



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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2012

A EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT - MFRS 134

A1 Basis of preparation

These condensed consolidated interim financial reports, for the period ended 30 June 2012, have been prepared in accordance with MFRS 134: Interim financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. These condensed consolidated interim financial reports also comply with IAS 34: Interim financial Reporting issued by the International Accounting Standards Board. For the periods up to and including the year ended 31 Mar 2012, the Company prepared its financial statements in accordance with Financial Reporting Standards ("FRS").

Those condensed consolidated interim financial reports are the Company's first MFRS condensed consolidated interim financial reports for part of the period covered by the company's first MFRS annual financial statements for the year ending 31 Mar 2013. MFRS 1: First time adoption of Malaysian Financial Reporting Standards ("MFRS 1") has been applied.

In preparing its opening MFRS Statement of Financial Position as at 1 April 2011 (which is also date of transition), the Company has adjusted the amounts previously reported in financial statements prepared in accordance with FRS. An explanation of how the transition from FRS to MFRS has affected the Company's financial position is as set out below. These notes include reconciliations of equity for the comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS. The transition from FRS to MFRS has not had a material impact on the statement of cash flows.

(a) Foreign currency translation reserve

Under FRS, the Group recognized translation differences on foreign operations as a separate component of equity. At the date of transition to MFRS, cumulative foreign currency translation differences for all foreign operations are deemed to be nil and reclassified to retained earnings.

Accordingly, at the date of transition to MFRS, the cumulative foreign currency translation differences of RM 5,186,267 as at 1 April 2011 were adjusted to retained earnings.

(b) Prepaid land lease payments

In accordance with MFRS 117 leases, prepaid land lease payments of an associate company were restated to its original cost. This will result in a reduced amortisation which has an impact of approximately RM 4,000 per quarter in the Group's income statement.

The impact arising from the above on the statement of financial position are summarised as follows:-

Reconciliation of equity as at 1 April 2011

	FRSs as at 1-Apr-11 RM'000	Effect of adopting MFRSs RM'000	MFRSs as at 1-Apr-11 RM'000
<u>Equity</u>			
Exchange fluctuation reserve	(5,186)	5,186	-
Retained earnings	215,165	(5,719)	209,446
<u>Non-current assets</u>			
Investment in associate	110,448	(533)	109,915

Reconciliation of equity as at 30 September 2011

	FRSs as at 30-Sep-11 RM'000	Effect of adopting MFRSs RM'000	MFRSs as at 30-Sep-11 RM'000
<u>Equity</u>			
Exchange fluctuation reserve	(5,186)	5,186	-
Retained earnings	215,165	(5,719)	209,446
<u>Non-current assets</u>			
Investment in associate	113,521	(525)	112,996

Reconciliation of equity as at 31 March 2012

	FRSs as at 31-Mar-12 RM'000	Effect of adopting MFRSs RM'000	MFRSs as at 31-Mar-12 RM'000
<u>Equity</u>			
Exchange fluctuation reserve	(7,556)	5,186	(2,370)
Retained earnings	240,144	(5,703)	234,441
<u>Non-current assets</u>			
Investment in associate	118,359	(517)	117,842

A2 Audit report of preceding annual financial statements

The audit report of the Group's annual financial statements for the year ended 31 March 2012 was not subject to any qualification.

A3 Seasonal or cyclical factors

The operation of the Group is not subject to any major effects of seasonality or cyclicity.

A4 Unusual items due to their Nature, Size or Incidence

There were no unusual items that have a material effect on the assets, liabilities, equity, net income or cash flow reported in the interim financial report.

A5 Material changes in accounting estimates

There were no material changes in accounting estimates of amounts reported in prior financial years.

A6 Issuance or repayment of debts and equity securities

5,000 and 92,800 ordinary shares were issued pursuant to the Employee Share Option Scheme during the financial quarter and financial year to date. Subsequent to the financial quarter ended 30 September 2012, 83,900 ordinary shares were issued pursuant to the Employee Share Option Scheme.

100 ordinary shares of Asia File Corporation Bhd was purchased and retained as treasury shares pursuant to the Shares Buy Back Scheme for the financial year to date. Accordingly, a total of 399,700 shares was retained as treasury shares as at 30 September 2012.

There was no shares purchased and retained as treasury shares subsequent to the financial quarter ended 30 September 2012.

Other than the above, there were no issuances or repayment of debts and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial quarter and financial year to date.

A7 Dividend Paid

(a) In respect of the financial year ended 31 March 2013

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

(b) In respect of the financial year ended 31 March 2012

An interim single-tier dividend of 8% on 115,626,130 ordinary shares of RM1 each totalling RM9,250,090 for the financial year ended 30 March 2012 was paid on 29 May 2012.

A8 Segment information

Business segment

The Group is principally involved in the manufacture and trading of stationery and paper products. Business segmental information has therefore not been prepared as the Group's revenue, operating profit, assets employed, liabilities, capital expenditure, depreciation and amortization as well as non-cash expenses are mainly confined to one business segment.

A9 Valuations of property, plant and equipment

The valuations of land and buildings have been brought forward without amendment from the previous annual report.

A10 Material events subsequent to the end of the quarter

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

A11 Changes in composition of the Group

There were no changes in the composition of the Group for the quarter.

A12 Changes in contingent liabilities/assets

The total contingent liabilities as at 30 September 2012 for the Company are corporate guarantees for banking facilities granted to subsidiaries of RM 76.45 million (31 March 2012: RM 76.45 million) and also corporate guarantee of RM 9.8 million provided to a supplier of the subsidiary in UK.

A13 Capital commitments approved and contracted for

	30-Sep-2012 RM'000
Land & Building	<u>4,371</u>
Machinery	<u>574</u>

Lease commitments

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

	30-Sep-2012 RM'000
Less Than one year	1,581
One to five years	2,831

A14 Net assets per share (sen)

	30-Sep-2012	31-Mar-2012	1-Apr-2012
Shareholders' Fund (RM'000)	378,991	370,490	345,362
Share Capital (000) *	116,119	116,026	115,507
Treasury Shares (000)	(400)	(400)	(272)
	<u>115,719</u>	<u>115,626</u>	<u>115,235</u>
Net assets per share (sen)	327.51	320.42	299.70

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

For its second quarter for the financial year ending 31 March 2013, the Group recorded a total revenue of RM 76.7 million. This represented an increase of 44% when compared with the revenue achieved in the corresponding quarter last year. The main contributor for the significant increase in revenue came from UK market whereby the Group expanded its presence with acquisition of two manufacturing facilities in the country.

In terms of pre tax operating profit, in tandem with the jump in revenue, it has improved by 30% to RM 11.2 million (September 2011: RM 8.49 million). During the quarter, the share of profits from its associate has dropped from RM 1.98 million to only RM 630k. As a result, profit before tax for the group reflected a lower increment as it stands at RM 11.97 million as compared to RM 10.82 million achieved in September 2011.

B2 Comparison of profit before taxation with preceding quarter

Profit before tax for the quarter dropped from RM 19.41 million in the preceding quarter to only RM 11.97 million in the current quarter.

The decline in the pre tax profit was mainly due to the lower sales revenue achieved in the second quarter which resulted in higher average fixed costs incurred for the sales generated during the quarter.

B3 Current year prospects

In view of its financial result achieved to date, the Group is confident that its financial performance for the remaining quarters will remain positive.

B4 Profit forecast or profit guarantee

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

B5 Tax expense

	6 months ended	
	30-Sep	
	2012	2011
	RM'000	RM'000
Current year tax expense		
- Based on results for the year	7,363	4,242
- (Over)/under provision in respect of prior year	(732)	(18)
	6,631	4,224
Deferred tax expense		
- Current year	233	(449)
	6,864	3,775

B6 Disclosure of Realised and Unrealised Profit/ Losses

The retained profit as at 30 September 2012 is analysed as follows:

	Current	Preceding
	Quarter Ended	Quarter Ended
	30-Sep-2012	30-Jun-2012
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	211,187	215,623
- Unrealised	(7,199)	(7,668)
	203,988	207,955
Total share of retained profit from associates:		
- Realised	25,129	26,167
- Unrealised	1,827	1,964
	26,956	28,131
Add: Consolidation adjustment	12,431	13,185
Total Group retained profit as per consolidated accounts	243,375	249,271

B7 Profit/loss on sale of unquoted investments and properties

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

B8 Purchase or disposal of quoted securities

(a) There were no purchase or disposal of quoted securities for the current quarter and financial year-to-date.

(b) Investment in quoted securities:

	As at
	30-Sep-2012
	RM'000
At cost	46,844
At book value	46,844
At market value	48,055

B9 Status of corporate proposal announced

No corporate proposal was announced by the Group.

B10 Group borrowings and debt securities

Group borrowings relate to bank overdraft, foreign currency loan, term loan and hire purchase which are denominated in Ringgit Malaysia, USD, EURO and HKD.

	As at
	30-Sep-2012
	RM('000)
a) Bank borrowing - Non current	
Term Loan	758
b) Bank borrowing - current	
Bank overdraft	5,472
Foreign currency loan	16,520
Portion of term loan due within one year	3,659
Portion of finance lease due within one year	29
	25,680

B11 Financial instruments

There were no financial instruments for the financial period ended 30 September 2012.

B12 Changes in material litigation

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

B13 Dividends Proposed

At the Annual General Meeting held on 28 September 2012, the shareholders of Asia File Corporation Bhd had approved a final single tier dividend of 13.5% (2011: 12.5% single tier) in respect of the financial year ended 31 March 2012. The dividend will be paid on 27 December 2012.

B14 Earnings per share

	Current Quarter ended 30-Sep-2012	Current Year to Date 30-Sep-2012
Basic earnings per share		
Net profit for the period (RM'000)	9,703	24,517
Weighted average number of ordinary shares ('000)	115,688	115,701
Basic earnings per share (sen)	<u>8.39</u>	<u>21.19</u>
	Current Quarter ended 30-Sep-12	Current Year to Date 30-Sep-12
Diluted earnings per share		
Net profit for the period (RM'000)	9,703	24,517
Weighted average number of ordinary shares ('000)	115,688	115,701
Adjustment for share options ('000)	<u>701</u>	<u>701</u>
Weighted average number of ordinary shares for diluted earnings per share ('000)	<u>116,389</u>	<u>116,402</u>
Diluted earnings per share (sen)	<u>8.34</u>	<u>21.06</u>

B16 Notes to the Condensed Consolidated Statement of Comprehensive Income

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

	Current Quarter Ended 9/30/2012 RM'000	Cumulative Year To Date 9/30/2012 RM'000
a) interest income	108	218
b) other income including investment income	132	277
c) interest expense	(101)	(209)
d) depreciation and amortisation	(2,688)	(5,220)
e) provision for and write off of receivables	-	(20)
f) provision for and write off of inventories	-	-
g) gain or (loss) on disposal of quoted or unquoted investments or properties	-	-
h) impairment of assets	-	-
i) foreign exchange gains	126	401
j) gain or (loss) on derivatives	18	-
k) exceptional items	-	-

B15 The condensed consolidated interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 29 November 2012.

By Order of The Board

Tai Yit Chan (MAICSA 7009143)

Ong Tze-En (MAICSA 7026537)

Joint Company Secretaries

30 November 2012