on cash and cash equivalents		(1,423,601)	2,510,769
Cash and cash equivalents at 31 March		<u>116,128,736</u>	<u>78,121,989</u>

Consolidated statement of cash flows for the year ended 31 March 2015 (continued)

NOTE

Cash and cash equivalents

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following consolidated statement of financial position amounts :

	Note	2015 RM	2014 RM
Short term deposits with licensed banks	12	34,567,493	22,463,799
Short term funds	12	38,770,603	21,096,822
Cash and bank balances	12	42,790,640	34,594,322
Bank overdrafts	18	-	(32,954)
		116,128,736	78,121,989

The notes on pages 24 to 93 are an integral part of these financial statements.

Asia File Corporation Bhd.

(Company No. 313192 P)

(Incorporated in Malaysia)

Statement of financial position as at 31 March 2015

	Note	2015 RM	2014 RM
Assets			
Investments in subsidiaries	6	58,663,162	58,178,974
Investment in an associate	7	5,192,167	5,192,167
Total non-current assets		<u>63,855,329</u>	<u>63,371,141</u>
Trade and other receivables	9	175,642,940	168,543,673
Current tax assets		-	7,868
Cash and cash equivalents	12	825,656	2,562,565
Total current assets		<u>176,468,596</u>	<u>171,114,106</u>
Total assets		<u><u>240,323,925</u></u>	<u><u>234,485,247</u></u>
Equity			
Share capital	13	189,990,240	116,732,830
Treasury shares	14	-	(1,844,658)
Reserves	15	35,860,551	104,176,170
Total equity		<u>225,850,791</u>	<u>219,064,342</u>
Liabilities			
Trade and other payables	17	3,031,476	4,850,063
Current tax payables		6,000	-
Dividend payable		11,435,658	10,570,842
Total current liabilities		<u>14,473,134</u>	<u>15,420,905</u>
Total equity and liabilities		<u><u>240,323,925</u></u>	<u><u>234,485,247</u></u>

The notes on pages 24 to 93 are an integral part of these financial statements.

Asia File Corporation Bhd.

(Company No. 313192 P)

(Incorporated in Malaysia)

Statement of profit or loss and other comprehensive income for the year ended 31 March 2015

	Note	2015 RM	2014 RM
Revenue	20	27,008,468	86,829,579
Administrative expenses		(2,827,909)	(2,748,876)
Other operating expenses		(18,789)	(3,330)
Other operating income		358,765	1,390,171
Results from operating activities		<u>24,520,535</u>	<u>85,467,544</u>
Interest expense		-	(2)
Profit before tax	21	<u>24,520,535</u>	<u>85,467,542</u>
Income tax expense	24	(108,424)	(121,068)
Profit for the year representing total comprehensive income for the year		<u><u>24,412,111</u></u>	<u><u>85,346,474</u></u>

The notes on pages 24 to 93 are an integral part of these financial statements.

Asia File Corporation Bhd.

(Company No. 313192 P)

(Incorporated in Malaysia)

Statement of changes in equity for the year ended 31 March 2015

	← Non-distributable →				Distributable	Total equity RM
	Share capital RM	Treasury shares RM	Share premium RM	Share option reserve RM	Retained earnings RM	
At 1 April 2013	116,246,830	(1,843,820)	18,016,700	2,841,633	20,964,957	156,226,300
Profit and total comprehensive income for the year	-	-	-	-	85,346,474	85,346,474
Treasury shares acquired	-	(838)	-	-	-	(838)
Share-based payment transactions (Note 19)	-	-	-	1,064,298	-	1,064,298
Shares issued pursuant to ESOS	486,000	-	1,026,454	-	-	1,512,454
Dividends (Note 26)	-	-	-	-	(25,084,346)	(25,084,346)
Total contribution from/(distribution to) owners of the Company	486,000	(838)	1,026,454	1,064,298	(25,084,346)	(22,508,432)
Transfer to share premium for share options exercised	-	-	327,263	(327,263)	-	-
Transfer from share option reserve for options lapsed	-	-	-	(70,869)	70,869	-
At 31 March 2014	<u>116,732,830</u>	<u>(1,844,658)</u>	<u>19,370,417</u>	<u>3,507,799</u>	<u>81,297,954</u>	<u>219,064,342</u>

Statement of changes in equity for the year ended 31 March 2015 (continued)

	← Non-distributable →			→ Distributable		Total equity RM
	Share capital RM	Treasury shares RM	Share premium RM	Share option reserve RM	Retained earnings RM	
At 1 April 2014	116,732,830	(1,844,658)	19,370,417	3,507,799	81,297,954	219,064,342
Profit and total comprehensive income for the year	-	-	-	-	24,412,111	24,412,111
Treasury shares acquired	-	(1,429)	-	-	-	(1,429)
Sale of treasury shares	-	1,846,087	559,199	-	-	2,405,286
Share-based payment transactions (Note 19)	-	-	-	700,651	-	700,651
Shares issued pursuant - ESOS	2,011,070	-	4,725,264	-	-	6,736,334
- Bonus issue	71,246,340	-	(25,923,149)	-	(45,323,191)	-
Bonus issue expenses	-	-	(60,913)	-	-	(60,913)
Dividends (Note 26)	-	-	-	-	(27,405,591)	(27,405,591)
Total contribution from/(distribution to) owners of the Company	73,257,410	1,844,658	(20,699,599)	700,651	(72,728,782)	(17,625,662)
Transfer to share premium for share options exercised	-	-	1,329,182	(1,329,182)	-	-
Transfer from share option reserve for options lapsed	-	-	-	(105,998)	105,998	-
At 31 March 2015	189,990,240	-	-	2,773,270	33,087,281	225,850,791

The notes on pages 24 to 93 are an integral part of these financial statements.

Asia File Corporation Bhd.

(Company No. 313192 P)

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Statement of cash flows for the year ended 31 March 2015

	Note	2015 RM	2014 RM
Cash flows from operating activities			
Profit before tax		24,520,535	85,467,542
Adjustments for :			
Dividend income		(24,187,842)	(84,183,312)
Interest income		(279,155)	(332,865)
Share-based payments	19	216,463	334,265
		270,001	1,285,630
Changes in working capital :			
Other receivables		(7,099,267)	(30,696,373)
Other payables		(1,818,587)	(21,504,864)
Cash used in operations		(8,647,853)	(50,915,607)
Income tax paid		(94,556)	(123,864)
Dividend received		24,187,842	84,183,312
Net cash from operating activities		15,445,433	33,143,841
Cash flows from investing activities			
Interest received		279,155	332,865
Acquisition of investment in subsidiaries		-	(8,688,000)
Acquisition of investment in an associate		-	(118,246)
Net cash from/(used in) investing activities		279,155	(8,473,381)

Statement of cash flows for the year ended 31 March 2015 (continued)

	Note	2015 RM	2014 RM
Cash flows from financing activities			
Proceeds from sale of treasury shares		2,405,286	-
Proceeds from shares issued under ESOS		6,736,334	1,512,454
Repurchase of treasury shares	14	(1,429)	(838)
Dividends paid		(26,540,775)	(23,781,266)
Bonus issue expenses		(60,913)	-
Net cash used in financing activities		(17,461,497)	(22,269,650)
Net (decrease)/increase in cash and cash equivalents		(1,736,909)	2,400,810
Cash and cash equivalents at 1 April		2,562,565	161,755
Cash and cash equivalents at 31 March	12	<u>825,656</u>	<u>2,562,565</u>

The notes on pages 24 to 93 are an integral part of these financial statements.

Asia File Corporation Bhd.

(Company No. 313192 P)

(Incorporated in Malaysia)

and its subsidiaries

Notes to the financial statements

Asia File Corporation Bhd. is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the registered office and principal place of business are as follows :

Registered office

Suite 16-1 (Penthouse Upper)
Menara Penang Garden
42A, Jalan Sultan Ahmad Shah
10050 Penang

Principal place of business

Plot 16, Kawasan Perindustrian Bayan Lepas
Phase IV
Mukim 12, Bayan Lepas,
11900 Penang

The consolidated financial statements of the Company as at and for the financial year ended 31 March 2015 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”) and the Group’s interest in an associate.

The Company is principally engaged as an investment holding company, commission agent and provision of management services. The principal activities of its subsidiaries are disclosed in Note 6 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 27 July 2015.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group and the Company :

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)*
- Amendments to MFRS 2, *Share-based Payment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 8, *Operating Segments (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 13, *Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Defined Benefit Plans: Employee Contributions*
- Amendments to MFRS 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 138, *Intangible Assets (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 140, *Investment Property (Annual Improvements 2011-2013 Cycle)*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016

- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to MFRS 10, *Consolidated Financial Statements*, MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- MFRS 14, *Regulatory Deferral Accounts*

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016 (continued)

- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture – Agriculture: Bearer Plants*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- MFRS 15, *Revenue from Contracts with Customers*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments* (2014)

The Group and the Company plan to apply the abovementioned accounting standards, amendments and interpretations:

- from the annual period beginning on 1 April 2015 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 July 2014, where applicable.
- from the annual period beginning on 1 April 2016 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016, where applicable.
- from the annual period beginning on 1 April 2017 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2017.
- from the annual period beginning on 1 April 2018 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2018.

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company except as mentioned below:

(i) MFRS 15, *Revenue from Contracts with Customers*

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services*.

The Group and the Company are currently assessing the financial impact that may arise from the adoption of MFRS 15.

(ii) MFRS 9, *Financial Instruments*

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The Group and the Company are currently assessing the financial impact that may arise from the adoption of MFRS 9.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2 to the financial statements.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (“RM”), which is the Company’s functional currency. All financial information is presented in RM, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with Malaysian Financial Reporting Standards (“MFRSs”) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

1. Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in Note 5 - Valuation of investment properties and Note 8 – Intangible assets.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) *Subsidiaries*

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(ii) *Business combinations*

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) *Business combinations (continued)*

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) *Acquisitions of non-controlling interests*

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) *Loss of control*

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(v) *Associates*

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of the investment includes transaction costs.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(vi) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

2. Significant accounting policies (continued)

(b) Foreign currency (continued)

(i) *Foreign currency transactions (continued)*

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve (“FCTR”) in equity.

(ii) *Operations denominated in functional currencies other than Ringgit Malaysia*

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 April 2012 (the date when the Group first adopted MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve (“FCTR”) in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

2. Significant accounting policies (continued)

(c) Financial instruments

(i) *Initial recognition and measurement*

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) *Financial instrument categories and subsequent measurement*

The Group and the Company categorise financial instruments as follows:

Financial assets

(a) *Financial assets at fair value through profit or loss*

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) *Loans and receivables*

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) *Financial instrument categories and subsequent measurement (continued)*

Financial assets (continued)

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see note 2(h)(i)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) *Financial guarantee contracts*

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Fair value arising from financial guarantee contracts are classified as deferred income and is amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(iv) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

- (a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
- (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(v) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(i) *Recognition and measurement (continued)*

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within “other income” and “other expenses” respectively in profit or loss.

(ii) *Subsequent costs*

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) *Depreciation*

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The depreciation rates for the current and comparative periods are as follows:

	%
Buildings	1.5 - 2.5
Plant and machinery	10 - 25
Office equipment, furniture and fittings	8 - 25
Motor vehicles	20

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted as appropriate.

2. Significant accounting policies (continued)

(e) Leased assets

Operating leases

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using fair value model.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

(f) Intangible assets

(i) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

(ii) Other intangible assets

Intangible assets, other than goodwill, that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

2. Significant accounting policies (continued)

(f) Intangible assets (continued)

(iv) Amortisation

Goodwill and intangible assets with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Other intangible assets are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

The estimated useful lives for the current and comparative period are as follows:

- Customer contracts – 7 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

(g) Investment property

(i) *Investment property carried at cost*

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both. These include land (other than prepaid lease payments) held for a currently undetermined future use. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

Investment properties are measured initially at cost less any accumulated depreciation and any accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in accounting policy Note 2(d).

Cost includes expenditure that is directly attributable to the acquisition of the investment property.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

2. Significant accounting policies (continued)

(g) Investment property (continued)

(ii) *Reclassification to/from investment property*

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories, its fair value at the date of reclassification becomes its cost for subsequent accounting.

(iii) *Determination of fair value*

The Directors estimate the fair values of the Group's investment properties based on the Directors' own assessment by reference to market evidence of transaction prices for similar properties.

(h) Impairment

(i) *Financial assets*

All financial assets (except for financial assets categorised as fair value through profit or loss, investments in subsidiaries and investment in an associate) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

2. Significant accounting policies (continued)

(h) Impairment (continued)

(i) *Financial assets (continued)*

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) *Other assets*

The carrying amounts of other assets (except for inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill that has indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

2. Significant accounting policies (continued)

(h) Impairment (continued)

(ii) Other assets (continued)

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(i) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is measured based on first-in first-out principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(j) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

2. Significant accounting policies (continued)

(k) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(l) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) *Issue expenses*

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) *Ordinary shares*

Ordinary shares are classified as equity.

(iii) *Repurchase, disposal and reissue of share capital (treasury shares)*

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

Where treasury shares are distributed as share dividends, the cost of the treasury shares is applied in the reduction of the share premium account or distributable reserves, or both.

2. Significant accounting policies (continued)

(l) Equity instruments (continued)

(iii) *Repurchase, disposal and reissue of share capital (treasury shares) (continued)*

Where treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity, and the resulting surplus or deficit on the transaction is presented in share premium.

(m) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(n) Revenue and other income

(i) *Goods sold*

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

2. Significant accounting policies (continued)

(n) Revenue and other income (continued)

(ii) *Rental income*

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from subleased property is recognised as other income.

(iii) *Dividend income*

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(iv) *Commission*

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

(v) *Interest income*

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(o) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

2. Significant accounting policies (continued)

(o) Income tax (continued)

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

(p) Employee benefits

(i) *Short-term employee benefits*

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plan if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2. Significant accounting policies (continued)

(p) Employee benefits (continued)

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iii) Share-based payment transactions

The grant date fair value of share-based payment granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

The fair value of employee share options is measured using a binomial lattice model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

(q) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding adjusted for own shares held for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

2. Significant accounting policies (continued)

(r) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Managing Director of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(s) Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. Property, plant and equipment - Group

	Freehold land RM	Buildings RM	Plant and machinery RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Under construction RM	Total RM
Cost							
At 1 April 2013	14,761,275	73,730,351	140,726,969	15,359,781	7,536,360	676,207	252,790,943
Additions	259,845	4,204,112	8,585,513	988,614	842,166	-	14,880,250
Disposals	(160,000)	-	(2,462,733)	(178,637)	(41,800)	(331,235)	(3,174,405)
Reclassification	-	-	345,000	-	-	(345,000)	-
Effect of movements in exchange rates	379,132	5,235,721	8,433,550	1,679,644	488,703	28	16,216,778
At 31 March 2014/1 April 2014	15,240,252	83,170,184	155,628,299	17,849,402	8,825,429	-	280,713,566
Additions	-	478,378	5,929,994	914,136	492,314	180,522	7,995,344
Disposals	(116,322)	-	(773,000)	(87,049)	(161,409)	-	(1,137,780)
Write off	-	-	(34,996)	(253,025)	-	-	(288,021)
Effect of movements in exchange rates	(363,411)	(3,585,946)	(6,741,846)	(1,475,520)	(360,359)	-	(12,527,082)
At 31 March 2015	14,760,519	80,062,616	154,008,451	16,947,944	8,795,975	180,522	274,756,027

3. Property, plant and equipment - Group (continued)

	Freehold land RM	Buildings RM	Plant and machinery RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Under construction RM	Total RM
Accumulated depreciation							
At 1 April 2013	-	25,815,256	106,517,849	12,745,527	5,727,478	-	150,806,110
Depreciation for the year	-	2,085,190	7,107,276	1,023,186	804,795	-	11,020,447
Disposals	-	-	(2,458,424)	(175,812)	(41,800)	-	(2,676,036)
Effect of movements in exchange rates	-	2,501,561	6,391,764	1,433,625	363,125	-	10,690,075
At 31 March 2014/1 April 2014	-	30,402,007	117,558,465	15,026,526	6,853,598	-	169,840,596
Depreciation for the year	-	2,198,048	6,858,660	977,918	981,542	-	11,016,168
Disposals	-	-	(766,099)	(83,249)	(121,055)	-	(970,403)
Write off	-	-	(34,996)	(252,594)	-	-	(287,590)
Effect of movements in exchange rates	-	(2,197,325)	(5,505,000)	(1,259,065)	(327,225)	-	(9,288,615)
At 31 March 2015	-	30,402,730	118,111,030	14,409,536	7,386,860	-	170,310,156
Carrying amounts							
At 31 March 2014/1 April 2014	15,240,252	52,768,177	38,069,834	2,822,876	1,971,831	-	110,872,970
At 31 March 2015	14,760,519	49,659,886	35,897,421	2,538,408	1,409,115	180,522	104,445,871

3. Property, plant and equipment - Group (continued)

Security

Certain freehold land of the Group with carrying amount of RM7,236,000 (2014 : RM8,082,000) are pledged to a financial institution as security for borrowings as disclosed in Note 18 to the financial statements.

4. Prepaid lease payments - Group

	Unexpired period less than 50 years RM
Cost	
At 1 April 2013/31 March 2014/1 April 2014/31 March 2015	<u><u>2,294,116</u></u>
Amortisation	
At 1 April 2013	654,539
Amortisation for the year	38,875
At 31 March 2014/1 April 2014	<u>693,414</u>
Amortisation for the year	38,875
At 31 March 2015	<u><u>732,289</u></u>
Carrying amounts	
At 31 March 2014/1 April 2014	<u><u>1,600,702</u></u>
At 31 March 2015	<u><u>1,561,827</u></u>

5. Investment properties - Group

Buildings	RM
Cost	
At 1 April 2013	2,529,874
Disposal	(463,291)
At 31 March 2014/1 April 2014/31 March 2015	<u>2,066,583</u>
Accumulated depreciation	
At 1 April 2013	671,304
Depreciation for the year	41,332
Disposal	(157,520)
At 31 March 2014/1 April 2014	<u>555,116</u>
Depreciation for the year	41,332
At 31 March 2015	<u>596,448</u>
Carrying amounts	
At 31 March 2014/1 April 2014	<u>1,511,467</u>
At 31 March 2015	<u>1,470,135</u>

The fair value of the investment properties as at 31 March 2015 is categorised as level 3 of the fair value hierarchy. Based on the Directors' estimation using the latest available market information and recent experience and knowledge in the location and category property being valued, the fair value of the investment properties of the Group is approximately RM4,000,000 (2014 : RM4,000,000).

Estimation uncertainty and key assumptions

The Directors estimate the fair value of the Group's investment properties based on the following key assumptions :

- Comparison of the Group's investment properties with similar properties that were listed for sale within the same locality or other comparable localities; and
- Enquiries from relevant property valuers and real estate agents on market conditions and changing market trends.

Investment properties comprise factory buildings that are leased to third parties. The leases are entered into for a period of 5 years. Subsequent renewals are to be negotiated with the lessee.

5. Investment properties - Group (continued)

The following are recognised in the profit or loss in respect of investment properties :

	2015	2014
	RM	RM
Rental income	209,000	141,020
Direct operating expenses		
- income generating investment properties	<u>14,901</u>	<u>15,856</u>

6. Investments in subsidiaries - Company

	2015	2014
	RM	RM
Unquoted shares, at cost	54,840,545	54,840,545
Add: Share-based payment allocated to subsidiaries	3,822,617	3,338,429
	<u>58,663,162</u>	<u>58,178,974</u>

Details of the subsidiaries are as follows :

Name of subsidiary	Effective ownership interest		Country of incorporation	Principal activities
	2015	2014		
Asia File Products Sdn. Bhd.	100%	100%	Malaysia	Manufacture and sale of stationery products
Sin Chuan Marketing Sdn. Bhd.	100%	100%	Malaysia	Trading of stationery products
Lim & Khoo Sdn. Bhd.	100%	100%	Malaysia	Investment holding
Formosa Technology Sdn. Bhd.	100%	100%	Malaysia	Dormant
ABBA Marketing Sdn. Bhd.	100%	100%	Malaysia	Trading of stationery products, graphic designing and desktop publishing
AFP Composite Sdn. Bhd.	100%	100%	Malaysia	Manufacture and supply of plastic related products and filing products

6. Investments in subsidiaries – Company (continued)

Name of subsidiary	Effective ownership interest		Country of incorporation	Principal activities
	2015	2014		
Premier Stationery Limited *	95%	95%	United Kingdom	Import and distribution of stationery products
Premier Stationery Pte. Ltd. *	100%	100%	Singapore	Trading of stationery products
Higher Kings Mill Limited *	100%	100%	United Kingdom	Manufacture and sale of coloured paper and boards for filing, educational and other specialty markets.
<i>Subsidiary of Asia</i>				
<i>File Products Sdn. Bhd.</i>				
Plastoreg Smidt GmbH #	100%	100%	Germany	Manufacture and distribution of stationery products

* Not audited by member firms of KPMG International

Audited by member firms of KPMG International

There is no disclosure of the summarised financial information for non-controlling interest (“NCI”) as the NCI is not significant to the Group.

7. Investment in an associate

Group	2015	2014
	RM	RM
At cost		
Quoted shares in Malaysia	47,041,909	47,041,909
Share of post acquisition reserves and results	82,168,901	78,927,516
	<u>129,210,810</u>	<u>125,969,425</u>
Market value of quoted shares	<u>114,844,000</u>	<u>103,849,000</u>

7. Investment in an associate (continued)

	2015 RM	2014 RM
Company		
At cost		
Quoted shares in Malaysia	5,192,167	5,192,167
Market value of quoted shares	11,771,000	10,644,000

Details of the associate are as follows :

Name of associate	Effective ownership interest		Country of incorporation	Principal activity
	2015 %	2014 %		
Muda Holdings Berhad	20.03	20.03	Malaysia	Investment holding

The following table summarises the information of the Group's material associate, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associate.

	2015 RM'000	2014 RM'000
Muda Holdings Berhad		
Summarised financial information		
As at 31 March		
Non-current assets	849,559	830,190
Current assets	494,458	459,383
Non-current liabilities	(166,607)	(160,417)
Current liabilities	(511,371)	(481,730)
Non-controlling interests	(20,952)	(18,524)
Net assets	645,087	628,902
Year ended 31 March		
Profit from continuing operations	20,769	45,573
Other comprehensive income	4,585	3,265
Total comprehensive income	25,354	48,838
<i>Included in the total comprehensive income is :</i>		
Revenue	1,059,872	1,030,327

7. Investment in an associate (continued)

	2015 RM'000	2014 RM'000
Muda Holdings Berhad (continued)		
Reconciliation of net assets to carrying amount As at 31 March		
Group's share of net assets representing the carrying amount of the associate in the statement of financial position	129,211	125,969
Group's share of results Year ended 31 March		
Group's share of profit or loss from continuing operations	4,160	9,128
Group's share of other comprehensive income	918	654
Group's share of total comprehensive income	5,078	9,782
Other information		
Dividends received	1,833	1,828

There is no share of associated companies' contingent liabilities incurred jointly with other investors.

8. Intangible assets

	Goodwill RM	Customer contracts RM	Total RM
Group			
Cost			
At 1 April 2013	30,234,456	-	30,234,456
Additions	-	3,283,312	3,283,312
At 31 March 2014/1 April 2014	30,234,456	3,283,312	33,517,768
Write off	-	(526,962)	(526,962)
Effect of movements in exchange rates	-	(343,687)	(343,687)
At 31 March 2015	30,234,456	2,412,663	32,647,119

8. Intangible assets (continued)

Group	Goodwill RM	Customer contracts RM	Total RM
Amortisation			
At 1 April 2013	-	-	-
Amortisation for the year	-	235,075	235,075
Effect of movements in exchange rates	-	(549)	(549)
At 31 March 2014/1 April 2014	-	234,526	234,526
Amortisation for the year	-	357,681	357,681
Effect of movements in exchange rates	-	(43,353)	(43,353)
At 31 March 2015	-	548,854	548,854
Carrying amounts			
At 31 March 2014/1 April 2014	30,234,456	3,048,786	33,283,242
At 31 March 2015	30,234,456	1,863,809	32,098,265

Goodwill has been allocated to the Group's cash-generating units ("CGU") identified in the foreign subsidiary company's operations acquired in the previous year. The aggregate carrying amount of goodwill allocated was RM30.2 million (2014: RM30.2 million).

Goodwill is allocated to Group's CGU expected to benefit from the synergies of the acquisition. For annual impairment testing purpose, the recoverable amount of the CGU is based on their value-in-use. The value in use calculations apply a discounted cash flow model using cash flow projections based on the financial forecast. The key assumptions for the computation of value-in-use include the discount rates and growth rates applied of approximately 10%. Discount rates used are based on the pre-tax weighted average cost of capital plus an appropriate risk premium, where applicable, at the assessment of the respective CGU. Cash flow projections are based on five year financial budgets.

Management believes that any reasonably possible change in the key assumptions would not cause the recoverable amount of the CGU to be materially below their carrying amounts. Based on this review, there is no evidence of impairment on the Group's goodwill.

9. Trade and other receivables

	Note	2015 RM	2014 RM
Group			
Trade			
Trade receivables	9.1	68,092,451	72,145,358
Non-trade			
Other receivables		5,195,476	2,811,669
Deposits		607,617	557,798
Prepayments		1,768,752	5,249,447
		7,571,845	8,618,914
		<u>75,664,296</u>	<u>80,764,272</u>
Company			
Non-trade			
Amount due from subsidiaries	9.2	175,607,119	168,487,704
Other receivables		35,821	55,969
		<u>175,642,940</u>	<u>168,543,673</u>

9.1 Trade receivables

The Group's normal credit terms for trade receivables range from 30 to 90 days (2014 : 30 to 90 days).

Included in trade receivables are amounts due from companies in which a Director and his family members collectively have controlling interests of RM58,312 (2014 : RM144,052), respectively which are subject to the normal credit terms.

9.2 Amount due from subsidiaries

The current non-trade receivables due from subsidiaries are unsecured, interest-free and repayable on demand other than an amount of RM4,961,975 (2014: RM8,393,564) due from a subsidiary which carries interest at 4.5% (2014: 4.5%) per annum.

10. Inventories - Group

	2015	2014
	RM	RM
Raw materials	60,017,669	49,476,152
Work-in-progress	3,252,522	8,287,369
Manufactured inventories	40,530,560	46,234,982
	<u>103,800,751</u>	<u>103,998,503</u>

11. Derivative financial asset - Group

	2015		2014	
	Nominal value RM	Assets RM	Nominal value RM	Assets RM
Derivative held for trading at fair value through profit or loss				
- Forward exchange contracts	<u>27,487,841</u>	<u>201,863</u>	<u>9,597,444</u>	<u>163,261</u>

Forward exchange contracts are used to manage the foreign currency exposures arising from the Group's receivables and payables denominated in currencies other than the functional currencies of Group entities. Most of the forward exchange contracts have maturities of less than one year after the end of the reporting period. Where necessary, the forward contracts are rolled over at maturity.

12. Cash and cash equivalents

	Note	2015	2014
		RM	RM
Group			
Short term deposits with licensed banks		34,567,493	22,463,799
Short term funds	12.1	38,770,603	21,096,822
Cash and bank balances		42,790,640	34,594,322
		<u>116,128,736</u>	<u>78,154,943</u>
Company			
Short term deposits with licensed banks		-	521,103
Cash and bank balances		825,656	2,041,462
		<u>825,656</u>	<u>2,562,565</u>

12. Cash and cash equivalents (continued)

12.1 Short term funds

The amount represents investment in money market funds which can be redeemed within 1 day after receipt of the request to repurchase.

13. Share capital - Group/Company

	2015		2014	
	Amount RM	Number of shares	Amount RM	Number of shares
Ordinary shares of RM1 each				
Authorised :	<u>500,000,000</u>	<u>500,000,000</u>	<u>500,000,000</u>	<u>500,000,000</u>
Issued and fully paid :				
Balance at 1 April	116,732,830	116,732,830	116,246,830	116,246,830
Issued under ESOS, for cash at :				
- RM3.14 per share	654,170	654,170	146,350	146,350
- RM4.11 per share	445,000	445,000	-	-
- RM3.10 per share	878,900	878,900	339,650	339,650
- RM3.90 per share	33,000	33,000	-	-
	2,011,070	2,011,070	486,000	486,000
Bonus issue (3 for 5)	71,246,340	71,246,340	-	-
Balance at 31 March	<u>189,990,240</u>	<u>189,990,240</u>	<u>116,732,830</u>	<u>116,732,830</u>

14. Treasury shares - Group/Company

The shareholders of the Company, by a special resolution passed at an Extraordinary General Meeting held on 25 September 2001 approved the Company's plan to purchase its own shares.

During the financial year, the Company repurchased 200 (2014 : 200) of its issued share capital from the open market at an average price of RM6.86 (2014 : RM3.90) per share. The total consideration paid was RM1,429 (2014 : RM838) including transaction costs of RM58 (2014 : RM58). The repurchase transactions were financed by internally generated funds. The shares repurchased are retained as treasury shares.

14. Treasury shares - Group/Company (continued)

During the financial year, the Company sold 400,200 (2014 : Nil) treasury shares in the open market. The average resale price of the treasury shares was RM6.01 (2014 : RM Nil) per share.

As at 31 March 2015, the ordinary shares held as treasury shares were Nil (2014 : 400,000). The number of outstanding ordinary shares of RM1 each in issue and fully paid-up after deducting the treasury shares held is 189,990,240 (2014 : 116,332,830). Treasury shares held have no rights to voting, dividends and participation in other distribution.

15. Reserves

Group	2015 RM	2014 RM
Non-distributable :		
Translation reserve	1,015,137	7,487,038
Share premium on ordinary shares		
Balance at 1 April	19,722,395	18,332,233
Issue of shares at :		
- RM3.14 per share	1,399,924	313,189
- RM4.11 per share	1,383,950	-
- RM3.10 per share	1,845,690	713,265
- RM3.90 per share	95,700	-
Sale of treasury shares	559,199	-
Share options exercised	1,329,182	327,263
Associate	-	36,445
Bonus issue	(25,923,149)	-
Bonus issue expenses	(60,913)	-
Balance at 31 March	351,978	19,722,395
Share option reserve	2,743,532	3,478,061
Distributable :		
Retained earnings	268,214,395	290,207,315
	<u>272,325,042</u>	<u>320,894,809</u>

15. Reserves (continued)

Company	2015 RM	2014 RM
Non-distributable :		
Share premium on ordinary shares		
Balance at 1 April	19,370,417	18,016,700
Issue of shares at :		
- RM3.14 per share	1,399,924	313,189
- RM4.11 per share	1,383,950	-
- RM3.10 per share	1,845,690	713,265
- RM3.90 per share	95,700	-
Sale of treasury shares	559,199	-
Share options exercised	1,329,182	327,263
Bonus issue	(25,923,149)	-
Bonus issue expenses	(60,913)	-
Balance at 31 March	-	19,370,417
Share option reserve	2,773,270	3,507,799
Distributable :		
Retained earnings	33,087,281	81,297,954
	<u>35,860,551</u>	<u>104,176,170</u>

Movements of reserves are shown in the Statement of Changes in Equity.

The entire retained earnings are available for distribution as dividends under the single-tier income tax system.

16. Deferred tax liabilities - Group**Recognised deferred tax liabilities**

Deferred tax liabilities are attributable to the following :

	2015 RM	2014 RM
Property, plant and equipment		
- revaluation	879,464	879,464
- capital allowances	6,693,664	6,592,329
- fair value adjustment	1,820,474	1,820,474
Provisions	(1,099,301)	(708,485)
	<u>8,294,301</u>	<u>8,583,782</u>

16. Deferred tax liabilities - Group (continued)

Movement in temporary difference during the year

	At 1.4.2013 RM	Recognised in profit or loss (Note 24) RM	Translation difference RM	At 31.3.2014/ 1.4.2014 RM	Recognised in profit or loss (Note 24) RM	Translation difference RM	At 31.3.2015 RM
Group							
Property, plant and equipment							
- revaluation	879,464	-	-	879,464	-	-	879,464
- capital allowance	5,113,349	1,291,042	187,938	6,592,329	294,963	(193,628)	6,693,664
- fair value adjustment	1,820,474	-	-	1,820,474	-	-	1,820,474
Provisions	(430,000)	(278,485)	-	(708,485)	(390,816)	-	(1,099,301)
	<u>7,383,287</u>	<u>1,012,557</u>	<u>187,938</u>	<u>8,583,782</u>	<u>(95,853)</u>	<u>(193,628)</u>	<u>8,294,301</u>

16. Deferred tax liabilities - Group (continued)

Unrecognised deferred tax asset

Deferred tax asset has not been recognised in respect of the following item :

	2015 RM	2014 RM
Tax losses carry-forward of a foreign subsidiary	<u>65,000</u>	<u>230,000</u>

Deferred tax asset has not been recognised in respect of the tax losses carry-forward because it is not probable that future taxable profits will be available against which the subsidiary can utilise the benefits therefrom.

17. Trade and other payables

	Note	2015 RM	2014 RM
Group			
Trade			
Trade payables	17.1	28,365,088	29,936,724
Non-trade			
Other payables		5,854,020	9,354,410
Accrued expenses		12,954,542	13,701,907
		<u>18,808,562</u>	<u>23,056,317</u>
		<u>47,173,650</u>	<u>52,993,041</u>
Company			
Non-trade			
Amount due to subsidiaries	17.2	1,389,333	488,129
Other payables		1,352,050	3,981,840
Accrued expenses		290,093	380,094
		<u>3,031,476</u>	<u>4,850,063</u>

17.1 Trade payables

The Group's normal credit terms for trade payables range from 30 to 90 days (2014 : 30 to 90 days). Trade payables include amount due to companies related to the associates of the Group of RM834,680 (2014: RM894,546) which are subject to the normal credit terms.

17. Trade and other payables (continued)

17.2 Amount due to subsidiaries

The non-trade payables due to subsidiaries are unsecured, interest-free and payable on demand.

18. Bank borrowings - Group

	2015 RM	2014 RM
Current		
Secured		
Term loan	1,206,000	1,347,000
Unsecured		
Foreign currency trade loans	26,618,154	17,709,184
Bank overdrafts	-	32,954
	<u>27,824,154</u>	<u>19,089,138</u>
Non-current		
Secured		
Term loan	<u>3,015,000</u>	<u>4,714,500</u>

18.1 Interest rates

The bank overdrafts are subject to interest at Nil (2014 : 1.75%) per annum above lenders' base lending rates.

The foreign currency trade loans are denominated in US Dollar and Hong Kong Dollar and are subject to interest at rate ranging from 0.73% to 1.17% (2014 : 0.75% to 1.08%) per annum.

The secured term loan, which is denominated in Euro, is subject to interest at 0.60% (2014: 0.60%) per annum over Euro Interbank Offered Rate ("EURIBOR").

18.2 Securities

The term loan is secured by a freehold land of the Group (Note 3).

19. Employee benefits - Group/Company

Share Option Plan

The Group offers vested share options over ordinary shares to full time executive Directors and employees who have been in the employment of the Group for a continuous period of at least six (6) months. The number and weighted average exercise price of share options are as follows :

	Weighted average exercise price 2015 RM	Number of options 2015	Weighted average exercise price 2014 RM	Number of options 2014
Outstanding at 1 April	3.14	1,385,220	3.14	1,557,570
Outstanding at 1 April	4.11	760,000	4.11	787,000
Outstanding at 1 April	3.10	3,028,450	3.10	3,459,100
Outstanding at 1 April	3.90	487,000	-	-
		5,660,670		5,803,670
Granted during the year	-	-	3.90	487,000
Exercised during the year	3.14	(654,170)	3.14	(146,350)
Exercised during the year	4.11	(445,000)	4.11	-
Exercised during the year	3.10	(878,900)	3.10	(339,650)
Exercised during the year	3.90	(33,000)	3.90	-
Total exercised during the year		(2,011,070)		(486,000)
Lapsed due to resignation	3.14	(59,850)	3.14	(26,000)
Lapsed due to resignation	4.11	-	4.11	(27,000)
Lapsed due to resignation	3.10	(65,850)	3.10	(91,000)
Lapsed due to resignation	3.90	(40,800)	3.90	-
Total lapsed due to resignation		(166,500)		(144,000)
Balance before bonus issue	3.29	3,483,100	3.31	5,660,670
Bonus issue	1.96*	402,720	-	-
Bonus issue	2.57*	189,000	-	-
Bonus issue	1.94*	1,250,220	-	-
Bonus issue	2.44*	247,920	-	-
Total bonus issue		2,089,860		-
Outstanding at 31 March	2.06*	5,572,960	3.31	5,660,670
Exercisable at 31 March		3,337,120		3,288,270

* After adjustment for bonus issue of three (3) ordinary shares for every five (5) ordinary shares of RM1 each.

19. Employee benefits - Group/Company (continued)

Share Option Plan (continued)

The outstanding options as at 31 March 2015 have exercise prices of RM1.96, RM2.57, RM1.94 and RM2.44 respectively, after adjusted for the effect from bonus issue (2014 : RM3.14, RM4.11, RM3.10 and RM3.90 respectively). The weighted average option life is 2 (2014 : 3) years.

During the year, 2,011,070 (2014 : 486,000) share options were exercised prior to the bonus issue. The weighted average share price for the year was RM3.39 (2014 : RM 3.11).

The fair value of services received in return for share options granted is based on the fair value of share options granted, measured using a binomial lattice model, with the following inputs :

	Directors RM	Executives RM	Others RM
2015			
Fair value of share options and assumptions			
Fair value at grant date			
- 27.4.2007	0.44	0.44	0.44
- 20.4.2009	0.60	0.60	0.60
- 3.10.2011	0.77	0.77	0.77
- 27.3.2014	2.86	2.86	2.86
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
2014			
Fair value of share options and assumptions			
Fair value at grant date			
- 27.4.2007	0.44	0.44	0.44
- 20.4.2009	0.60	0.60	0.60
- 3.10.2011	0.77	0.77	0.77
- 27.3.2014	2.86	2.86	2.86
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Exercise price			
- at grant date	RM3.14, RM4.11, RM3.10 and RM3.90		
- after adjusted for bonus shares issued	RM1.96, RM2.57, RM1.94 and RM2.44		
Expected volatility (weighted average volatility)	19.42%, 22.04%, 31.50% and 20%		
Option life (expected weighted average life)	3 to 5 years		
Expected dividends	5.5% to 6.46%		
Risk-free interest rate (based on Malaysian government bonds)	2.82% to 3.45%		

19. Employee benefits - Group/Company (continued)

Value of employee services received for issue of share options

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Recognised as staff cost in profit or loss (Note 23)	700,651	1,064,298	216,463	334,265
Additions to investment in subsidiaries	-	-	484,188	730,033
	<u>700,651</u>	<u>1,064,298</u>	<u>700,651</u>	<u>1,064,298</u>

20. Revenue

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Invoiced value of goods sold less discounts and returns	387,333,437	365,798,092	-	-
Gross dividends receivable				
- subsidiaries	-	-	24,000,000	84,000,000
- associate	-	-	187,842	183,312
Commission income	82,706	81,147	82,706	81,147
Management fees				
- subsidiaries	-	-	2,737,920	2,565,120
	<u>387,416,143</u>	<u>365,879,239</u>	<u>27,008,468</u>	<u>86,829,579</u>

21. Profit before tax

Profit before tax is arrived at :

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
After charging :				
Auditors' remuneration				
- Audit fee				
KPMG Malaysia				
- Current year	76,000	76,000	15,000	15,000
Overseas affiliate of KPMG Malaysia	96,480	107,311	-	-
Other auditors	112,874	111,189	-	-
- Non-audit fees				
KPMG Malaysia	14,000	14,000	14,000	14,000
Overseas affiliate of KPMG Malaysia	22,825	21,720	-	21,720
Consultancy fee paid to a company in which a Director of a subsidiary has a substantial financial interest	317,979	296,980	-	-
Amortisation of prepaid lease payments (Note 4)	38,875	38,875	-	-
Amortisation of intangible assets (Note 8)	357,681	235,075	-	-
Depreciation				
- property, plant and equipment (Note 3)	11,016,168	11,020,447	-	-
- investment properties (Note 5)	41,332	41,332	-	-
Rental of premises	1,453,039	1,284,570	-	-
Loss on foreign exchange				
- realised	2,130,430	-	17,570	-
- unrealised	151,267	-	-	-
Interest expense	307,510	247,274	-	2
Plant and equipment written off	431	-	-	-
Impairment loss on trade receivables (net)	17,648	138,016	-	-
Intangible assets written off	526,962	-	-	-

21. Profit before tax (continued)

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
and after crediting :				
Interest income				
- subsidiary	-	-	276,523	313,386
- financial institutions	953,388	524,537	2,632	19,479
Gain on disposals of				
- property, plant and equipment	661,232	268,770	-	-
- investment properties	-	348,331	-	-
Rental income on premises	214,160	141,020	-	-
Gain on foreign exchange				
- realised	-	5,902,336	-	124,770
- unrealised	-	1,583,660	70,512	916,381
	<u>4,267,613</u>	<u>3,584,174</u>	<u>1,510,537</u>	<u>1,322,606</u>

22. Key management personnel compensations

The key management personnel compensations are as follows :

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Directors of the Company				
- Fees	265,500	261,500	246,000	242,000
- Remuneration	1,264,537	1,080,606	1,264,537	1,080,606
Other Directors				
- Fees	48,440	47,780	-	-
- Remuneration	2,689,136	2,194,288	-	-
	<u>4,267,613</u>	<u>3,584,174</u>	<u>1,510,537</u>	<u>1,322,606</u>

There are no other key management personnel apart from the Directors of the Company and certain Directors of the Group having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly.

The estimated monetary value of benefits received by Directors of the Company otherwise than in cash amounted to RM56,000 (2014 : RM56,000).

23. Employee information

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Staff costs	62,185,991	58,443,232	2,233,611	1,960,019
Share-based payments	700,651	1,064,298	216,463	334,265
	<u>62,886,642</u>	<u>59,507,530</u>	<u>2,450,074</u>	<u>2,294,284</u>

Included in staff costs of the Group and of the Company is an amount of RM3,293,037 (2014 : RM3,218,694) and RM241,110 (2014 : RM212,085) respectively representing contributions made to the statutory pension funds.

24. Income tax expense

Recognised in profit or loss

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Current tax expense				
Malaysian - current	12,260,000	12,954,000	110,473	114,638
- prior year	67,230	37,121	(2,049)	6,430
Overseas - current	2,166,983	2,060,179	-	-
- prior year	9,330	(33,803)	-	-
Total current tax	14,503,543	15,017,497	108,424	121,068
Deferred tax expense				
Malaysian - current	(887,555)	329,000	-	-
- prior year	6,555	-	-	-
Overseas - current	785,147	683,557	-	-
Total deferred tax	(95,853)	1,012,557	-	-
Total income tax expense	<u>14,407,690</u>	<u>16,030,054</u>	<u>108,424</u>	<u>121,068</u>

24. Income tax expense (continued)**Reconciliation of effective income tax expense**

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Profit before tax	64,614,995	76,580,598	24,520,535	85,467,542
Less : share of results of equity- accounted associate	(4,160,031)	(9,128,272)	-	-
	<u>60,454,964</u>	<u>67,452,326</u>	<u>24,520,535</u>	<u>85,467,542</u>
Tax at Malaysian tax rate of 25%	15,113,741	16,863,082	6,130,134	21,366,886
Effect of different tax rates in foreign jurisdictions	(492,667)	(916,262)	-	-
Effect of utilisation of tax losses not previously recognised	(165,000)	(79,805)	-	-
Non-deductible expenses	633,923	1,556,074	116,651	104,109
Income not subject to tax	(291,838)	(484,702)	(89,691)	(305,288)
Tax exempt income	(13,689)	(31,353)	(6,046,961)	(21,050,698)
Tax incentives	(435,551)	(795,346)	-	-
Others	(24,344)	(84,952)	340	(371)
Under/(Over) provided in prior year	83,115	3,318	(2,049)	6,430
Income tax expense	<u>14,407,690</u>	<u>16,030,054</u>	<u>108,424</u>	<u>121,068</u>

25. Earnings per ordinary share - Group

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share is based on the profit attributable to the owners of the Company of RM50,170,864 (2014 : RM60,527,155) and a weighted average number of ordinary shares outstanding of 189,325,041 (2014 : 185,803,273) calculated as follows :

	2015	2014
Issued ordinary shares at 1 April	116,732,830	116,246,830
Effect of shares issued during the year	1,681,298	156,624
Effect of treasury shares held	(335,427)	(639,879)
Effect of bonus issue	71,246,340	70,039,698
	<hr/>	<hr/>
Weighted average number of ordinary shares at 31 March	<u>189,325,041</u>	<u>185,803,273*</u>

Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share is based on the net profit attributable to the owners of the Company of RM50,170,864 (2014 : RM60,527,155) and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows :

	2015	2014
Weighted average number of ordinary shares at 31 March	189,325,041	185,803,273
Effect of dilution of unexercised share options	2,917,134	1,235,980
	<hr/>	<hr/>
Weighted average number of ordinary shares (diluted) at 31 March	<u>192,242,175</u>	<u>187,039,253*</u>

* Restated to take into consideration the effect of bonus issue of three (3) ordinary shares for every five (5) ordinary shares of RM1 each.

26. Dividends

Dividends recognised in the current and previous year by the Company are as follows :

	Sen per share	Total amount RM	Date of payment
2015			
2014 final single-tier dividend of 13.5% on 118,295,800 ordinary shares of RM1 each	13.5	15,969,933	26 December 2014
Interim single-tier dividend of 6% on 190,594,300 ordinary shares of RM1 each	6.0	11,435,658	27 May 2015
		<u>27,405,591</u>	
2014			
2013 final single-tier dividend of 12.5% on 116,108,030 ordinary shares of RM1 each	12.5	14,513,504	24 December 2013
Interim single-tier dividend of 9% on 117,453,800 ordinary shares of RM1 each	9.0	10,570,842	23 May 2014
		<u>25,084,346</u>	

A final single-tier dividend of 13.5% amounting to RM15,969,933 proposed in the last financial year and approved by the members in the last Annual General Meeting was paid on 26 December 2014 and accordingly, this amount has been appropriated from the retained earnings in this financial year.

At the forthcoming Annual General Meeting, a final single-tier dividend of 9% in respect of the financial year ended 31 March 2015 will be proposed for members' approval. These financial statements do not reflect this final dividend which, when approved by the members, will be accounted for as an appropriation of retained earnings from shareholders' funds in the financial year ending 31 March 2016.

27. Related parties - Group/Company

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

The Group has related party relationships with the following:

- i) Subsidiaries and associates of the Company as disclosed in the financial statements.
- ii) Companies in which a Director, Dato' Lim Soon Huat and his close family members collectively have controlling interests - Asia Educational Supplies Sdn. Bhd. ("AESSB") and Khyam Seng Printing Sdn. Bhd. ("KSPSB").
- iii) Company in which a Director, Dato' Lim Soon Huat has substantial financial interests - Dynamic Office Sdn. Bhd. ("DOSB")
- iv) Company in which a Director of a subsidiary, Mr. R.C. Martin, has substantial financial interests - Christopher Martin Ltd.
- v) Key management personnel of the Group

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Company and certain Directors of the subsidiaries.

Significant related party transactions

The significant related party transactions of the Group and the Company, other than key management personnel compensations, are as follows :

- a) Transactions entered into between the Company and its subsidiaries

	Transactions amount for the year ended 31 March	
	2015	2014
	RM	RM
- Dividend income received	24,000,000	84,000,000
- Management fee receivable	2,737,920	2,565,120
	<u>27,737,920</u>	<u>86,565,120</u>

27. Related parties - Group/Company (continued)

Significant related party transactions (continued)

- b) Transactions entered into by the subsidiaries in the ordinary course of business with a direct associate

	Transactions amount for the year ended 31 March	
	2015	2014
	RM	RM
- Purchases	<u>2,784,503</u>	<u>3,750,889</u>

- c) Transactions entered into by the Group in the ordinary course of business with companies in which a Director and his close family members collectively have controlling interests are as follows :

	Transactions amount for the year ended 31 March	
	2015	2014
	RM	RM
Sales - AESSB	131,000	281,000
- KSPSB	-	7,000
- DOSB	<u>4,000</u>	<u>1,000</u>
Purchases - AESSB	30,000	25,000
- DOSB	<u>81,000</u>	<u>64,000</u>

- d) Transactions with key management personnel :

Key management personnel compensations are disclosed in Note 22 to the financial statements.

The aggregate amount of transactions relating to key management personnel and entity over which they have control or significant influence were as follows :

	Transactions amount for the year ended 31 March	
	2015	2014
	RM	RM
Group		
Consultancy fee paid to a company in which a Director of a subsidiary has substantial financial interest	317,979	359,729
Rental paid to - a Director of a subsidiary	<u>9,600</u>	<u>9,600</u>

27. Related parties - Group/Company (continued)

Significant related party transactions (continued)

d) Transactions with key management personnel : (continued)

The above transactions have been entered into in the normal course of business and have been established under negotiated terms.

Non-trade balances with related parties are disclosed in Notes 9 and 17 to the financial statements.

28. Capital commitment - Group

	2015 RM	2014 RM
Property, plant and equipment		
Contracted but not provided for	<u>254,000</u>	<u>429,000</u>

29. Lease commitment - Group

Total future minimum lease payments under non-cancellable operating leases are as follows :

	2015 RM'000	2014 RM'000
Less than 1 year	1,878	1,444
Between 1 and 5 years	<u>5,802</u>	<u>722</u>

The Group leases properties and equipment under operating lease arrangements. The leases run for periods ranging from one to five years and do not include contingent rentals.

30. Contingent liabilities - Company

i) *Corporate guarantee - Unsecured*

The Company has given corporate guarantees to certain financial institutions for banking facilities granted to its subsidiaries for RM131,573,500 (2014 : RM113,470,000) of which RM26,618,154 (2014 : RM17,742,138) was utilised at the end of the reporting period.

ii) The Company has undertaken to provide financial support to certain subsidiaries to enable them to continue operating as a going concern.

iii) The Company has given corporate guarantee of RM11,000,000 (2014 : RM9,800,000) to a supplier of its subsidiary, Higher Kings Mill Limited.

31. Operating segments - Group

The Group reportable segment mainly consists of manufacturing and trading of stationery products, coloured paper and boards.

Reportable segment has not been prepared as all the Group's revenue, operating profit, assets employed, liabilities, capital expenditure, depreciation and amortisation and non-cash expenses are mainly confined to one business segment.

Operating segments are components in which separate financial information is available that is evaluated regularly by the Managing Director in deciding how to allocate resources and in assessing performance of the Group. The Group has identified the business of manufacturing and trading of stationery products, coloured paper and boards as its sole operating segment.

Performance is measured based on revenue derived from the various products sold and consolidated profit before income tax of the Group as included in the internal management reports that are reviewed by the Managing Director, who is the Group's chief operating decision maker. The Group's segment assets and liabilities, as disclosed in the Group's statement of financial position, are also reviewed regularly by the Managing Director.

Geographical information

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment assets are based on the geographical location of the assets. The amounts of non-current assets do not include financial instruments (including investment in an associate) and deferred tax assets.

	Revenue		Non-current assets	
	2015 RM	2014 RM	2015 RM	2014 RM
Malaysia	33,819,553	38,505,806	53,839,584	55,509,934
Asia (excluding Malaysia)	12,465,908	9,972,976	1,617	2,867
Europe	302,793,085	277,820,695	85,734,897	91,755,580
America	23,551,963	24,757,122	-	-
Others	14,785,634	14,822,640	-	-
Consolidated	<u>387,416,143</u>	<u>365,879,239</u>	<u>139,576,098</u>	<u>147,268,381</u>

Major customer

A major customer of the Group, with revenue equal or more than 10% of the Group's total revenue, contributes approximately RM47,835,580 (2014 : RM36,431,125) of the Group's total revenue.

32. Financial instruments

32.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Loans and receivables (“L&R”);
- (b) Fair value through profit or loss (“FVTPL”):
 - Held for trading (“HFT”); and
- (c) Financial liabilities measured at amortised cost (“FL”).

Group	Carrying amount RM	L&R RM	FVTPL RM
Financial assets			
2015			
Trade and other receivables	73,287,927	73,287,927	-
Derivative financial assets	201,863	-	201,863
Cash and cash equivalents	116,128,736	116,128,736	-
	<u>189,618,526</u>	<u>189,416,663</u>	<u>201,863</u>
2014			
Trade and other receivables	74,957,027	74,957,027	-
Derivative financial assets	163,261	-	163,261
Cash and cash equivalents	78,154,943	78,154,943	-
	<u>153,275,231</u>	<u>153,111,970</u>	<u>163,261</u>
Company			
Financial assets			
2015			
Trade and other receivables	175,642,940	175,642,940	-
Cash and cash equivalents	825,656	825,656	-
	<u>176,468,596</u>	<u>176,468,596</u>	<u>-</u>
2014			
Trade and other receivables	168,543,673	168,543,673	-
Cash and cash equivalents	2,562,565	2,562,565	-
	<u>171,106,238</u>	<u>171,106,238</u>	<u>-</u>

32. Financial instruments (continued)

32.1 Categories of financial instruments (continued)

	Carrying amount RM	FL RM
Group		
Financial liabilities		
2015		
Bank borrowings	(30,839,154)	(30,839,154)
Trade and other payables	(47,173,650)	(47,173,650)
	<u>(78,012,804)</u>	<u>(78,012,804)</u>
2014		
Bank borrowings	(23,803,638)	(23,803,638)
Trade and other payables	(52,993,041)	(52,993,041)
	<u>(76,796,679)</u>	<u>(76,796,679)</u>
Company		
Financial liabilities		
2015		
Trade and other payables	<u>(3,031,476)</u>	<u>(3,031,476)</u>
2014		
Trade and other payables	<u>(4,850,063)</u>	<u>(4,850,063)</u>

32.2 Net gains and losses arising from financial instruments

	2015 RM	2014 RM
Group		
Net gains/(losses) arising on :		
Fair value through profit or loss :		
- held for trading	201,863	163,261
Loans and receivables	(1,345,957)	7,872,517
Financial liabilities measured at amortised cost	(307,510)	(247,274)
	<u>(1,451,604)</u>	<u>7,788,504</u>

32. Financial instruments (continued)

32.2 Net gains and losses arising from financial instruments (continued)

Company	2015 RM	2014 RM
Net gains/(losses) arising on :		
Loans and receivables	332,097	1,374,016
Financial liabilities measured at amortised cost	-	(2)
	332,097	1,374,014

32.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

32.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries.

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally financial guarantees given by banks, shareholders or directors of customers are obtained, and credit evaluations are performed on customers requiring credit over a certain amount.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 90 days, which are deemed to have higher credit risk, are monitored individually.

32. Financial instruments (continued)

32.4 Credit risk (continued)

Receivables (continued)

Impairment losses

The Group maintains an ageing analysis in respect of trade receivables only. The ageing of trade receivables as at the end of the reporting period was :

Group	RM
2015	
Not past due	55,058,697
Past due 1 - 30 days	11,348,130
Past due 31 - 60 days	1,461,760
Past due 61 - 90 days	340,003
Past due more than 90 days	447,703
Gross trade receivables	<u>68,656,293</u>
Individually impaired	(369,309)
Collectively impaired	(194,533)
Net trade receivables	<u><u>68,092,451</u></u>
2014	
Not past due	54,720,797
Past due 1 - 30 days	14,499,734
Past due 31 - 60 days	2,275,952
Past due 61 - 90 days	894,776
Past due more than 90 days	354,145
Gross trade receivables	<u>72,745,404</u>
Individually impaired	(418,951)
Collectively impaired	(181,095)
Net trade receivables	<u><u>72,145,358</u></u>

The movements in the allowance for impairment losses on trade receivables during the financial year were as follows :

	2015	2014
	RM	RM
At 1 April	600,046	404,770
Impairment loss recognised	80,319	180,113
Impairment loss reversed	(62,671)	(42,097)
Impairment loss written off	-	33,383
Translation difference	(53,852)	23,877
At 31 March	<u><u>563,842</u></u>	<u><u>600,046</u></u>

32. Financial instruments (continued)

32.4 Credit risk (continued)

Receivables (continued)

The allowance account in respect of receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM26,618,154 (2014: RM17,742,138) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

Inter company balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured advances to subsidiaries. The Company monitors the results of the related companies regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Impairment losses

As at the end of the reporting period, there was no indication that the advances to subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the advances to the subsidiaries. Nevertheless, these advances are not considered overdue and are repayable on demand.

32. Financial instruments (continued)

32.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to finance the Group's and the Company's operations and to mitigate any adverse effects of fluctuations in cash flows.

32. Financial instruments (continued)

32.5 Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Group's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
2015							
Group							
<i>Non-derivative financial liabilities</i>							
Unsecured foreign currency trade loans	26,618,154	0.73 – 1.17	26,650,292	26,650,292	-	-	-
Term loans	4,221,000	0.62	4,270,694	1,229,664	1,222,091	1,818,939	-
Trade and other payables	47,173,650	-	47,173,650	47,173,650	-	-	-
	<u>78,012,804</u>		<u>78,094,636</u>	<u>75,053,606</u>	<u>1,222,091</u>	<u>1,818,939</u>	<u>-</u>
<i>Derivative financial liabilities</i>							
Forward exchange contracts (gross settled) :							
Outflow	-	-	27,285,978	27,285,978	-	-	-
Inflow	(201,863)	-	(27,487,841)	(27,487,841)	-	-	-
	<u>77,810,941</u>		<u>77,892,773</u>	<u>74,851,743</u>	<u>1,222,091</u>	<u>1,818,939</u>	<u>-</u>

32. Financial instruments (continued)

32.5 Liquidity risk (continued)

Maturity analysis (continued)

	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
2014							
Group							
<i>Non-derivative financial liabilities</i>							
Bank overdrafts	32,954	7.10	32,954	32,954	-	-	-
Unsecured foreign currency trade loans	17,709,184	0.75 - 1.08	17,735,663	17,735,663	-	-	-
Term loans	6,061,500	0.91	6,194,908	1,398,447	1,386,072	3,410,389	-
Trade and other payables	52,993,041	-	52,993,041	52,993,041	-	-	-
	<u>76,796,679</u>		<u>76,956,566</u>	<u>72,160,105</u>	<u>1,386,072</u>	<u>3,410,389</u>	<u>-</u>
<i>Derivative financial liabilities</i>							
Forward exchange contracts (gross settled) :							
Outflow	-	-	9,434,183	9,434,183	-	-	-
Inflow	(163,261)	-	(9,597,444)	(9,597,444)	-	-	-
	<u>76,633,418</u>		<u>76,793,305</u>	<u>71,996,844</u>	<u>1,386,072</u>	<u>3,410,389</u>	<u>-</u>

32. Financial instruments (continued)

32.5 Liquidity risk (continued)

Maturity analysis (continued)

	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
2015							
Company							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	3,031,476	-	3,031,476	3,031,476	-	-	-
Corporate guarantee	-	-	142,573,500	142,573,500	-	-	-
	<u>3,031,476</u>		<u>145,604,976</u>	<u>145,604,976</u>	-	-	-
2014							
Company							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	4,850,063	-	4,850,063	4,850,063	-	-	-
Corporate guarantee	-	-	123,270,000	123,270,000	-	-	-
	<u>4,850,063</u>		<u>128,120,063</u>	<u>128,120,063</u>	-	-	-

32. Financial instruments (continued)

32.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's financial position or cash flows.

32.6.1 Currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily U.S. Dollar ("USD"), Euro ("EUR"), Great Britain Pound ("GBP") and Hong Kong Dollar ("HKD").

Risk management objectives, policies and processes for managing the risk

The Group uses forward exchange contracts to hedge its foreign currency risk. Most of the forward exchange contracts have maturities of less than one year after the end of the reporting period. Where necessary, the forward exchange contracts are rolled over at maturity.

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currencies of the Group entities) risk, based on carrying amounts as at the end of the reporting period was :

	USD	Denominated in	
	RM	EUR	GBP
		RM	RM
Group			
2015			
Trade and other receivables	6,977,806	2,859,057	12,718,685
Cash and cash equivalents	2,353,119	36,693,790	8,588,912
Foreign currency trade loans	(26,618,154)	-	-
Trade and other payables	(3,037,401)	(30,556)	(1,303,699)
	<u>(20,324,630)</u>	<u>39,522,291</u>	<u>20,003,898</u>

32. Financial instruments (continued)

32.6 Market risk (continued)

32.6.1 Currency risk (continued)

	USD	Denominated in		HKD
	RM	EUR RM	GBP RM	RM
Group				
2014				
Trade and other receivables	6,929,866	767,014	12,559,851	-
Cash and cash equivalents	10,375,203	10,932,583	8,074,743	-
Foreign currency trade loans	(15,113,764)	-	-	(2,595,420)
Trade and other payables	(3,376,620)	(46,179)	(2,108,682)	-
	<u>(1,185,315)</u>	<u>11,653,418</u>	<u>18,525,912</u>	<u>(2,595,420)</u>

Currency risk sensitivity analysis

A 10% (2014 : 10%) strengthening of the RM against the following currencies at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact on forecast sales and purchases. There is no impact to equity arising from exposure to currency risk.

Group	Profit or loss	
	2015 RM	2014 RM
USD	1,524,347	88,899
EUR	(2,964,172)	(874,006)
GBP	(1,500,292)	(1,389,444)
HKD	-	194,657

A 10% (2014 : 10%) weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

32. Financial instruments (continued)

32.6 Market risk (continued)

32.6.2 Interest rate risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risks that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-earning financial assets are mainly short term in nature and are mostly placed in short term deposits.

Exposure to interest rate risk

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was :

	2015	2014
	RM	RM
Fixed rate instruments		
Financial assets	34,567,493	20,407,713
Financial liabilities	(26,618,154)	(17,709,184)
	<u>7,949,339</u>	<u>2,698,529</u>
Floating rate instruments		
Financial assets	38,770,603	23,152,908
Financial liabilities	(4,221,000)	(6,094,454)
	<u>34,549,603</u>	<u>17,058,454</u>

32. Financial instruments (continued)

32.6 Market risk (continued)

32.6.2 Interest rate risk (continued)

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedged accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(b) Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (“bp”) in interest rates at the end of the reporting period would have increased/(decreased) pre-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Profit or loss	
	100 bp increase RM'000	100 bp decrease RM'000
Group		
2015		
Floating rate instruments	345	(345)
2014		
Floating rate instruments	171	(171)

32.7 Fair value information

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 and those not 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.

32. Financial instruments (continued)

32.7 Fair value information (continued)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
Group										
2015										
Financial assets										
Forward exchange contracts	-	202	-	202	-	-	-	-	202	202
Financial liabilities										
Foreign currency term loans	-	-	-	-	-	-	4,221	4,221	4,221	4,221
2014										
Financial assets										
Forward exchange contracts	-	163	-	163	-	-	-	-	163	163
Financial liabilities										
Foreign currency term loans	-	-	-	-	-	-	6,062	6,062	6,062	6,062

32. Financial instruments (continued)

32.7 Fair value information (continued)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Derivatives

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2014 : no transfer in either directions).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

The fair value of loans and borrowings is calculated using discounted cash flows where the market rate of interest is determined by reference to similar borrowing arrangements.

33. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenant and regulatory requirement.

There were no changes in the Group's approach to capital management during the financial year.

34. Supplementary financial information on the breakdown of realised and unrealised profits or losses

The breakdown of the retained earnings of the Group and of the Company as at reporting date, into realised and unrealised profits, pursuant to paragraph 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows :

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Total retained earnings :				
- realised	224,275,327	247,901,415	33,016,769	80,381,573
- unrealised	(8,243,705)	(6,836,861)	70,512	916,381
	<u>216,031,622</u>	<u>241,064,554</u>	<u>33,087,281</u>	<u>81,297,954</u>
Share of retained earnings of an associate				
- realised	31,957,719	31,387,651	-	-
- unrealised	2,460,761	2,072,520	-	-
	<u>250,450,102</u>	<u>274,524,725</u>	<u>33,087,281</u>	<u>81,297,954</u>
Add : Consolidation adjustments	17,764,293	15,682,590	-	-
Total retained earnings at 31 March	<u><u>268,214,395</u></u>	<u><u>290,207,315</u></u>	<u><u>33,087,281</u></u>	<u><u>81,297,954</u></u>

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profit or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

Asia File Corporation Bhd.

(Company No. 313192 P)

(Incorporated in Malaysia)

and its subsidiaries

Statement by Directors pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 9 to 92 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2015 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 34 on Page 93 to the financial statements has been compiled in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors :

.....
Dato' Lim Soon Huat

.....
Lim Soon Wah

Penang,

Date : 27 July 2015

Asia File Corporation Bhd.

(Company No. 313192 P)

(Incorporated in Malaysia)

and its subsidiaries

**Statutory declaration pursuant to
Section 169(16) of the Companies Act, 1965**

I, **Goh Phaik Ngoh**, the officer primarily responsible for the financial management of Asia File Corporation Bhd., do solemnly and sincerely declare that the financial statements set out on pages 9 to 93 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed at Georgetown in the State of Penang on 27 July 2015.

.....
Goh Phaik Ngoh

Before me :

Goh Suan Bee (No. P125)
Commissioner for Oaths
Penang

Independent auditors' report to the members of Asia File Corporation Bhd.

(Company No. 313192 P)

(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Asia File Corporation Bhd., which comprise the statements of financial position as at 31 March 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 9 to 92.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Company No. 313192 P

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 March 2015 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following :

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 6 to the financial statements.
- c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 34 on page 93 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Malaysian Financial Reporting Standards or International Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Company No. 313192 P

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG
AF 0758
Chartered Accountants

Ooi Kok Seng
2432/05/17 (J)
Chartered Accountant

Date : 27 July 2015

Penang